



uMSINGA LOCAL MUNICIPALITY ANNUAL REPORT 2023/24

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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MR. S.L. SOKHELA
MUNICIPAL MANAGER

GENERAL INFORMATION ABOUT uMSINGA MUNICIPALITY

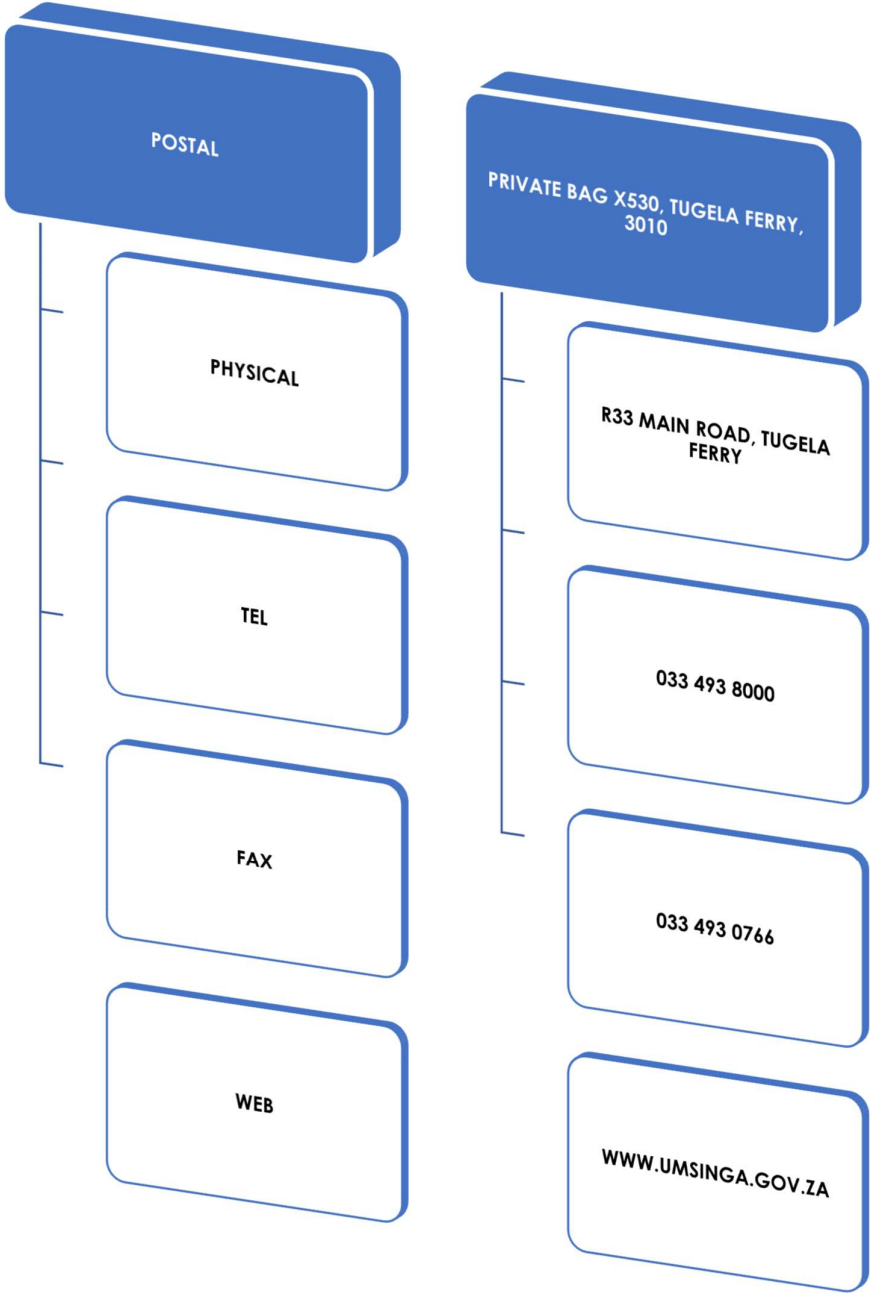


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GLOSSARY

TABLE 1: TERM DEFINITIONS

	DEFINITIONS
Accountability documents	Documents used by executive authorities to give <i>“full and regular”</i> 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 <i>“what we do”</i> .
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.
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 <i>“What we use to do the work”</i> . They include finances, personnel, equipment, and buildings.
Integrated Development Plan (IDP)	Plan Sets out Municipal goals and development plans.
National Key Performance Areas	Service delivery and infrastructure; Economic development; Municipal transformation and institutional development; Financial viability and management; and Good governance and community participation. Cross cutting.

	DEFINITIONS
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 " <i>what we produce or deliver</i> ". 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

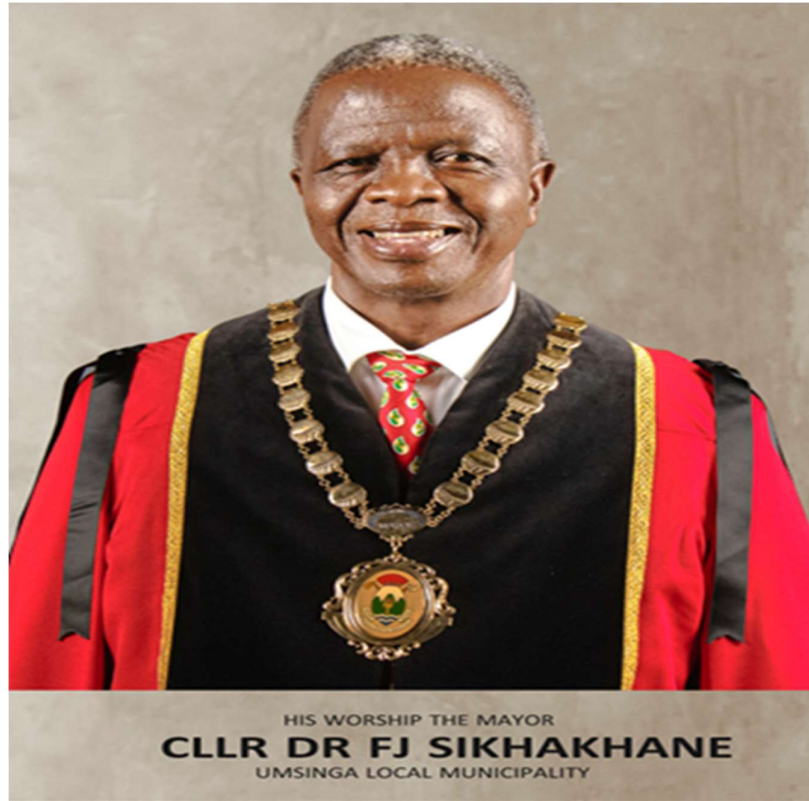
PREFACE

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 2023-2024 financial year;
- b. Provide a report on performance against the budget of the uMsinga Council for the 2023/24 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 (COMPONENT A)

1.1 FOREWORD BY THE MAYOR



HIS WORSHIP THE MAYOR: DR. FJ SIKHAKHANE

uMsinga Municipality is a home to 184 848 people and boasts of a rich cultural society, and is one of the four local Municipalities under the uMzinyathi district municipality in KwaZulu-Natal. All initiatives within this municipality are guided and aligned to the National, Provincial and District plans and strategies. In 2021 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 and 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:

“Commitment to work with the Traditional Leadership towards corruption free governance, infrastructural development, poverty eradication and supporting local economic development initiatives towards the financial and social emancipation of the uMsinga community and environment”

The Vision, which encapsulates our commitment towards poverty eradication, is aligned to the District Growth and Development strategy, Provincial Growth and Development Strategy, 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 is very proud in having the most intense public participation mechanisms and during 2023/24 the Municipality continued to ensure public participation through various structures and programmes. The 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 izimbizo's 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 the 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 rate within the Municipality is estimated at 58.2% 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.

The Municipality had planned 21 Mayoral Izimbizos that were conducted in all wards and were successfully achieved within the financial year. These imbizo's were aimed to address the community in various issues and to handover the projects. Over the past financial years, 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 the provision of water and sanitation. The Municipality has also engaged the Department of Human Settlements following disgruntled community members over the provision of housing. The Municipality again managed to reduce the housing backlog working collectively with the department of Human Settlements. As presented above, the Municipality currently has 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 has 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 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 2023/24 the Municipality successfully constructed and completed eight (8) community halls. There were also a number of structures that were renovated during the financial year.

I would like to congratulate the 18 beneficiaries that received their two-roomed houses from the Municipality. These projects emanate from the Municipal Ward based plan. The successfully completed 18 two roomed houses were for the following beneficiaries:

NR.	TWO ROOMED HOUSES BENEFICIARIES	WARD NO.
1.	Shodangani Sithole	Ward 1
2.	Nhlanhla Buthelezi	Ward 1
3.	Mkhize Family	Ward 2
4.	Sithole Family	Ward 2
5.	Kwenzeleni Sithole	Ward 2
6.	Mvelase Family	Ward 3

7.	Ngubane Family	Ward 3
8.	Muntukaphathwa Family	Ward 4
9.	Thenjiwe Ngubane	Ward 4
10.	Mvelase Family	Ward 6
11.	Mtungwa Family	Ward 6
12.	Duma Family	Ward 8
13.	Sikhakhane Family	Ward 10
14.	Ximba Family	Ward 10
15.	Jabulisile Nkala	Ward 11
16.	Phathezakhe Dlamini	Ward 11
17.	Siyabonga Mkhize	Ward 19
18.	Mbatha Family	Ward 20

The Municipality during the year under review constructed 02 access roads namely; Mthunqwane - Sthubini Road (7.0km) and Bethulo - Mpende Road (3.5km) and the Upgrade of Pomeroy Internal Roads #2 is under construction which is anticipated to be completed during quarter 1 of the next financial year (2024/25). There are other 06 access roads that were identified to be rehabilitated through disaster funding, these projects are Gcabashe road, Mashunka road, Ezisululwini road, Thibeni road, Mbubeni road and S Jubane road.

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 700 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 as announced during the previous year, the Cwaka FET college is up and running and the number of students from uMsinga and other surrounding areas are furthering their studies in this institution. 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 to reinventing the future of work, and that initiative is not only a responsibility for us as government but rest on all of us, the private sector should also come on board as well.

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 in various areas. The Municipality passionately 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:

- 63 people Trained on variety of skills
- Number of market stalls in Pomeroy and Keates Drift have been completed and handed over to informal traders and the other stalls will be continued during 2024/25.

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, Unfortunately, in the wake of the flood disasters occurred during the previous years there were engines that became victims of the ravenous floods that swept away number of engines which were assisting in various irrigation schemes.

I would like to express my heartfelt gratitude to the Council of uMsinga as a whole, Deputy Mayor- Cllr TB Mbatha, the Speaker- Cllr SG Masimula, the Whip of the council, Cllr MW Sokhela, MPAC Chairperson Cllr P Dladla and honourable Exco members, uMsinga Municipal Senior management, the municipal staff, Sector Departments whom we have worked with tirelessly over the past months. I wish to express my heartfelt gratitude to Ondabezitha bonke Amakhosi asendlunkulu, the Business Community, ward committee members, CDWs, various forums, uMsinga residents and all stakeholders who have contributed in making our Municipality a better place to reside in.

Lastly, I would like to extend my sincere appreciation to the community at large, NGOs and Religious leaders.

Ngyathokoza!

**HIS WORSHIP THE MAYOR
DR. FJ SIKHAKHANE**

I have the honour of submitting the uMSINGA LOCAL MUNICIPALITY's Annual Report with all its legislated contents for the period 01 JULY 2023 TO 30 JUNE 2024.

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 km² and consists of 21 wards. There are several natural and man-made phenomena's 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 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 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 and Performance Committee. These committees sit quarterly 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 to ensure enforcement.

The municipality on a successful initiative in LED has been in hosting empowerment workshops to advance local entrepreneurs. The Municipality prioritizes its valuable asset, which is the youth. The IDP has identified that one of the challenges faced by uMsinga youth entering tertiary education is the lack of tertiary financial assistance. Therefore, every financial year, each of the 21 wards sets aside an allocation dedicated to tertiary education registration. To this effect, the Municipality successfully managed to pay tertiary registration fees for 104 youth during 2023/24 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 Member Assembly, Munimec etc. The Municipality also participates in District IGR structures namely the various DDM clusters which are hosted at uMzinyathi District Municipality.

This Report 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.

uMsinga Municipality's Annual Performance Report is presented in line with the targets set out in the Municipal Integrated Development Plan Review. 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 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 and measurable targets. These have been assessed and amended on a quarterly basis in line with the resources to ensure that alignment with IDP and Budget is achieved. The Municipality has successfully achieved most of its infrastructure targets in the year 2023/24.

In line with the SALGA mandate to cascade the performance management to lower levels, the municipality during the year under review, managed to comply by ensuring that all staff below section 54/56 sign performance agreements and performance evaluations were successfully conducted to middle management and this will continue to other levels on the upcoming years.

The Municipality ensures accountability and improved governance; this has seen the Municipality maintaining an unqualified audit opinion for about five (5) consecutive financial years and the improvement has been noted over the years. In ensuring that the AG concerns are addressed, the Municipality developed an action plan with aimed at closely monitoring all the findings that were highlighted by the Auditor General. The action plan has been closely monitored and reported in Council meetings and all issues that were raised during 2022/23 audit, were successfully resolved.

I would like to express my sincere gratitude to the Political leadership and the Council of uMsinga 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. Lastly, on behalf of the management and staff, we appreciate the community willingness to see the municipality improving its governance systems and accelerate quality services at a required speed for better lives for all.

MR. SL. SOKHELA
MUNICIPAL MANAGER

1.3 MUNICIPAL OVERVIEW (COMPONENT C)

1.3.1 INTRODUCTION

The Annual Report 2023/24 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 2023 to 30 June 2024 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 2023/24 financial 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 2022-2025-26 as the strategic document that informs all operations at a Municipal level. The five-year IDP 2022-2025-26 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. As the Municipal Systems Act 32 of 2000, Sections 28 and 32 allows, uMsinga IDP 2023/24 review was the first annual review. As per section 34 (a) provides the 2023-24 IDP was tabled and adopted by Council.

1.3.4 LEGISLATIVE ANNUAL PERFORMANCE REPORT 2023/24

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 2023 completed and submitted to DCOGTA by July 2023	✓
The Municipal Performance Management Framework.	Reviewed and adopted March 2023	✓
Municipal Public Accounts Committee (MPAC)	In place and functional	✓
Annual Reporting	In place	✓
Quarterly Performance Reporting to Council	In place	✓
Audit Committee & Performance Audit Committee	In place and functional	✓
Performance evaluation Committee	In place and functional	✓

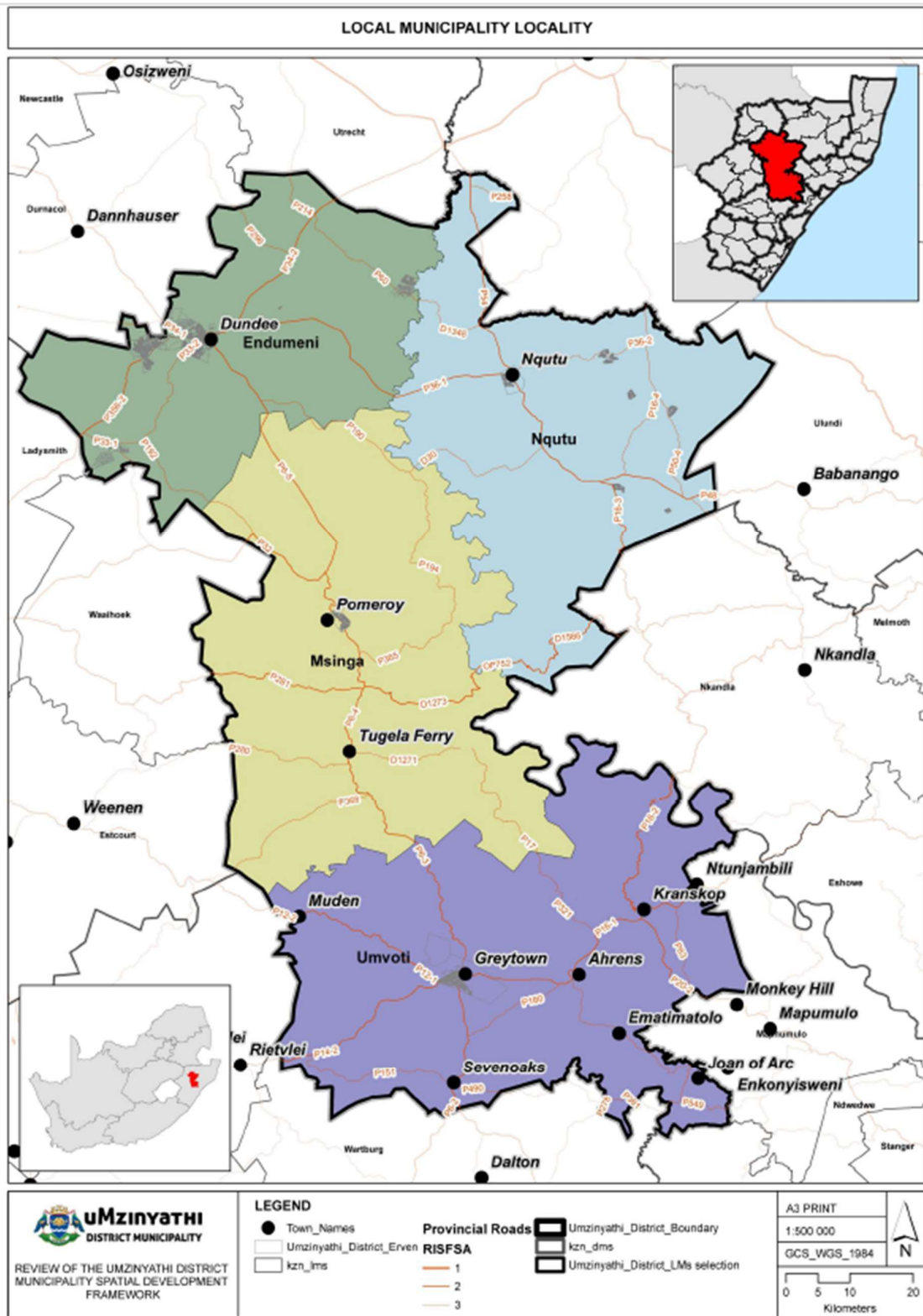
1.3.5 SPATIAL ANALYSIS

1.3.5.1 Regional Context

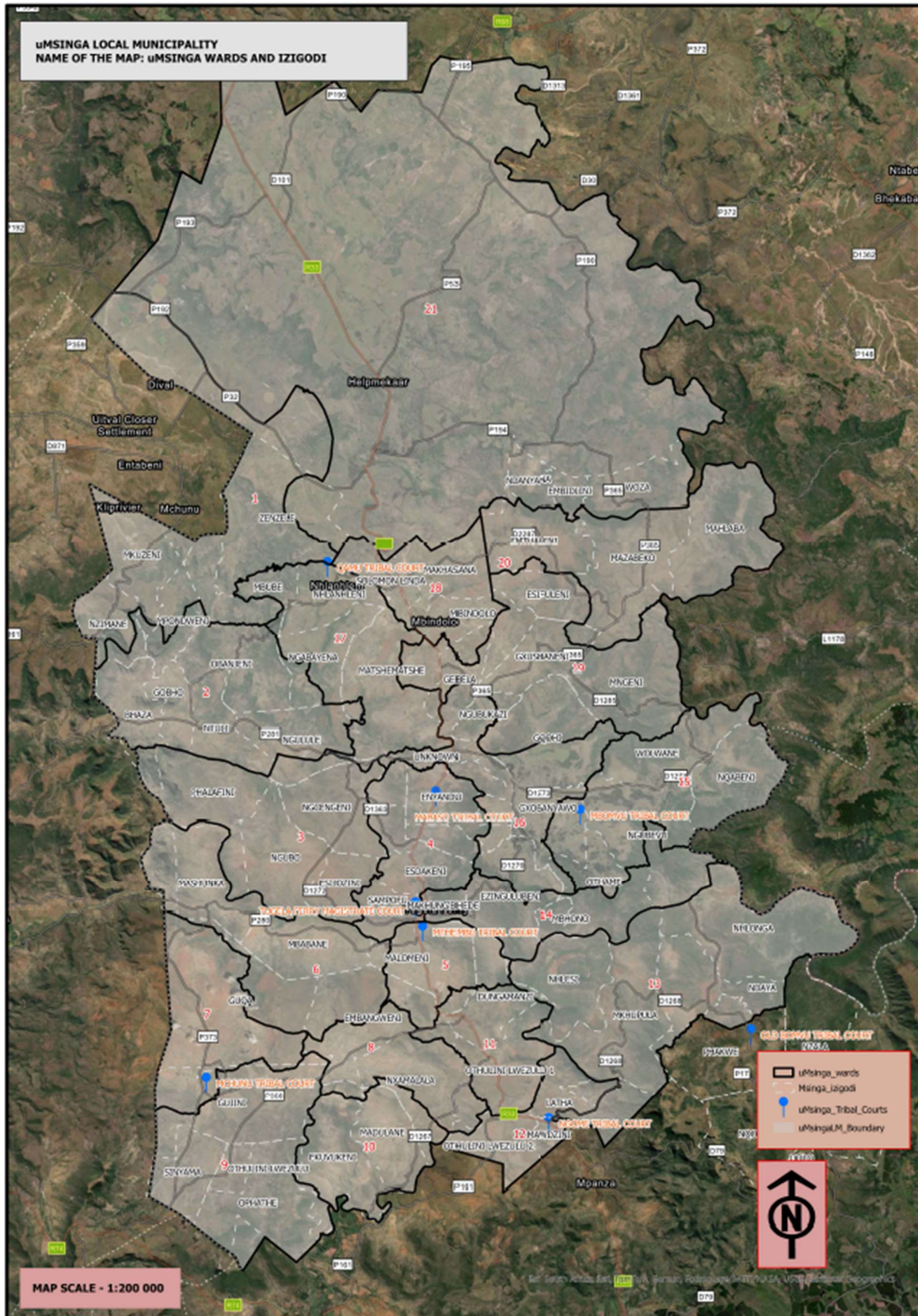
uMsinga Municipality is a local (Category B) Municipality established in December 2000 as one of the four local Municipalities constituting the uMzinyathi District Municipality in the northern part of the province of KwaZulu-Natal and the Municipality is seated in the town of Tugela Ferry.

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 uMvoti.

Map 1: uMSINGA MUNICIPALITY LOCALITY MAP



MAP 2: uMSINGA WARDS & IZIGODI



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

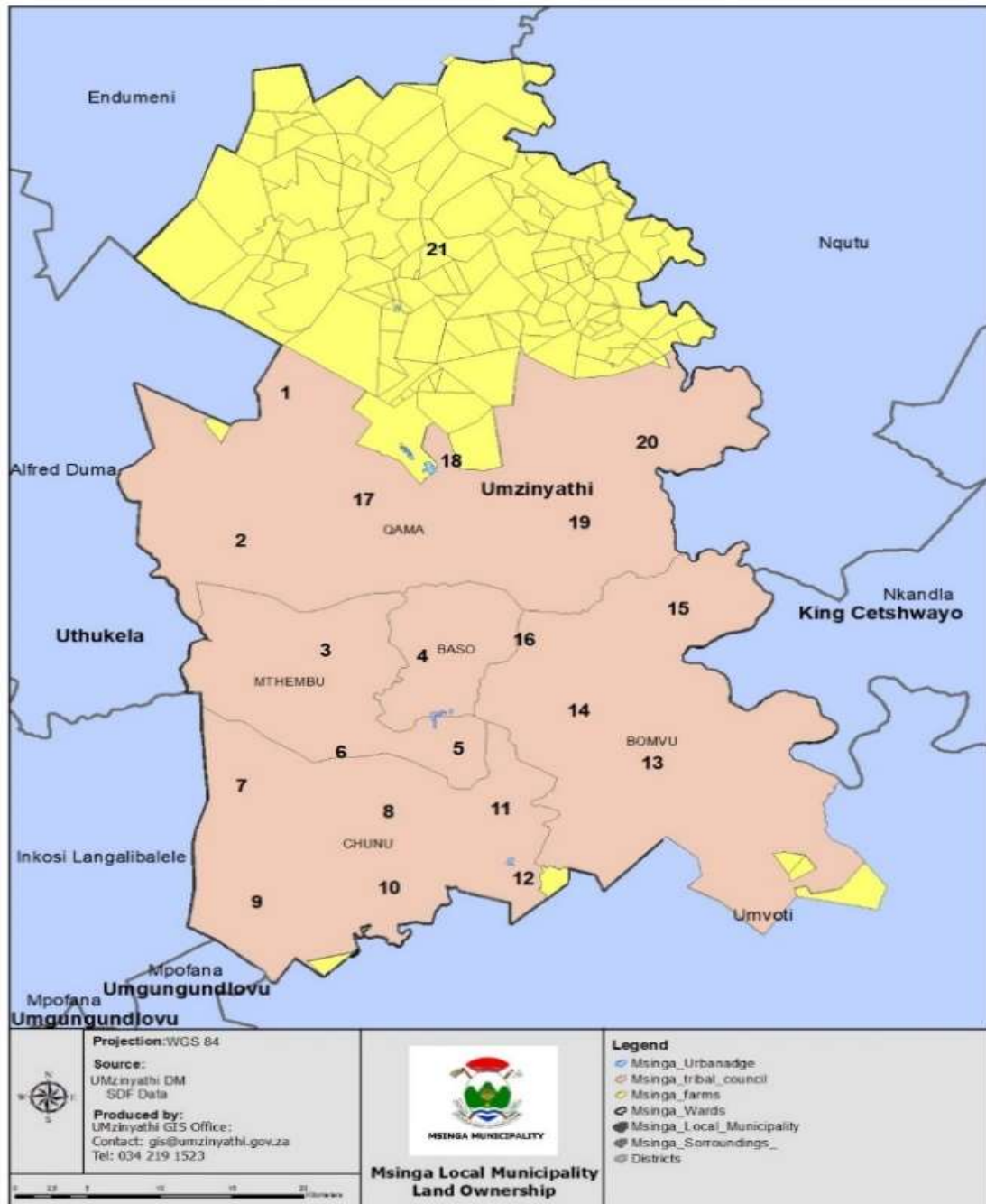
TABLE 4: uMSINGA LM WARDS

COUNCILLOR DETIALS	WARD NUMBER	POLITICAL PARTY
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	7	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 MJ Ndebele	11	IFP- Ward councillor
Councillor L.B Ntuli	12	IFP- Ward councillor
Councillor D. M. Ndlovu	13	IFP- Ward councillor
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 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. Land ownership is clearly depicted below in **Map No.3**.

MAP 3: 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 184 848 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: eThekwini	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 uMzinga 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
uMzinga	$Y = 0.0893x^3 - 86.812x^2 + 1677.6x + 160892$	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 uMzinga 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

AGE	POPULATION	2020	2021	2022	2023	2024	2025
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
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
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
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

LOCAL MUNICIPALITY	PROVINCE	NUMBER
	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 Stats-SA 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, Nguthu 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.

1.3.7.8.1 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.

1.3.7.8.2 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.

1.3.7.8.3 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 in May 2023 which is reviewed on annual basis, 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 2023/24 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 critical positions which is the senior management are filled and 4 of them are on permanent basis while 2 are on contractual basis.

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 2023/24. 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 2023/24 the Municipality continued to rely on both internal & external legal services due to those internal legal services lack's 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 opinion without matters (Clean Audit), an improvement was noted as the municipality has been receiving the number of unqualified audit opinions with few matters for the past year years. The unqualified opinion is based on the audited Annual Financial Statements, Annual Performance report and overall compliance matters.

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 FJ Sikhakhane, assisted by the Deputy Mayor are all members of the IFP. The Speaker heads the political arm of the Municipality. The mayor is at the centre of the system of governance since executive powers are vested in him 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 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 4(four) meetings in the 2023/24 financial year.

2.2.2.5 Audit Committee

In compliance with Section 166(2) of the MFMA, the Council established 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:

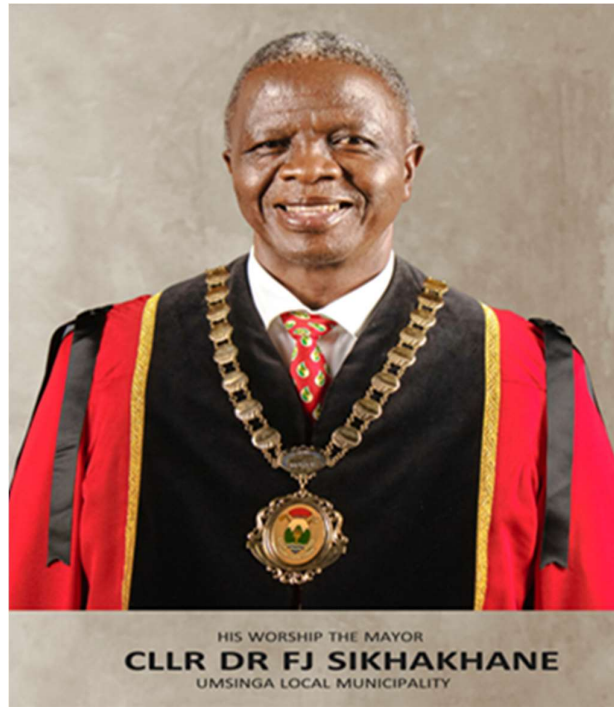
- Internal control;
- Risk management;
- Performance management; and
- Governance.

The Audit Committee Terms of Reference is reviewed by Council annually to ensure compliance with legislation and governance best practices. The Audit Committee conducted 10 meetings during the year under review

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



THE HONOURABLE MAYOR DR FJ SIKHAKHANE

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



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 OF THE COUNCIL: 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.

TABLE 17: EXCO (EXECUTIVE COMMITTEE)

EXCO (EXECUTIVE COMMITTEE)	
<p>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 following Councillors served as portfolio holders in the financial year 2023/24:</p>	
COUNCILLOR AND PORTFOLIO	COUNCILLOR AND PORTFOLIO
<p>CLLR FJ SIKHAKHANE (MAYOR) Executive Committee Chairperson Portfolio: chairperson of Finance committee</p>	<p>CLLR BP NGCOBO Portfolio: Chairperson Planning and Economic Development and EXCO member</p>
<p>CLLR LB NTULI Portfolio: Chairperson Technical Services and EXCO member</p>	<p>CLLR: PAG NKALA Portfolio: Chairperson Corporate Services and EXCO member</p>
<p>CLLR TB MBATHA (DEPUTY MAYOR) Portfolio: Chairperson Community Services and EXCO member</p>	<p>CLLR SK RADEBE Exco Member</p>
<p>CLLR N. XABA Exco Member</p>	<p>CLLR TM NDLOVU Exco Member</p>
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	
<p>CLLR P DLADLA: Chairperson</p>	<p>Members: Cllr SP Langa, Cllr EM Mdluli, Cllr M Khoza, Cllr B. Mthethwa, Cllr GB. Sikhakhane, Cllr M Buthelezi.</p>

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 the Senior Management Team (SMT), which comprises of the Directors (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 other managers who report directly to the Municipal Manager that is the Internal Auditor, Legal Manager, SCM, IT and IDP Manager. The SMT meets bi monthly to discuss strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, operational departments, and the local community.

MUNICIPAL TOP STRUCTURE



**MUNICIPAL MANAGER
MR S.L. SOKHELA
(APPOINTED DATE: 01/10/ 2022- 30/09/2027)**

- ❖ 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
MS TFN NKALA
(APPOINTED DATE: 01 MARCH 2023- PERMANENT)**

- ❖ 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.



**CHIEF FINANCE OFFICER
MR. N MVELASE
(APPOINTED DATE: 01 SEPTEMBER 2022 – 31 AUGUST 2027)**

- ❖ 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.



**DIRECTOR PLANNING AND DEVELOPMENT
MRS B.T. HLUBI
(APPOINTED DATE: 01 APRIL 2024 - PERMANENT)**

- ❖ 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: 01 APRIL 2024 (Permanent))**

- ❖ 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 2023 - PERMANENT)

- ❖ 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, Munimec etc.

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 uMsinga 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).

TABLE 18: MANAGEMENT FRAMEWORK APPROVED BY CABINET

MANAGEMENT FRAMEWORK AS APPROVED BY CABINET						
PROVINCIAL	PREMIER & CABINET					
	PCF (MINISTER/ DEPUTY CHAMPION)					
	DISTRICT POLITICAL HUB					ONE PLAN ONE BUDGET
	DISTRICT TECHNICAL HUB					
DISTRICT	Shared Services Technical Support Hub (Economists, Finance, Valuers, Planners, Engineers, District Development Agencies etc.)					
	Social Cluster	ESID Cluster	Governance Cluster	Safety Cluster		
	Cluster Champions are District Senior Manager					
STAKEHOLDER PARTICIPATION	Sector departments, local municipalities and SOE's	<ul style="list-style-type: none"> ▪ OSS DTT ▪ OSS LTT ▪ OSS WAR ROOMS 	Public Sectoral forums	Civil society forums	Traditional Councils	Business

2.3.1.5.1 The Role of Mayors

- 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.

2.3.2.5.2 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 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.

2.3.1.5.3 DDM Structures

After the introduction of the DDM – 1 Generation plan, the uMzinyathi District Municipality established all the necessary structures, such as the:

- **Political hub**, the purpose of the hub is to provide political intervention and penetration on those projects which require such.
- **Technical hub**, the purpose is to create a platform for inter-governmental consultation on matters such as budgeting for developmental projects.
- **Local Clusters** were established with the aim of allowing “foot soldiers” to align planned projects. The overall intention is to create a platform where the district sector departments and the municipality conducts are aligned with the Draft 2023/24 IDP Prepared by Umzinyathi District Municipality March 2023. There are 174 planning of projects and programmes. These structures are active and are focusing on

governance, social ills, infrastructure and justice issues. uMsinga LM submit necessary items to the clusters through HODs that sit in these clusters.

- **Operation Sukuma Sakhe (OSS)**, the structure that accommodates the sitting of War Rooms to facilitate service delivery and address social ills.
- The Municipality has clustered Sustainable Development Goals (SDGs) and nominated champions for each cluster in line with the DDM structures who are responsible for driving and monitoring the activities across the municipality as they relate to that cluster specifically. The structure reports to the Senior Management Meetings quarterly to ensure that there is progress in the process of localising SDG's in uMsinga Below is figure showing uMsinga SDG's alignment to the DDM approach cluster approach aligned to the DDM clusters:



2.3.1.5.4 District Development Model (DDM)

In 2019, Cabinet approved the DDM as a government approach to improve integrated planning and delivery across the three spheres of government with district and metropolitan spaces as focal points of government and private sector investment. The envisaged integrated planning and delivery in the district and metropolitan spaces will be enabled by joint planning, budgeting and implementation process to fast track the service delivery and do away with the fragmented approach to development and Service delivery. The Model consists of a process by which joint collaborative planning and implementation is undertaken at a district and metropolitan level together by all spheres of government resulting in a single strategically focussed. The Umzinyathi District Municipality in collaboration with its local municipality followed suit by developing its own DDM.

During 2020, All DDM structures were formed the district municipality, inaugurated and are functional. uMsinga forms part of these structures which are: Social cluster, ESID Cluster: economy, Justice, Crime prevention and Security (JCPS), G & A Cluster, Communication Cluster are all sitting on a regular basis to give their respective updates. The first generation

One Plan has been developed and adopted as a long-term plan which subsequently be implemented through the Integrated Development Plans.

The District Development Model is the model that is seeks to remedy the following shortcomings;

- Lack of coherence in planning, budgeting and implementation remains challenge;
- Sector departments involvement in IDP processes very weak;
- Constant changes in priorities - No long-term development logic and outcomes agreed to;
- Alignment has not resulted in joint planning approaches;
- Poor use of IGR mechanisms to enable joint work and integration;
- Limited localisation of NDP, MTSF;
- Growth and Development Strategies and SDF do not have buy-in from all spheres.
- Integration needs a performance management structure and Intergovernmental Plan.

2.3.1.5.3 DDM Objectives

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.”
- 44 Districts and 8 Metros will be the high impact zones for the country;
- Redirect and confirm Co-operative governance & Integrated collaborative planning and implementation undertaken at a District and Metro level by all 3 spheres.
- Institutionalized Long-term co-planning in one plan per district towards Sustainable Development and Spatial Transformation & Equity whilst addressing ‘burning’ short term issues.
- 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.
- Ensure that we bring to life the aspirations of The People Shall Govern & Bring government closer to the people. Developmental change is shaped and owned at district level in partnership with communities, citizens, and social partners.
- Manage rural/urban migration, as well as sustainable growth and development;
- Determine and or support local economic drivers;
- Determine and manage spatial form, land release and land development;
- Determine infrastructure investment requirements and ensure long-term infrastructure adequacy to support integrated human settlements, economic activity and provision of basic services, community, and social services.

2.3.1.5.5 uMzinyathi District Municipality District Development Model (DDM)

The District Development Model consists of a process by which joint collaborative planning and implementation is undertaken at a district and metropolitan level together by all spheres of government resulting in a single strategically focussed. uMzinyathi District is in the course of developing its own DDM in conjunction with KZN COGTA.

The DD Membership of the Core Team

- COGTA
- DCOG
- uMzinyathi District
- LG specialist

Individual’s Roles and Responsibilities to be discussed and agreed upon by the Team.

2.3.1.5.6 Functions of the Core Team

- d. Coordinate the development of the 1st Generation 1 Plan: and
- b. Adopt a Terms of Reference for the Technical Support Team (TST) which will inform and capacitate members and outline clear members' roles and responsibilities.
- c. Prepare a process plan/action plan to develop and adopt the one plan.
- d. Identify key stakeholder.
- e. Set calendar dates for engagement sessions.
- f. Coordinate the preparation of the 1 Plan One Budget.
- g. Coordinate amendment and updating of the Profile when necessary.

2.3.1.5.7 Responsibilities Core Team

- a) Development of the 1st Generation 1 Plan:
 - I. Core Team Convene to discuss the 1st Generation 1 Plan development (status and Action Plan).
- b) Core Team prepare an Action Plan.
- c) Core Team communicate with the Technical Hub and receive instruction/endorsement to facilitate the preparation of the 1st Generation One Plan.
- d) Core Team prepare and familiarize themselves with the contents of:
 - I. Profile
 - II. 1st Generation 1 Plan template
 - III. Proposed Workshop guidelines (KZN COGTA) and process
- e) Core Team Prepare for Facilitators session – template populated (1st draft), identify and invite facilitators to a session.
- f) Core Team host Facilitator's session. Outcome of the session:
 - i. Confirm facilitators and allocate focus areas.
 - ii. Confirm Workshop Methodology.
 - iii. Confirm Roles and responsibilities of facilitators.
 - iv. Instruct reparation by Facilitators for the Workshop based on Workshop Guidelines.
 - v. Confirm date and venue of Workshop.
 - vi. Identify attendees and invite.
- g) Core Team Organize and conduct 1st Generation 1 Plan Workshop. Outcome of the Workshop: draft document (1st Generation 1 Plan).
- h) Core Team finalize the draft 1st Generation 1 Plan together with Facilitators (reconvene or virtual meeting).
- i) Core Team Obtain input on the 1st Generation 1 Plan from Clusters.
- j) Refine or edit the draft.
- k) Core Team Present the 1st Generation 1 Plan to the Technical Hub for input and edit with proposed additions or amendments.
- l) Present the 1st Generation 1 Plan to Political Hub for endorsement.

TABLE 19: ROLES OF THE CORE TEAM MEMBERS

ROLES OF THE CORE TEAM MEMBERS	DISTRICT PLANNER	LOCAL GOVERNMENT SPECIALIST	COGTA PLANNER	DCOG
Convene core team meetings	Lead	Support	Support	Support
Adopt a Terms of Reference	Lead	Support	Support	Support
Prepare an Action Plan	Lead	Support	Support	Support
Identify key stakeholders		Support	Support	Support
Set calendar dates for engagement sessions	Lead	Support	Support	Support

ROLES OF THE CORE TEAM MEMBERS	DISTRICT PLANNER	LOCAL GOVERNMENT SPECIALIST	COGTA PLANNER	DCOG
Communicate/participate with DDM Secretariat	Lead	Support	Support	Support
Communicate with the Technical Hub and receive instruction/endorsement to facilitate the preparation of the 1 st Generation 1 Plan	Support	Lead	Support	Support
Populate Master Template and Project Lists	Lead	Support	Support	Support
Communicate with Technical and Political Hubs on challenges with participation from sector departments	Support	Lead	Support	Support
Prepare for Technical Planning workshop Set date Identify attendees Identify facilitators Identify scribe	Lead	Support	Support	Support
Host facilitators preparation session	Lead	Support	Support	Support
conduct 1 st Generation 1 Plan Workshop	Lead	Support	Support	Support
finalize the draft 1 st Generation 1 Plan	Lead	Support	Support	Support
Obtain input on the 1 st Generation 1 Plan from Clusters	Support	Lead	Support	Support

Table 20: ROLES OF THE DDM CORE TEAM MEMBERS

1. Present the 1st Generation 1 Plan to the Technical Hub for recommendation	Support	Lead	Support	Support
2. Present the 1st Generation 1 Plan to Political Hub for endorsement	Support	Lead	Support	Support
3. Report on progress of the one plan to technical and political hubs	Support	Lead	Support	Support
4. Report on progress of district to national coordination structure	Support	Support	Support	Lead
5. Report on lack of participation from national departments	Support	Support	Support	Lead
6. Provide guidance on national guidelines and processes	Support	Support	Support	Lead

2.3.1.5.8 Umzinyathi DDM Transformational Areas

This one plan has five transformational areas namely:

- 1) People Development
- 2) Economic Positioning
- 3) Integrated services provision
- 4) Infrastructure provision

- 5) Spatial restructuring and environmental sustainability
- 6) Governance and Management

2.3.2 CORPORATE GOVERNANCE (COMPONENT D)

2.3.2.1 Overview of Corporate Governance

Governance in uMsinga 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 is 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 2023/24 financial year enlisted the assistance of Abacwaningi Business Solution 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 2023/24 financial year the value for which is in the AFS attached.

c) Policy Amendments

The SCM Policy was reviewed during the 2023/24 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 31 March 2023.

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 21: 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	MAY 2023
ALL BUDGET-RELATED POLICIES	Y	MAY 2023
S71 REPORTS	Y	ONGOING
THE ANNUAL REPORT 2022/23	Y	31 January 2024
OVERSIGHT REPORT 2022/23	Y	27 March 2024
ALL CURRENT PERFORMANCE AGREEMENTS (2023/24) AND RESULTING SCORECARDS REQUIRED IN TERMS OF SECTION 57(1)(B) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 OF 2000)	Y	JULY 2023
DOCUMENTS PUBLISHED ON THE MUNICIPALITY 'S WEBSITE.	y	ONGOING
ALL SERVICE DELIVERY AGREEMENTS 2023-2024)	N	
ALL TENDERES (2023/24)	Y	ONGOING
ALL SUPPLY CHAIN MANAGEMENT CONTRACTS ABOVE A PRESCRIBED VALUE (ABOVE R 200,000) FOR 2023/24	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 2023/24	N	
CONTRACTS AGREED IN 2023/24 TO WHICH THE MFMA SUBSECTION (1) OF SECTION 33 APPLIES, SUBJECT TO SUBSECTION (3) OF THAT SECTION	N	
PUBLIC-PRIVATE PARTNERSHIP AGREEMENTS REFERRED TO IN THE MFMA SECTION 120 MADE IN 2023/24	N	
ALL QUARTERLY REPORTS TABLED BEFORE COUNCIL IN TERMS OF THE MFMA SECTION 52(D) DURING 2023/24	Y	ALL 4 QUARTERS SCM REPORTS
ALL MUNICIPAL RESOLUTIONS, MUNICIPAL COUNCIL MINUTES	N	
PROCUREMENT PLAN 2023/24	Y	MAY 2023

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 2023 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 and per the scheduled dates in the Process plan, the IDP forum met twice on the 21st February 2023 and 15 May 2023 in 2022/23 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 reviewed Integrated Development plan for 2023-2024.

2.4.2.2 STATUS OF AMAKHOSI PARTICIPATING IN COUNCIL MEETINGS

The Constitution of the Republic of South Africa, 1996 (Act no 108 of 1996) places an obligation on Local Government to encourage the involvement of communities and community organizations in the matters of Local Government. And Section 81 of the Municipal Structures Act states that; Traditional authorities that traditionally observe a system of customary law in the area of a municipality, may participate through their leaders, identified in terms of subsection 2, in the proceedings of the council of that municipality, and those traditional leaders must be allowed to attend and participate in any meeting of the council.

In ensuring unity and cohesion between the two houses, Council after their appointment conduct visits to Traditional Leadership to introduce themselves as a signal of willingness to

work together with Traditional Leaders. The Mayor accompanied by office bearers visited all Traditional Leaders at the commencement of council term to introduce themselves.

uMsinga has six (5) Traditional Authorities (T.A) as depicted in the maps attached in (61-65) namely:

1. Mntungwa T.A
2. Ngubane T.A
3. Majozi T.A
4. Mchunu T.A
5. Mthembu T.A

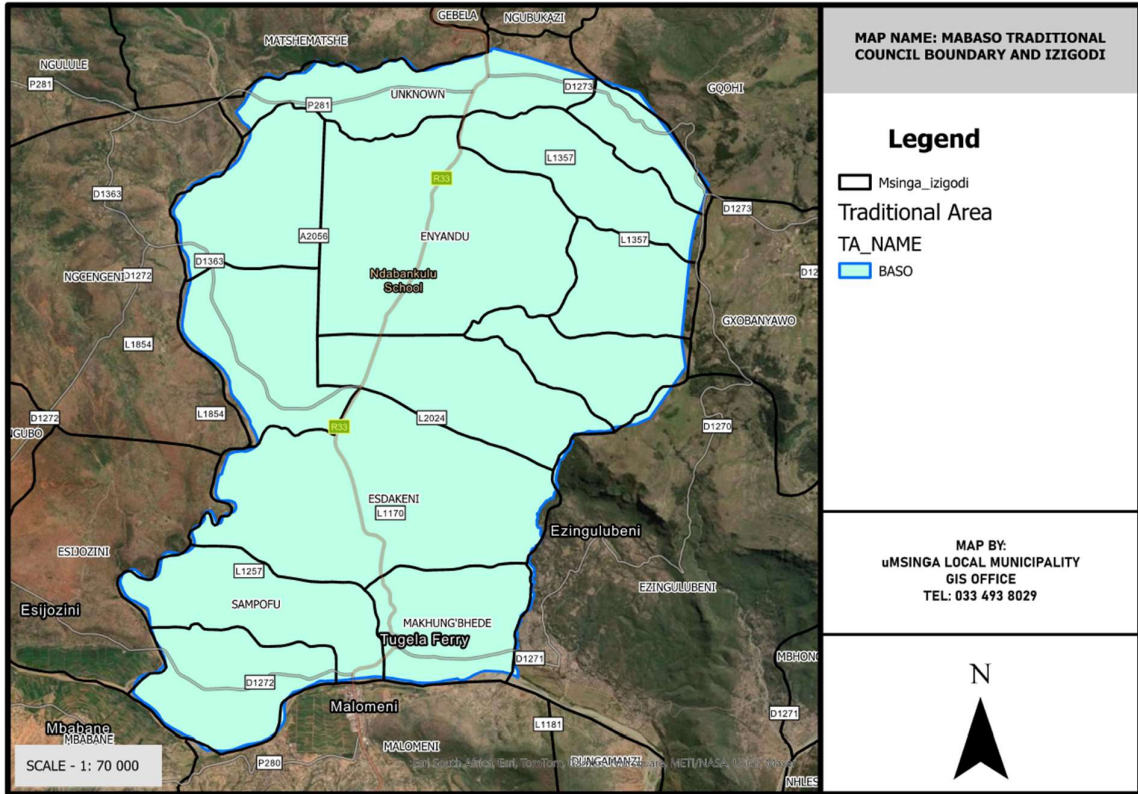
While the municipality has five traditional authorities (**see Maps 5-8**) it must be noted that out of 05 only 04 of the Amakhosi have taken an Oath and sit in at the Council meeting hence, there is currently no CoGTA recognized Inkosi or representative of the T.A from Ngubane tribal authority.

The Municipal Structures Act, Section 81 stipulates that Traditional Authorities may participate in the proceedings of the Council. This is carried out to enable the traditional leaders to partake in development issues or any facing their jurisdiction. uMsinga Local Municipality has adhered to this section of the Act. There are two Traditional Authoritative in Council who represent the all-traditional leaders within the municipality. Inkosi Mchunu and Inkosi Majozi also sits it in the Council meeting. Amakhosi also participated in the IDP 2024/25 process hence they attended the IDP forum, Strategic Planning, Amakhosi quarterly meetings and Council meeting.

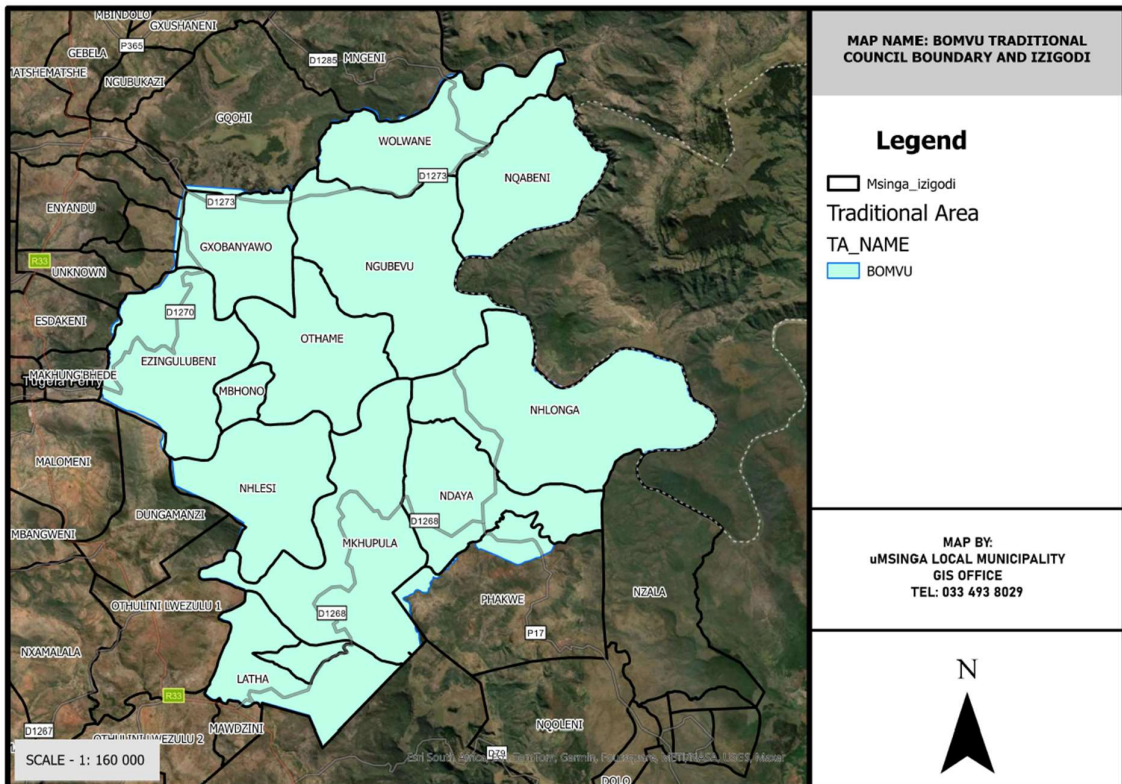
The forum broadened the communication process with UMsinga community and focused the interaction on the aspects within the interest groups. During the budget process, meetings were held with business, bulk users and other interest groups to obtain their input on the next financial year dealings, and, 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.

uMsinga has assigned the Deputy Director Development Planning, Mr Mbongeleni Ndlovu to facilitate all matters related to amakhosi and Izinduna. uMsinga has five traditional authorities namely Mchunu, Mabaso, Majozi, Mthembu who are operational and one recently passed away. A meeting platform between traditional leaders - amakhosi and the planning officials has been established by the Municipality to discuss planning and development issues. Inkosi Mchunu and a member of the municipal council chairs the platform. Izinduna (Headmen) also form part of the consultative engagements as per attendance register attached in annexure below. The above-mentioned meetings were planned to sit Quarterly. However, only 3 meetings were held in 2023/24 financial year as per the following report and the attached annexure below.

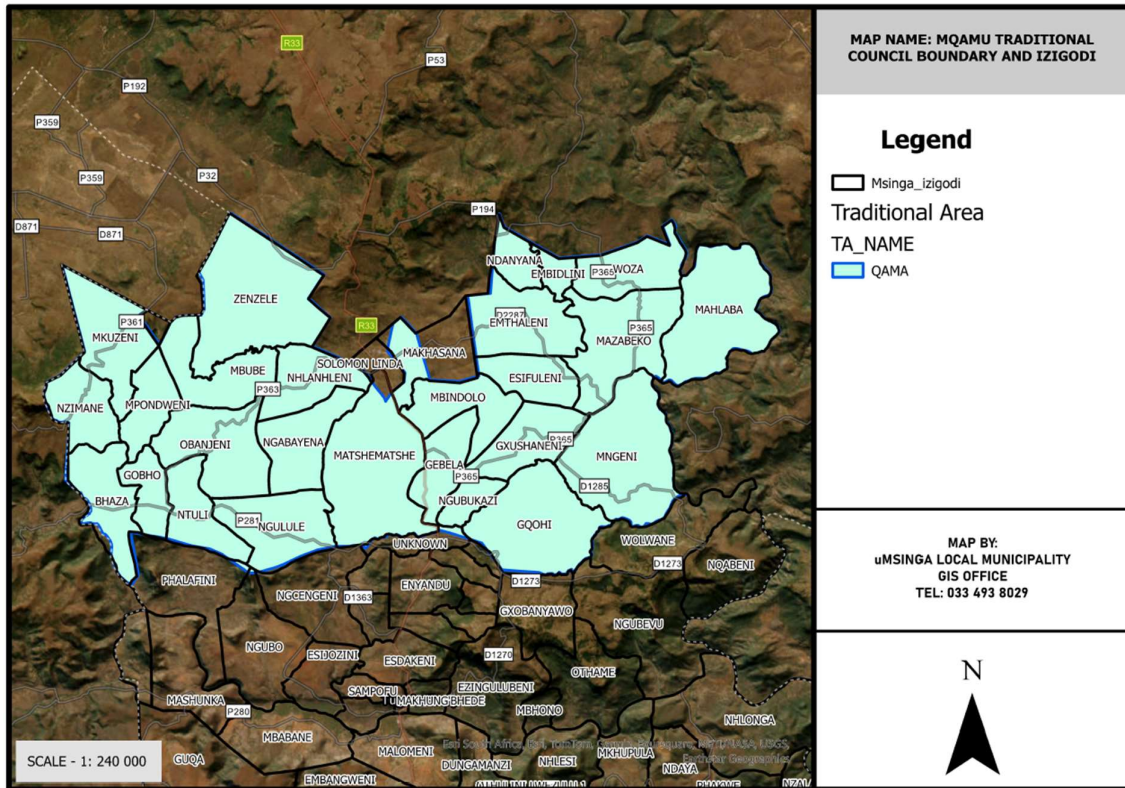
MAP 4: MNTUNGWA TRADITIONAL COUNCIL



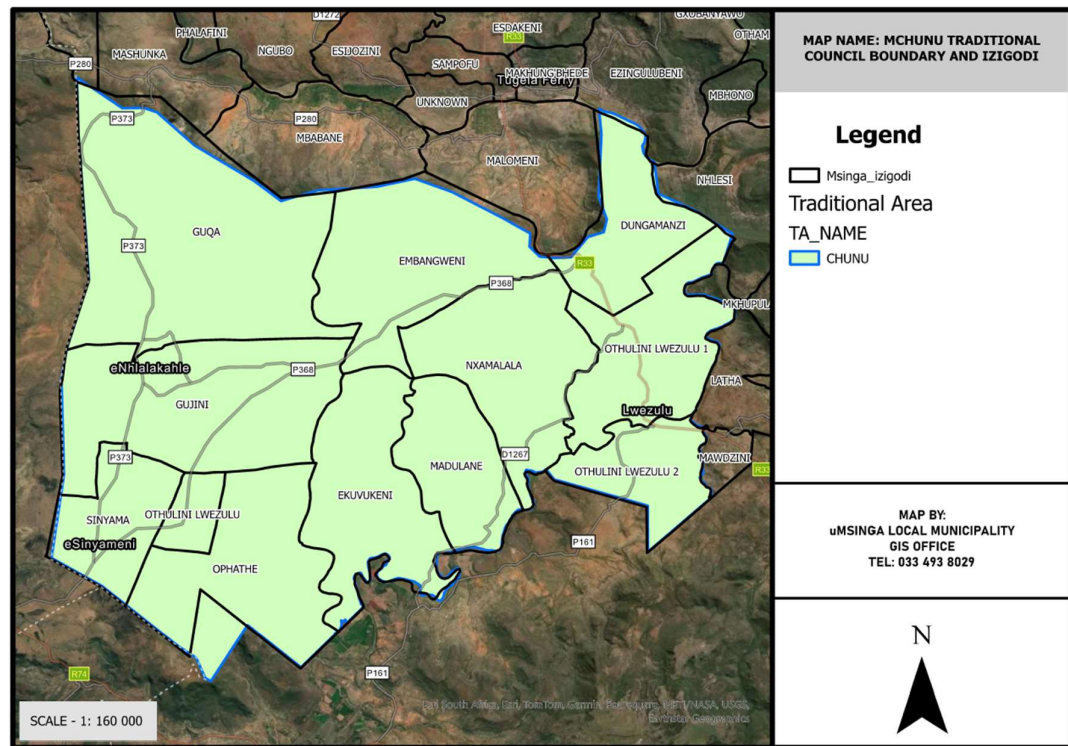
MAP 5: NGUBANE TRADITIONAL COUNCIL



MAP 6: MAJOZI TRADITIONAL COUNCIL



MAP 7: MCHUNU TRADITIONAL COUNCIL



MAP 8: MTHEMBU TRADITIONAL COUNCIL

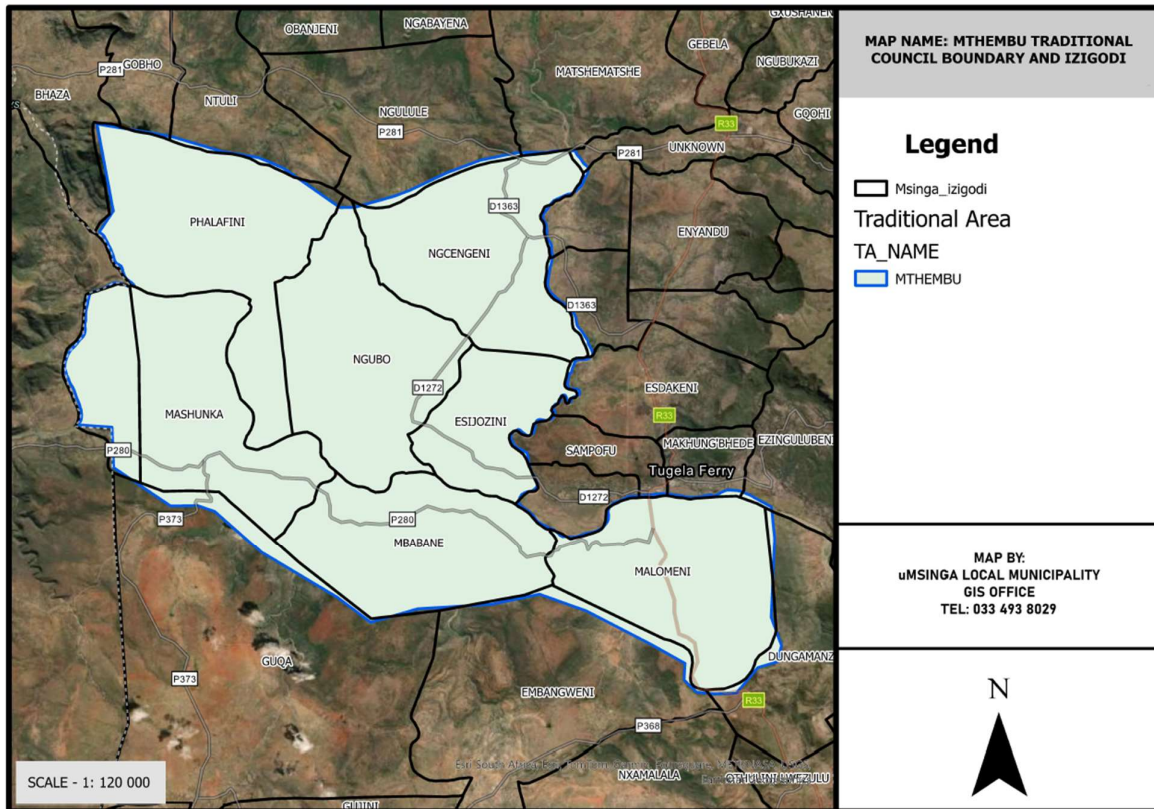


TABLE 22: AMAKHOSI MEETINGS

NO.	DATE	VENUE	AMAKHOSI ATTENDANCE %	MATTERS DISCUSSED
1)	August 2023	Umsinga Municipal Boardroom	<ul style="list-style-type: none"> Mchunu T.A Majozi T.A Mabaso T.A Mthembu T.A 100% 	<ul style="list-style-type: none"> Attendance and Participation of Traditional Leaders Amakhosi in the Mayoral Events. Role played by Amakhosi to restore the spirit of Ubuntu. Initiatives towards restoring the dignity of Amakhosi. Removal of illegal structures in municipal towns. Spending of Traditional Leadership Support Budget. The issue of Mbomvu Tribal Authority.
2)	April 2024	uMsinga Municipality Council Chamber	<ul style="list-style-type: none"> Mchunu T.A Majozi T.A Mabaso T.A Mthembu T.A 100% 	<ul style="list-style-type: none"> Amendment of SPLUMA Bylaws. Integrated Development Plan (IDP) 2023/24. Proposed demarcation of uMsinga. Collaboration between Government Departments and Traditional Leaders.
3)	May 2024	Various tribal courts	<ul style="list-style-type: none"> 23 Izinduna 	<ul style="list-style-type: none"> Presentation of Integrated Development Plan (IDP) 2024/25.

2.4.2.3 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 21wards.

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 uMzinga 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

2.4.2.4 IDP PARTICIPATION AND ALIGNMENT

TABLE 23: 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?	✓	

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 in May 2023. 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 2023/24 the SDBIP was adopted **in May 2023**. The SDBIP was at half year stage adjusted on the **28th of February 2024**. The SDBIP for the year 2023/24 was prepared as described in the paragraphs below and approved in compliance with the stipulations of MFMA circular 13 by the mayor. 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 2023/2024 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.

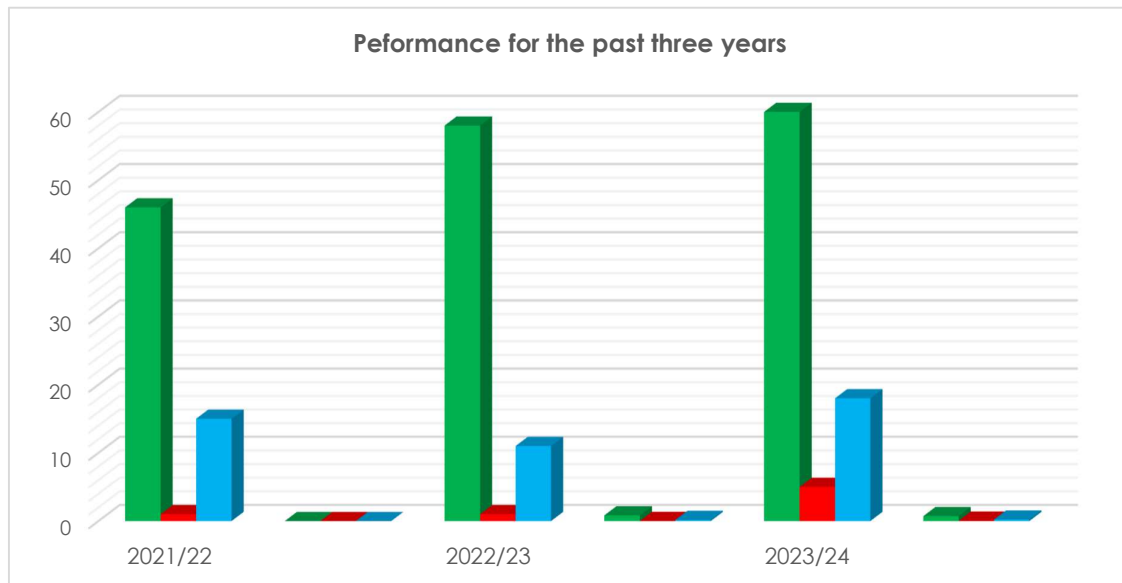
The SDBIP was prepared as described in the paragraphs below and approved by the Mayor in a Council meeting held in May 2023. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

TABLE 24: PERFORMANCE ASSESSMENT CRITERIA

Dashboard	2021/22		2022/23		2023/24	
Achieved	46	74,19%	58	82.86%	60	72.29%
Not achieved	01	1,61%	01	1.41%	06	7.69%
Target exceeded	15	23,81%	11	15.49%	18	21.69%
Total overall KPIs Achieved	62	98.39	70	98.59%	77	92.77%
TOTAL ORGANISATIONAL PERFORMANCE ACHIEVED IN 2023/24 FINANCIAL YEAR						

3.1.1 PLANNED TARGETS VS ACTUAL RESULTS FROM 2022/23 TO 2023/24-FINANCIAL YEAR

FIGURE 1: COMPARATIVE TARGET ACHIEVEMENT INFORMATION



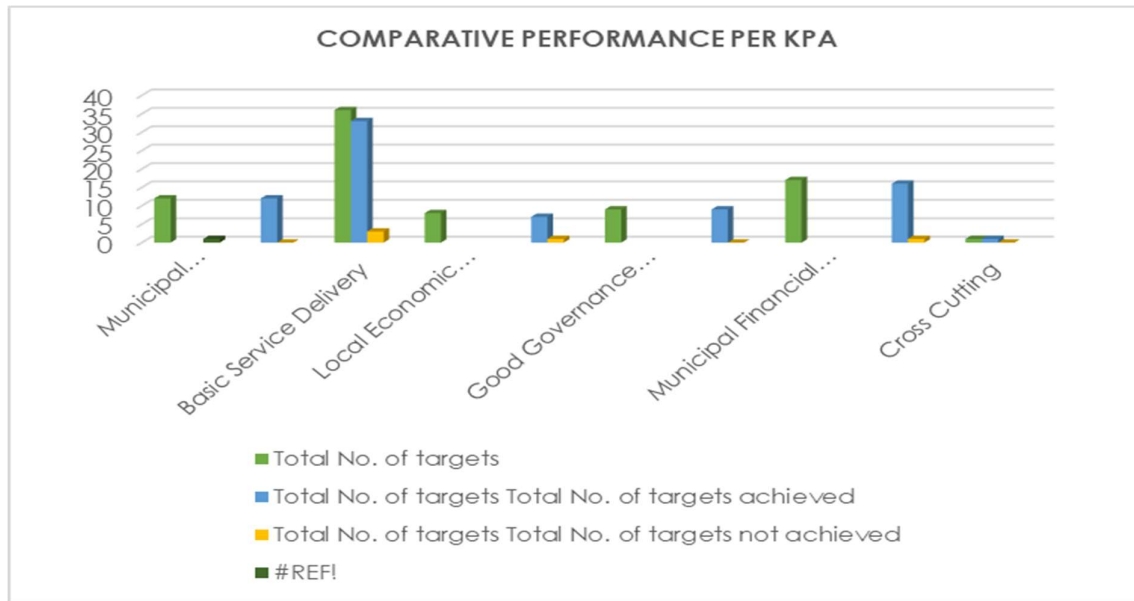
3.1.2 PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE INDICATORS

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 (6) National Key Performance areas.

FIGURE 2: COMPARATIVE TARGET ACHIEVEMENT INFORMATION



3.1.3.1 Basic Service Delivery (NKPA)

The MIG of R50 244 000-00 was allocated. The allocation was fully committed. Below are the MIG implemented projects for the 2023/24 financial year as reflected in the AFS.

- There are 36 indicators in the basic services KPA.
- 91.67% were achieved and 8.33% was not achieved.

TABLE 25: GRAVEL ACCESS ROADS/ TAXI RANK AND MULTIPURPOSE CENTRE

OBJECTIVE	Project	INDICATOR	KPI NO.	REGION	STATUS & MEASURE FOR PERFORMANCE
To provide a better Local access Road network	Cannan Access Road (6.8km)	Number of detailed design reports compiled for Cannan - 6.8km (Pre-Engineering) by 30/06/2024	172,4	Ward 16	1
To provide a better Local access Road network	Mude Access Road (4.0km)	Number of detailed design reports compiled for Mude - 4.0km (Pre-Engineering) by 30/06/2024	172,3	Ward 11	1
To provide a better Local access Road network	Mthunqwane - Sthubini Road (7.0km)	Percentage of Mthunqwane-Sthubini Access Gravel Road (7.0km) constructed and completed (the remaining 90% of the project scope) by 30/06/2024	173.12	Ward 3 & 17	93%
To provide a better Local access Road network	Bethulo - Mpende Road (3.5km)	Percentage of Bethulo-Mpende Access Gravel Road (3.5km) constructed and completed (the remaining 80% of the project scope) by 30/06/2024	173,14	Ward 7 & 12	100%

OBJECTIVE	Project	INDICATOR	KPI NO.	REGION	STATUS & MEASURE FOR PERFORMANCE
To provide a better Local access Road network	Rehabilitation of Gcabashe Access Road (3.4km)	Percentage of Gcabashe Access Road (3.4km) rehabilitated and completed (70% of the project scope) by 30/06/2024	174,1	Ward 4	76% Proper planning and additional required resources were allocated accordingly and the project management team did well in terms of close monitoring & supervision on each site activity
To provide a better Local access Road network	Rehabilitation of Mashunka Access Road (3.2km)	Percentage of Mashunka Access Road (3.2km) rehabilitated and completed (70% of the project scope) by 30/06/2024	174,2	Ward 6	73% Proper planning and additional required resources were allocated accordingly and the project management team did well in terms of close monitoring & supervision on each site activity
To provide a better Local access Road network	Rehabilitation of Ezisululwini Access Road (5.3km) Roads Maintenance	Percentage of Ezisululwini Access Road (5.3km) rehabilitated and completed (70% of the project scope) by 30/06/2024	174,3	Ward 7	70%
To provide a better Local access Road network	Rehabilitation of Thibeni Access Road (5.0km)	Percentage of Thibeni Access Road (5.0km) rehabilitated and completed (70% of the project scope) by 30/06/2024	174,4	Ward 15	70%
To provide a better Local access Road network	Rehabilitation of Mbubeni Access Road (6.2km)	Percentage of Mbubeni Access Road (6.2km) rehabilitated and completed (70% of the project scope) by 30/06/2024	174.5	Ward 1	72% Proper planning and additional required resources were allocated accordingly and the project management team did well in terms of close monitoring & supervision on each site activity
To provide a better Local access Road network	Rehabilitation of S Jubane Access Road (1.3km)	Percentage of S Jubane Access Road (1.3km) rehabilitated and completed (70% of the project scope) by 30/06/2024	174,6	Ward 12	80%
To provide a better Local access Road network	Upgrade of Pomeroy Internal Road #2	Percentage of Upgrade of Pomeroy Internal Roads #2 (1.2km) constructed and completed (the remaining 60% of the project scope) by 30/06/2024	172,2	Ward 18	92% The contractor encountered delays due to backlog from supplier, Lwazini Civils, a subsidiary of Shisalanga National Asphalt.
To provide a better Local access Road network	Roads Maintenance	Number of Gravel Roads maintained as per road maintenance schedule plan by 30/06/2024 {Ward 3 (5 roads), Ward 4 (5 roads), Ward 15 (5 roads), Ward 16 (4 roads), Ward 18 (4 roads), Ward 19 (4 roads), Ward 20 (5 roads) and Ward 21 (4 roads)}	171	Wards 3, 4, 15, 16, 18, 19, 20, & 21	37 More project resources were being provided and some some additional roads were done. Thus, close monitoring was complemented as an additional role by Technical Services. Though unexpected breakdowns continuously

OBJECTIVE	Project	INDICATOR	KPI NO.	REGION	STATUS & MEASURE FOR PERFORMANCE
					hindered the progress on site.
To provide a better community centre	Pomeroy Multi-Purpose Community Centre- #1	Percentage constructed and completed at Pomeroy Multi-Purpose Community Centre (10% of the project scope) by 30/06/2024	172	Ward 18	0% The municipality had a land challenge on the identified site, based on the dispute between the church members and the Municipality. Thus, the project was put on hold until the final ruling outcome of the litigation process. The matter has been resolved and outcome favoured the municipality, the project will be implemented on the 2024/25 financial year.
To provide a better shelter for Taxis	Pomeroy Taxi Rank	Percentage of Pomeroy Taxi Rank constructed and completed (the remaining 75% of the project scope) by 30/06/2024	172,1	Ward 18	92% There were challenges with the Steel specialist supplier which delayed the delivery of the full component as per conclusive agreement.

3.1.3.1.1 Electricity Projects

Accelerate electrification 04 indicators and all 03 achieved with 01 overachievement.

IDP OBJECTIVE	PROJECT NAME	INDICATOR	KPI	REGION	STATUS & MEASURE FOR PERFORMANCE
Accelerate electrification	Ekuvukeni #2 Electrification {89 household connections}	Number of household connections of Ekuvukeni #2 Electrification energised by 30/06/2024	17,15	Ward 10	89
Accelerate electrification	Ngiyane Electrification {190 household connections}	Number of household connections of Ngiyane Electrification energised by 30/06/2024	176	Ward 09	190
Accelerate electrification	Ezibomvini #2 Electrification with 29 connections	Percentage of Ezibomvini #2 Electrification infrastructure constructed to yield 29 household connections by 30/6/2024	184	Ward 04	100%
Accelerate electrification	Mngeni Electrification {160 household connections}	Percentage of Mngeni Electrification infrastructure constructed to yield 160 household connections by 30/6/2024	178	Ward19	100%
Accelerate electrification	Mngeni Electrification {160 household connections}	Number of household connections of Mngeni Electrification energised by 30/06/2024	179	Ward 20	160

IDP OBJECTIVE	PROJECT NAME	INDICATOR	KPI	REGION	STATUS & MEASURE FOR PERFORMANCE
Accelerate electrification	Ezimbubeni #1 Electrification (100 household connections)	Percentage of Ezimbubeni #1 Electrification infrastructure constructed to yield 100 household connections by 30/6/2024	186	Ward 1	100
Accelerate electrification	Ezimbubeni #1 Electrification (100 household connections)	Number of household connections of Ezimbubeni #1 Electrification energised by 30/06/2024	187	Ward 1	100%
Accelerate electrification	Mngelekazi Electrification {100 household connections}	Percentage of Mngelekazi Electrification infrastructure constructed to yield 100 household connections by 30/6/2024	180	Ward 1	100%
Accelerate electrification	Ngcongwane Electrification {41 household connections}	Percentage of Ngcongwane Electrification infrastructure constructed to yield 41 household connections by 30/6/2024	182	Ward 21	100%
Accelerate electrification	Ezibomvini Electrification {74 household connections}	Percentage of Ezibomvini Electrification infrastructure constructed to yield 74 household connections by 30/6/2024	176	Ward 4	100%
Accelerate electrification	Ezibomvini Electrification {74 household connections}	Number of household connections of Ezibomvini Electrification energised by 30/06/2024	177	Ward 4	74
Accelerate electrification	Giba Electrification {18 household connections}	Percentage of Giba Electrification infrastructure constructed to yield 18 household connections by 30/6/2024	185	Ward 21	100%

3.1.3.1.2 Sports Facilities

Improve provision of social development services (06 sports fields).

IDP OBJECTIVE	PROJECT NAME	INDICATOR	KPI	REGION	STATUS & MEASURE FOR PERFORMANCE
Improve provision of social development services.	Debedebeni Sportfield	Percentage constructed and completed of Debedebeni Sportsfield (the remaining 90% of the project scope) by 30/06/2024	173,8	Ward 01	90%
Improve provision of social development services.	Mashunka Sportified	Number of detailed design reports compiled for Mashunka Sportsfield (pre-engineering) by 30/06/2024	173,9	Ward 06	1
Improve provision of social development services.	Nyoniyezwe Sport field	Number of detailed design reports compiled for Nyoniyezwe Sportsfield (pre-engineering) by 30/06/2024	173.1	Ward 13	100%
Improve provision of social	Msizini Sport field	Percentage constructed and completed at Msizini Sportsfield (the remaining 20%	173.7	Ward 14	100%

IDP OBJECTIVE	PROJECT NAME	INDICATOR	KPI	REGION	STATUS & MEASURE FOR PERFORMANCE
development services.		of the project scope) by 30/06/2024			
Improve provision of social development services.	Msizini sportfield	Percentage constructed and completed at Msizini Sportfield (80% of the project scope) by 30/06/2023	173.7	Ward 14	100%
Improve provision of social development services.	Mabaso Sportsfield	Percentage constructed and completed at Mabaso Sportsfield (the remaining 80% of the project scope) by 30/06/2024	171.4	Ward 4	100%

3.1.3.1.3 Infrastructure Projects

- 08 Community Halls and 18 Houses.
- 05 indicators and 100% achievement.

IDP OBJECTIVE	PROJECT NAME	INDICATOR	KPI	REGION	STATUS & MEASURE FOR PERFORMANCE
Improve provision of social development services.	Two Roomed Houses	Number of Two room houses constructed and completed by 30/06/2024, 1. Shodangani Sithole family (ward 1), 2. Nhlanhla Buthelezi family (ward 1), 3. Mkhize Family (ward 2), 4. Sithole Family (ward 2), 5. KweNzeleni Sithole Family (ward 2) 6. Mvelase Family (ward 3), 7. Ngubane Family (ward 3), 8. Muntukaphathwa Family (ward 4), 9. Thenjiwe Ngubane family (ward 4), 10. Mvelase Family (ward 6), 11. Mntungwa Family (ward 6) 12. Duma Family (ward 8), 13. Sikhakhane Family (ward 10), 14. Ximba Family (ward 10), 15. Jabulisile Nkala family (Ward 11), 16. Phathezakhe Dlamini family (ward 11), 17. Siyabonga Mkhize family (ward 19) 18. Mbatha Family (ward 20)	175	Ward 1(2) Ward 2(2) Ward 3(2), Ward 4(2), Ward 6(2), Ward 8(1), Ward 10(2), Ward 11(2), & Ward 20(1)	18 Achieved.
Improve provision of social development services.	Community halls	Number of Community Halls constructed and completed by 30/06/2024, 1. Mbubu (Ward 5), 2. Mduna-Sibiya (Ward 7), 3. Gudlintaba (Ward 8), 4. Macingwane (ward11), 5. Bahulazi (Ward 16), 6. Fasile (Ward 17), 7. Hlanganani (Ward 18) 8. Buyafuthi (Ward 21)	176	Ward 5, Ward 7(2), Ward 8, Ward 12, Ward 16, Ward 17, Ward 18, & Ward 21	8 Achieved

3.1.3.1.4 Housing Projects

Not in the Municipal organizational scorecard as this a Department of Human Settlement program implemented by the department

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 stage s as portrayed below:

HOUSING PROJECTS	PROJECT LOCATION	IMPLEMENTING AGENT	UNITS	STATUS & MEASURE FOR PERFORMANCE
Ezibomvini Housing Project,	Ward 04	Stedone Developments	500	423 units completed
Pomeroy Housing Project,	Ward 18	Inkonjane development construction	580	Project on hold- due to lack of bulk sanitation & water
Msinga Top Housing Project,	Ward 15	Mabune consulting	1000	600 units completed Foundations - 25 Wall plates - 25 Roof - 21
Douglas Housing Project,	Ward 01	Dezzo holdings construction	1000	DRA approved, to proceed to stage 2.
Nhlalakahle Housing Project	Ward 07	Fezeka consortium	1000	DRA from ITB has been received. Awaiting close out report for planning stage
Mkhuphula Housing Project.	Ward 13	Isundu	1000	Waiting for the DRA approval from ITB.
Nteneshane housing project	Ward 08	Luyeza consortium	1000	SPLUMA Approved. Preparing application for DRA.
Mbhono Housing Project	Ward 14	Mfumbathi Projects	1000	SPLUMA Approved. Preparing application for DRA.
Cwaka Inkululeko Development Project – Rental & Low-income	Ward 04 &16	Isibuko SeAfrika	251	Planning stage. Service provider to ensure a Feasibility study
Disaster programme	Affected Wards	Magubane and Plant Contractors & Majimtana Trading and Enterprise	57+37= 88 unit	Planning stage – verification of beneficiaries
OSS programme (municipal application)	All Wards	n/a	420	Planning stage – verification of beneficiaries
Operation Sukuma Sakhe Disaster Housing	Across Traditional Authorities	Miands	215	185 completed
Pomeroy IRDP serviced sites	Ward 18	Emendo	577	Planning Stage seeking SPLUMA Approval
Mthembu Housing Project Phase 2	Ward 3&5	G.K Rainbow Construction	1000	Waiting list
Mzweni Housing Project	Ward 02	Khombe Developments	1000	Waiting list
Mahlaba Housing Project	Ward 20	Umpheme Developments	1000	Waiting list
Ngome Housing Project	Ward 11	TBA	1000	Waiting list

3.1.3.2 Cross Cutting (NKPA)

- There is 01 indicator in the Cross Cutting KPA.

NO.	PROJECTS	INDICATOR	KPI	REGION	ACTUAL	STATUS & MEASURE FOR PERFORMANCE
1.	Disability Sports Day	Number of Disability Sports Day hosted at Pomeroy Sports field by 31/12/2023	80	Ward 18	30/09/2023	30.9.2023-Achieved

3.1.3.3 Local Economic Development & Social Development (NKPA)

- There are 05 indicators in the Local Economic Development KPA.

IDP OBJECTIVE	LED PROJECTS	KPI NUMBER	INDICATOR	REGION	STATUS & MEASURE FOR PERFORMANCE
To reduce poverty through Local Economic development initiatives	SMME's capacity building	157	Number SMME's within Msinga area trained by 30/06/2024	uMzinyathi, uMsinga, Administration	63 Over Achieved. The annual target was over achieved. Some trainings were offered by sector departments. No over expenditure was incurred because the trainings were funded outside the Municipality
To reduce poverty through Local Economic development initiatives	LED Market Day	158	Number of Business market day / LED Summit hosted at Tugela Ferry by 30/06/2024	Ward 4	Not Achieved. The proposed date as per approved events calendar coincided with the National elections that were conducted in 2024. The Market Day was then postponed to the next financial year.
To empower the disadvantaged communities	Youth Projects	82	Number of youth projects implemented as per the ward-based plan by 30 June 2024	All 21 wards	52 -Over- achieved Additional projects were processed as and when received
	Tertiary registration	83	Number of Learners within uMsinga Municipality Assisted with Tertiary registration by 30/06/2024	All 18 wards	105 - Over -achieved Additional projects were processed as and when received
To reduce poverty through Local Economic development initiatives	EPWP programme	270.1	Number of jobs created through construction of capital projects by 30/06/2024	Administration	84 Over achieved. More job opportunities were created through INEP & MIG Capital Projects

3.1.3.4 Municipal Transformation & Institutional Development (NKPA)

- There are 15 Indicators in the Municipal Transformation & Institutional Development KPA.
- No underperformance noted. 100% achievement.

NO.	KPI OBJECTIVE	KPI NO.	PROJECTS	WARDS	INDICATOR	STATUS & MEASURE FOR PERFORMANCE
1.	To ensure proper administration in line with legislation	223	S54/56 Performance agreements	Administration	Date 2023/24 Performance Agreements for S54/56 Managers submitted to COGTA by 31/07/2023	28/7/2024- Achieved

NO.	KPI OBJECTIVE	KPI NO.	PROJECTS	WARDS	INDICATOR	STATUS & MEASURE FOR PERFORMANCE
2.		222	S54/56 Performance assessments	Administration	Number of Section 54/56 Performance Manager's assessments conducted by 31/03/2024	2-Achieved
3.		222.3	Employment Equity Plan (EEP) implementation	Administration	Date EEP submitted to department of Labour by 15/01/2024	15/01/2024-Achieved
4.	To ensure proper administration in line with legislation	222.1	Employment Equity Plan (EEP) implementation	Administration	Number of People from employment equity target groups employed in the three highest level management in compliance with approved equity plan (EEP) by 30 June 2024	1-Achieved
5.	To ensure proper administration in line with legislation	49.1	AG Action Plan	Administration	Number of AG Action developed to address 2022/23 AG Findings by 30/06/2024	1-Achieved
6.		49	AG Action Plan	Administration	Percentage of Auditor General findings addressed as per 2022/23 FY Audit Report by 30/06/2024	100%-Achieved
7.		50	Risk register	Administration	Number of reports on Risk register implementation tabled to Audit Committee by 30/06/2024	4-Achieved
8.		132	Mid-year report	Administration	Date 2022/23 Mid-Year performance report (S72 Report) tabled to Council for adoption by 31/01/2024	31.1.2024-Achieved
9.		135	Annual Report (AR)	Administration	Date 2022/23 uMsinga Final Annual Report adopted by Council by 31/01/2024	31.1.2024 - Achieved
10.		137	Annual Performance Report Submission (APR)	Administration	Date uMsinga final 2022.23 APR Submitted to AG & CoGTA by 31/08/2023	31.8.2023-Achieved
11.		138	SDBIP	Administration	Number of 2024/2025 UMsinga SDBIP presented to Mayor for approval by 30/6/2024	2-Achieved
12.		137	Quarterly reports (Q1, Q2, Q3, Q4)	Administration	Number of uMsinga SDBIP Quarterly reports tabled to Council by 30/06/2024	4-Achieved
13.		217	IA Charter	Administration	Number of Revised uMsinga Internal Audit Charter submitted to Audit Committee (AC) for adoption by 30/6/2024	1-Achieved

NO.	KPI OBJECTIVE	KPI NO.	PROJECTS	WARDS	INDICATOR	STATUS & MEASURE FOR PERFORMANCE
14.	To ensure proper administration in line with legislation	46	MPAC Meetings	Administration	Number of Msinga MPAC meetings facilitated by 30/06/2024	6-Achieved
15.		89	Review of Municipal policies	Administration	Date of reviewed Msinga Municipal policies submitted to Council for adoption by 30/06/2023	22.5.2024-Achieved

3.1.3.5 Good Governance and Public Participation (NKPA)

There are 06 indicators in the Good Governance and Public Participation KPA.

- 02 - Achieved & 04 - Overachieved.

IDP Objective	ALL WARDS	PROJECTS	KPI NUMBER	INDICATORS	STATUS & MEASURE FOR PERFORMANCE
To increase awareness and develop a culture of community participation in the Local government affairs		IDP 2024/25	143	Date 2024/2025 IDP submitted to Council for adoption by 31/05/2024	22.5.2024-Achieved
		IDP/budget/PMS Process Plan	151	Number of IDP/Budget/PMS Process Plans for the revision of the 2024/2025 IDP submitted to Council for adoption by 30/09/2024	1-Achieved
		Council Meeting	42	Number of uMsinga Full Council meetings facilitated by 30 June 2024	08-Over-achieved There were many compliance items to be considered by the council
		Sub-Committee Meetings	43	Number of uMsinga Municipal sub-committee meetings (Corporate, Technical, Community, Development Planning, Finance) facilitated by 30/06/2024	22- Over- Achieved There were many items to be considered by the committees for Council approval
	Administration	EXCO Meetings	44	Number of uMsinga Exco meetings facilitated by 30/06/2024	12-Over – Achieved There were many compliance items to be considered by XCO prior to council approval
	All wards	Campaigns	63	Number of uMsinga Public Awareness campaigns (youth; fire & Disaster awareness campaigns) conducted by 30/06/2024	45 Over-Achieved Some campaigns are attended upon request from outside stakeholders

3.1.3.6 Sound Financial Management (NKPA)

A total of 17 indicators in the Sound Financial Management KPA.

- 94.1% achievement.
- 13 achieved, not achieved 01 and 03 over achieved.

NO.	IDP OBJECTIVE	PROJECT	WARD	INDICATOR	KPI NO.	STATUS & MEASURE FOR PERFORMANCE
1	To ensure Proper Financial administration	Monthly Reconciliation reports	administration	Number of monthly reconciliation reports (assets, creditors, payroll, debtors, bank, suspense) performed by 30/06/2024	92	72- Achieved
2		Fixed Asset Register (FAR)	administration	Number of updates performed on the FAR by 30/06/2024	93	12- Achieved FAR was updated on monthly basis
3		Procurement plan	administration	Date 2024/25 Procurement Plan submitted to Council for adoption by 30/06/2024	94	30-Jun-24- Achieved
4		SCM reports	administration	Number of SCM reports tabled to Council by 30/06/2024	95	4- Achieved
5	To ensure Creditors payments	Creditor payments	administration	Turnaround time (in 30 days) for payment of creditors (from date of receipt of invoice) by 30/6/2024	99	15 days-Over – Achieved Creditors were paid twice a month (15 th and 30 th of every month)
6		Budget related policies	Administration	Date reviewed 2024/2025 Budget related policies submitted to Council for adoption by 31/05/2024	89	22-May-24- Achieved
7		Draft Budget	administration	Date 2023/24 uMsinga draft budget submitted to Council for adoption by 31/03/2024	90	27-Mar-24- Achieved
8		Final Budget	administration	Date 2024/25 uMsinga final budget submitted to Council for adoption by 31/05/2024	91	22-May-24- Achieved
9	Improved Budgeting, Reporting and Compliance	Adjustment Budget	administration	Date 2023/24 uMsinga Adjustment budget submitted to Council for adoption by 28/02/2024	118	28-Feb-24- Achieved
10		S71	administration	Number of Section 71 reports tabled to Council by 30/06/2024	120	12- Achieved

NO.	IDP OBJECTIVE	PROJECT	WARD	INDICATOR	KPI NO.	STATUS & MEASURE FOR PERFORMANCE
11		Payroll	administration	Number of salary payments reports produced by 30/06/2024	106	12- Achieved
12		2021/22 Annual Financial Statements (AFS)	administration	Date 2022/23 uMsinga AFS submitted to AG by 31/08/2024	25	31-Aug-23- Achieved
13		S-52 Report	administration	Number of Section 52 reports tabled to Council by 30/06/2024	127	4- Achieved
14		Budget management	administration	current ratio of 1.5:1 at the end of the year (as per Section 10 of the Municipal Planning and Performance Management Regulation 2001) by 30.06.2024	122	1.66:1 – over achieved More investment made in Q4
15		Tender finalisation	administration	Percentage of tenders finalised within 3 months after date of advertisement by 30 June 2024	123	100% -Achieved
16		WSP Implementation	Administration	Percentage of budget spent on implementation of Work Skills Plan (WSP) by 30.06.2024	222.2	54% -Not Achieved The revision of Bursary Policy led to a decrease number of employees offered bursary during the year
17		GL reviews	administration	Number of Monthly reports on the review of General Ledger by 30/06/2024	128	12 – Achieved



**AUDITED UMSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT 2023/24 FOR
THE PERIOD 01 JULY 2023 TO 30 JUNE 2024**

2023/2024 FINANCIAL YEAR

FC – 29.01.2025

3.2 uMSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT 2023/24

3.2.1 EXECUTIVE SUMMARY

According to Section 19 of the Local Government: Municipal Structures Act No. 117 of 1998, which requires that the Municipality annually review their overall performance in achieving their constitutional objectives, the monitoring and implementation of the Municipality's Integrated Development Plan are overseen and intended to gradually improve operations. Through the effective and efficient implementation of the annual Service Delivery and Budget Implementation Plan (SDBIP), an effective performance management system guarantees the successful realization of the Municipality's Integrated Development Plan (IDP).

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2023/2024 financial year. These priority objectives that are enshrined in the municipal organisational performance scorecard (Including the Top Layer of the SDBIP on basic service delivery targets) for 2023/2024. The Annual Performance Reporting on the 2023/2024 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.

In compliance with legislation; the Annual Performance Report is presented in compliance with Section 46 of the Municipal Systems Act and will be submitted to the Auditor General on the 31st of August 2024 for auditing purposes together with the Annual Financial Statements and a Draft Annual report 2023/2024.

This report presents the year-end performance results for 2023/2024. The results are assessed using traffic lights criteria according to performance against improvement targets. The dashboard which summarizes performance for the municipality's scorecard is illustrated in the graph below. The overall performance of the municipality during 2022/2023 was 98,59%, only one indicator was not achieved and for the year under review the overall performance of the municipality has regressed to 92.77%. Due to number of challenges experienced during the year and these challenges are detailed on the scorecard below. Therefore, the overall performance for the municipality regressed by 7.69% compared to 2022/2023 financial year. The municipality will continue to close monitor the municipality projects such as site visits on regular basis and reviewing progress on regular basis to ensure that poor performance is discovered at an early stage to enable the remedial actions at an early stage, had a positive impact on the overall performance.

FIGURE 3: GRAPH ILLUSTRATING THE OVERALL OF THE MUNICIPAL FOR THE PAST THREE YEARS

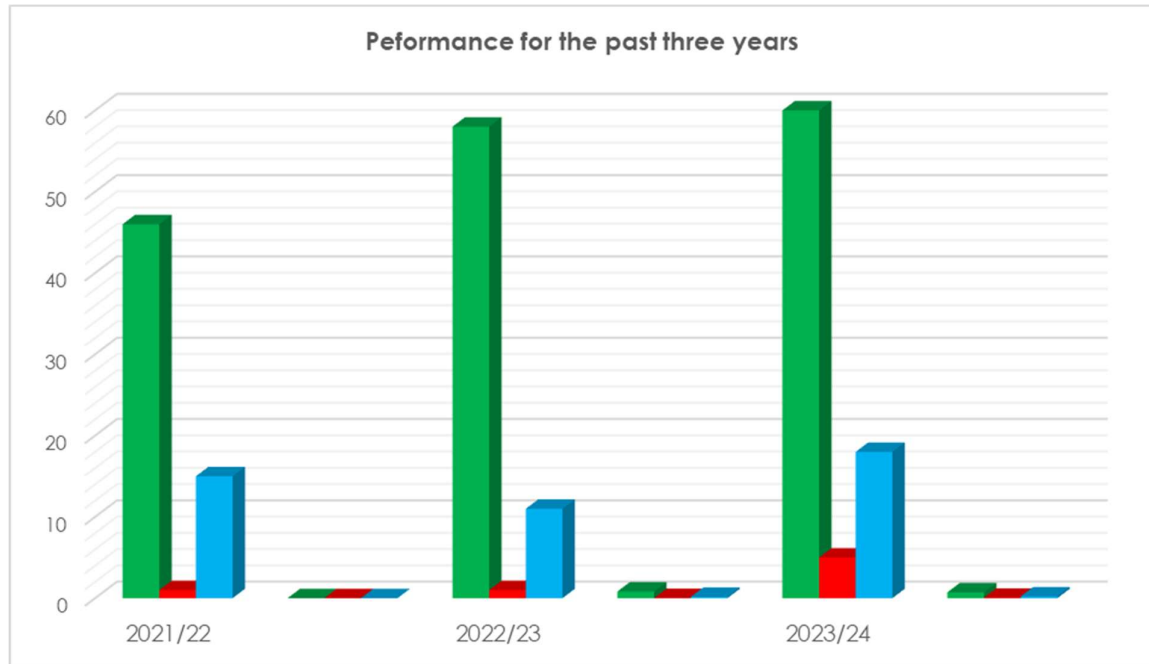


TABLE 26: COMPARATIVE FIGURE FOR THE THREE YEARS

Dashboard	2021/22		2022/23		2023/24	
Achieved	46	74,19%	58	82.86%	60	72.29%
Not achieved	01	1,61%	01	1.41%	06	7.69%
Target exceeded	15	23,81%	11	15.49%	18	21.69%
Total overall KPIs Achieved	62	98.39	70	98.59%	77	92.77%
TOTAL ORGANISATIONAL PERFORMANCE ACHIEVED IN 2023/24 FINANCIAL YEAR						

3.3 PERFORMANCE MANAGEMENT PROCESSES

3.3.1 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:

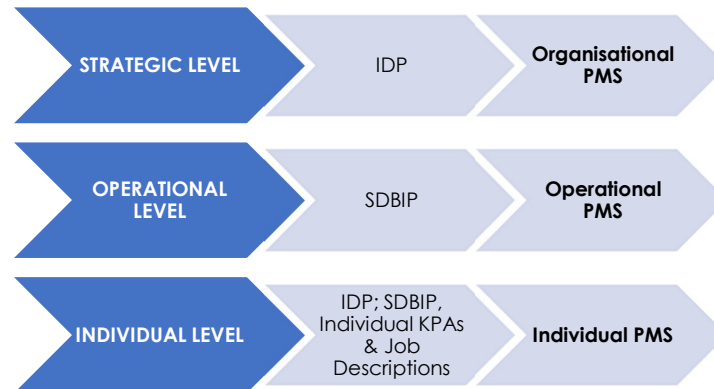
- ✓ **Reliable** - accurate enough for its intended use
- ✓ **Well-defined**-clear and unambiguous
- ✓ **Cost effective** - usefulness of collecting data must satisfy the cost.
- ✓ **Verifiable**-processes and system that produced the indicator can be validated.
- ✓ **Relevant**-relates to the municipalities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

3.3.2 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:

- 2) A file of **POEs**
- 3) Date on which the POE is received will be stamped by the PMS office.

The 10th day after the end of the quarter was chosen to ensure submission gives the PMS office enough time to prepare a report to be tabled to the relevant structures. The documents listed above are submitted to the PMS office by the 10th of the month of the new quarter, i.e.

- 1) Quarter 1- report is due on the **10th of October**
- 2) Quarter 2- report is due on the **10th of January**
- 3) Quarter 3- report is due on the **10th of April**
- 4) Quarter 4- report is due on the **10th of July**

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.

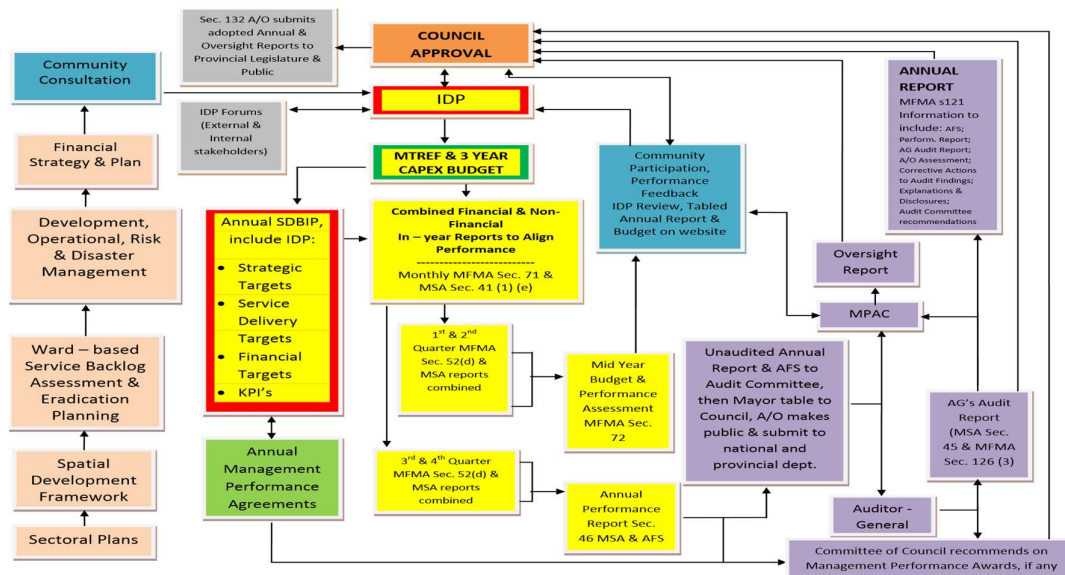
In practice the aforementioned entails that the Manager responsible for each indicator, after capturing the performance data against targets on the Top Layer/organizational or departmental scorecards, analyze the underlying reasons why a target has not been met and capture a summary of his/her findings 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.

3.3.2.4 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



3.3.2.4.1 In-year performance reporting and review

The submission of the scorecards to the Council 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 Council for consideration and review on a quarterly basis. The reporting in 2023/24 was as follows:

- October (for the period 01 July -30 September 2023
 - Quarter 1) – 29 November 2023
- January (for the period 01 October -31st December 2023
 - Quarter 2) – 31 January 2024
- April (for the period 01 January 2024 -31 March 2024
 - Quarter 3) – 22 May 2024
- July (for the period 01 April- June 30th, 2024
 - Quarter 4). 28 August 2024

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.

3.3.2.4.2 Annual performance reporting and review

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 2022/2023 was submitted on 31 January 2024 to Council.
- The oversight report was adopted by Council on 27 March 2024 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 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.
- Posting the annual report on the council website and inviting input.

3.3.2.4.3 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. The Council resolved that each portfolio chairperson be nominated to sit during the evaluation of the Director for his/her portfolio, hence all portfolio chairpersons are part of the evaluation committee.

Performance Assessment Panels for the assessment of the Municipal Manager was established in line with the legislation as follows:

PANEL MEMBER	POSITION
Dr. FJ Sikhakhane	Mayor
Cllr TB Mbatha	Member of the Executive Committee
Mrs S Khanyile	Member of the Audit Committee (Performance)
Mrs NT Mkhwanazi	MM from another Municipality (uMzinyathi municipality)
Mr P Mbatha	Ward Committee member
Ms N Bhengu	Human Resources Manager (secretariat)

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

PANEL MEMBER	POSITION
Mrs S Khanyile	Member of the Audit Committee (Performance)
Mr. SL Sokhela	Municipal Manager
Cllr PAG Nkala	Member of the Executive Committee (Corporate services Chairperson)
Cllr LB Ntuli	Member of the Executive Committee (Technical services Chairperson)
Cllr BP Ngcobo	Member of the Executive Committee (Planning & Development services Chairperson)
Cllr TB Mbatha	Member of the Executive Committee (Community services Chairperson)
Dr. FJ Sikhakhane	Member of the Executive Committee (Financial services Chairperson)
Mrs NT Mkhwanazi	MM from another Municipality (uMzinyathi DM)
Ms N Bhengu	Human Resources Manager (secretariat)

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 conducted as follows:

- 06 February 2024, (Annual 2022/2023 financial year and Mid-year 2023/24).

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

TABLE 27: REPORTING FREQUENCY AS STIPULATED

REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND/OR REVIEW TO	LEGISLATION
1. SDBIPs	Quarterly	Mayor	Section 52 of the MFMA
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
6. Annual report	Annually	Council	Chapter 12 of the MFMA, circular 63

3.3.2.4.4 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 2024.

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.

3.3.2.5 Performance and Supporting Information

The Municipal Scorecard Appendix 1 approach reflects the 6 national KPA's and local priorities and enables a wider assessment of how the municipality is performing. This report is based on measures included within the Municipal Scorecard. It's also incorporating the priority

measures selected from the IDP. The criteria used reflect factors such as previous performance levels, comparative performance and budget implications as were agreed by Council on 31 May 2023. The report also incorporates the annual targets as amended during the mid-year budget revision process. These amendments were approved by Council on 28 February 2024.

The traffic light system used to report performance is as follow:

- **Blue** – Performance above the target
- **Green** – Performance meets target
- **Red** – performance not met target

In relation to the 2023/2024-year end performance results, the final position shows:

- 21.69% of measures have met and exceed the year-end target
- 72.29% of measures were met as targeted.
- 7.69% of measures were not met
- Overall unfinished projects have increased from 1,41% to 7.69% in 2023/24 financial year, due to the provided reasons stated below.

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

TABLE 28: COMPARATIVE FIGURE FOR THE THREE YEARS

Dashboard	2021/22		2022/23		2023/24	
Achieved	46	74,19%	58	82.86%	60	72.29%
Not achieved	01	1,61%	01	1.41%	06	7.69%
Target exceeded	15	23,81%	11	15.49%	18	21.69%
Total overall KPIs Achieved	62	98.39	70	98.59%	77	92.77%
TOTAL ORGANISATIONAL PERFORMANCE ACHIEVED IN 2023/24 FINANCIAL YEAR						

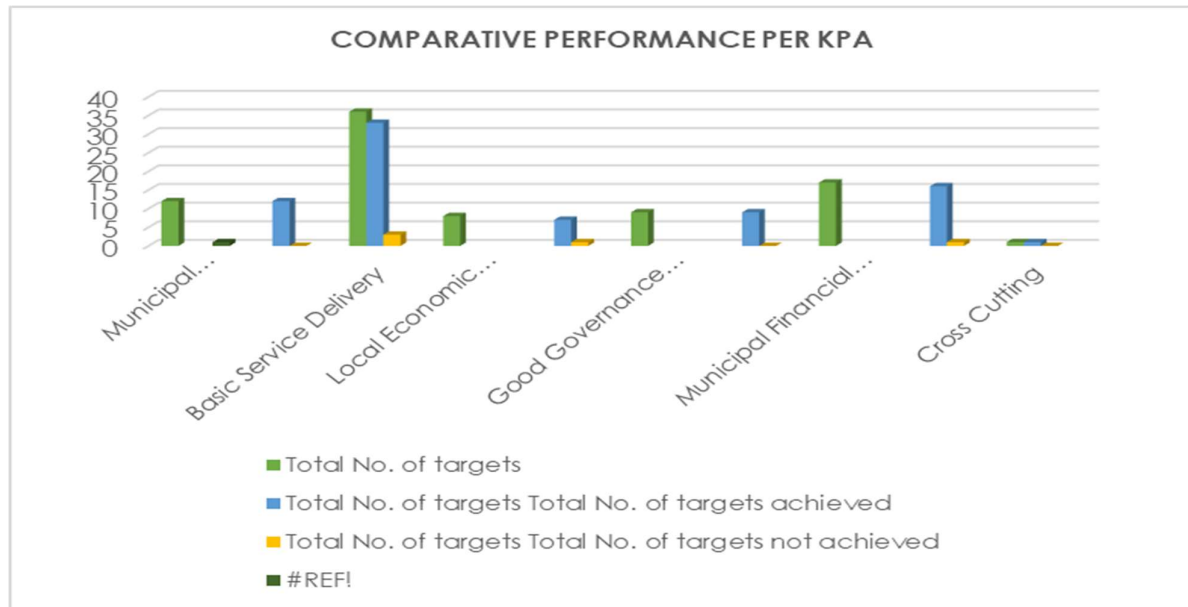
The above table illustrates the overall organisational performance for the 2023/2024 financial year in relation to performance achieved during the previous two financial years, 2021/22 and 2022/23 financial years respectively.

3.4 OVERALL PERFORMANCE OF THE MUNICIPALITY FOR 2023/2024 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 2024. This also gives a picture of how the Municipality has performed. It simple summarised that out of the total of 83 Key Performance indicators set for the municipality, the uMsinga local Municipality managed to achieve 78 key performance indicators.

TABLE 29: COMPARATIVE PERFORMANCE PER KPA

NKPA	TOTAL NO. OF TARGETS	TOTAL NO. OF TARGETS ACHIEVED	TOTAL NO. OF TARGETS NOT ACHIEVED	PERCENTAGE OF ACHIEVEMENT
Municipal transformation and Institutional Development	12	12	0	100%
Basic Service Delivery	36	32	04	88,89%
Local Economic Development	08	07	01	87,5%
Good Governance & Public Participation	09	09	0	100%
Municipal Financial viability	17	16	01	94.12%
Cross Cutting	01	01	0	100%
TOTAL	83	77	06	92.77%



3.4.1 KPA 1- MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Performance Highlights: The performance overall score for the KPA 1 relating to Municipal Institutional Development and Transformation was 100% for the financial year 2022/2023 and in 2023/2024 financial year remains unchanged by 100%.

Challenges: None

Improvement Measures: None

3.4.2 KPA 2- BASIC SERVICE DELIVERY

Performance Highlights: The performance overall score for the KPA 2 relating to Basic Service Delivery was 96.15% for the financial year 2022/2023 and regressed to 91.67% for the 2023/2024 financial year. The reasons for non-achievements on these projects are stated below.

Project 01: Upgrade of Pomeroy Internal Road #2

Challenge: The contractor encountered delays due to backlog from supplier, Lwazini Civils, a subsidiary of Shisalanga National Asphalt.

Improvement Measures: The numerous engagements with the contractor were undertaken and target will then be achieved on the next Financial 2024/25.

Project 2: Construction of Pomeroy Multi-Purpose Community Centre- #1

Challenge: The municipality had a land challenge on the identified site, based on the dispute between the church members and the Municipality. Thus, the project was put on hold until the final ruling outcome of the litigation process. The matter has been resolved and the outcome favoured the municipality, the project will be implemented on the 2024/25 financial year.

Improvement Measures: The project will be moved to the next financial year (2024/25) since the matter has been resolved and favours the municipality.

Project 3: Construction of Pomeroy Taxi Rank

Challenge: The municipality had challenges with the Steel specialist supplier which delayed the delivery of the full component as per conclusive agreement.

Improvement Measures: Time to time meetings were being conducted in order to monitor the progress on site. Thus, the contractor decided to acquire the services of another steel specialist to assist. The project will then be completed on the next financial year.

Project: 03 Construction of Debedebeni sport field

Challenge:

- Huge number of earthworks and big boulders that are coming out under the surface.
- Water seepage that affects layer works
- Long distance of hauling of material than anticipated. Huge number of earthworks and big boulders that are coming out under the surface.
- Water seepage that affects layer works.
- Long distance of hauling of material than anticipated.
- Additional stormwater and subsoil required due to control the underground water.
- Re-positioning and re-designing of the culvert crossing.

Improvement Measures: The municipality had granted an extension of time to service provider, to allow the service provider to have more time in addressing the newly identified items on the ground that had to be done but not quoted for. An additional variation order was issued to a service prover. the savings obtained from the contract were utilised.

3.4.3 KPA 3- LOCAL ECONOMIC DEVELOPMENT

Performance Highlights: The overall score for the KPA 3 relating to Local Economic Development was 100% for the financial year 2022/2023 and regressed to 87.5% for the 2023/2024 financial year.

Project: LED Summit/ Market Day

Challenge: The proposed date as per approved events calendar coincided with the National elections that were conducted in 2024. The Market Day was then postponed to the next financial year.

Improvement Measures: To re-strategise & garner more support for the event and to lobby for external funding & partnership. To also exploit the festivities of the Christmas season and host the event during festive season.

3.4.4 KPA 4- GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Performance Highlights: The overall score for the KPA 4 relating to Good Governance and Public Participation was 100% for the financial year 2022/2023 and remained unchanged to 100% for the 2023/2024 financial year.

Challenge: None

Improvement Measures: None

3.4.5 KPA 5- MUNICIPAL FINANCIAL VIABILITY

Performance Highlights: The overall score for the KPA 5 relating to Municipal Financial Viability was 100% for the financial year 2022/2023 and regressed to 94.12% for the 2023/2024 financial year.

Project: WSP Implementation

Challenge: The revision of the Bursary Policy led to a decrease number of employees offered bursary during the year.

Improvement Measures: The budget has been aligned with the estimated number of employees to be granted bursary for the next financial year to avoid over-budgeting.

3.4.6 KPA 6- CROSS CUTTING

Performance Highlights: The overall score for the KPA 6 relating to Cross Cutting was 100% for the financial year 2022/2023 and remained unchanged to 100% for the 2023/2024 financial year.

Challenge: None

Improvement Measures: None.

3.4.7 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.
- Complains 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.
- The Municipality after the receiving the audit report, ensure that they develop the action plan to address audit findings for both annexure A and Annexure B. The action plan was developed and all matters that were raised has been addressed 100%.

The table below indicate the areas of underperformance as reported on in the municipal scorecard including the necessary measures taken to improve performance (corrective measures). The annual targets stated on this table are as per the adjusted SDBIP.

NO.	INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CORRECTIVE MEASURE
1.	Percentage of Upgrade of Pomeroy Internal Roads #2 (1.2km) constructed and completed (the remaining 60% of the project scope) by 30/06/2024	100%	92%	The numerous engagements with the contractor were undertaken and target will then be achieved on the next Financial 2024/25.
2.	Percentage constructed and completed of Debedebeni Sportsfield (the remaining 90% of the project scope) by 30/06/2024	100%	90%	The municipality had granted an extension of time to service provider, to allow the service provider to have more time in addressing the newly identified items on the ground that had to be done but not quoted for. An additional variation order was issued to a service prover. the savings obtained from the contract were utilised
3.	Percentage constructed and completed at Pomeroy Multi-Purpose Community Centre (10% of the project scope) by 30/06/2024	10%	0	The project will be moved to the next financial year (2024/25) since the matter has been resolved and favours the municipality.
4.	Percentage of Pomeroy Taxi Rank constructed and completed (the remaining 75% of the project scope) by 30/06/2024	100%	92%	Time to time meetings were being conducted in order to monitor the progress on site. Thus, the contractor decided to acquire the services of another steel specialist to assist. Target will then be achieved on the next financial
5.	Number of uMsinga Business market day/ LED summit hosted at uMsinga by 30/06/2024	1	0	To re-strategize & garner more support for the event. To lobby for external funding & partnership. To exploit the festivities of the Christmas season and host the event during festive season.
6.	Percentage of budget spent on the implementation of WSP by 30/6/2024	100%	54%	The budget has been aligned with the estimated number of employees to be granted bursary for the next financial year to avoid over-budgeting

The draft report was submitted to Internal Audit on 29 July 2024. The review was performed by internal audit and the recommendations as stated below were all incorporated on the report. The draft report was also submitted to Audit committee for review prior to approval by Council and all the recommendations were incorporated to the report.

INTERNAL AUDIT RECOMMENDATION	DATE OF RECOMMENDATION	MUNICIPAL RESPONSE
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<p>Management should change their targets during the adjustment period to prevent poor planning.</p>	<p>28/08/1024</p>	<p>The Management disagrees to the finding, the reasons for variances were provided to clarify the reasons for underperformance which were beyond the municipal control. However, recommendations are noted.</p>
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In line with addressing areas of underperformance or findings by the Auditor-General and contained in the AG Action Plan (performance Management findings). The Municipality developed the action plan which was adopted by Council and monitored time to time by providing reports to both Audit Committee and the Council. Only one (1) finding was raised in respect to the AOPO on the management report, which was the misstatements in the reported performance information in the annual performance report submitted for auditing relating to the Differences identified between reported target in the annual performance report (APR) and planned target as per the service delivery budget implementation plan for the “Number of households with access to refuse removal through provision of Skip bins”. The finding was resolved and the municipality put measures to ensure that the alignment between the SDBIP and the APR is performed.

3.4.7.1 DETERIORATING PERFORMANCE

This section highlights key areas for deterioration of performance, even in the cases where the targets have been missed.

- The municipality due to various challenges had 05 targets that were not achieved during the year 2023/2024, the corrective measures for improvement have been provided and the municipality will ensure the close monitoring on these projects.
- The Municipality will also continue with its public participation programme with the aim of updating the community on the status of these projects.
- The percentage of complaints in the Msinga Municipal area has been decreased due to the establishment of Municipal Rapid Response Team that sits on quarterly basis. All complaints were responded to within 10 days, this has led to a decrease number of complaints received by the municipality. The manual complaints register was also developed to track and manage the complaints.

**ANNEXURE A: AUDITED ANNUAL PERFORMANCE
REPORT 2023/2024**

TABLE 30: AUDITED ANNUAL PERFORMANCE REPORT 2023/2024

uMSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT (APR) FOR 2023/2024 FINANCIAL YEAR- 01 JULY 2023- 30 JUNE 2024																				
NO	PROGRAM DRIVER	OUTCOME	OBJECTIVE	STRATEGY	PROJECTS	REGION	INDICATOR	UNIT OF MEASURE	KPI NO.	COMPARISON WITH PREVIOUS YEAR		2022/2023 YEAR OF REPORTING- 2023/2024								
										TARGET 2022/2023	ACTUAL 2022/2023	ORIGINAL ANNUAL TARGET	ADJUSTED ANNUAL TARGET	ACTUAL AS AT 30 JUNE 2024	STATUS	REASONS FOR VARIANCES	CORRECTIVE MEASURES TO	ADJUSTED ANNUAL BUDGET	PORTFOLIO OF EVIDENCE	
B2B PILLAR 05: BUILDING CAPABLE LOCAL GOVERNMENT INSTITUTIONS																				
KPA 1: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT =12 INDICATORS																				
1	HOD (CORP)	outcome 1. improved Municipal capability	To ensure proper administration in line with legislation	To sign and submit 2023/24 Performance agreements for S54/56	S54/56 Performance agreements	Administration	Date 2023/24 Performance Agreements for S54/56 Managers signed and submitted to COGTA by 31/07/2023	Date	223	31/07/2022	28/07/2022	31/07/2023	N/A	28/07/2023	Achieved	The Performance agreements were signed and ready for submission before the targeted date	N/A	N/A	Proof of receipt from Cogta	
2	HOD(CORP)			To conduct Section 54/56 Performance Assessments	S54/56 Performance assessments	Administration	Number of Section 54/56 Manager's Performance assessments conducted by 31/03/2024	Number	222	2	2	2	N/A	2	2	2	N/A	N/A	N/A	Agenda & attendance register
3	HOD CORP			To submit Employment Equity Plan (EEP) to Department of Labour as per the legislation	Employment Equity Plan (EEP) implementation	Administration	Date EEP submitted to department of Labour by 15/01/2024	Date	222,3	15/01/2023	15/01/2023	15/01/2024	N/A	15/01/2024	Achieved	N/A	N/A	N/A	Proof of Submission	
4	HOD COP			To implement the adopted Employment Equity Plan		Administration	Number of People from employment equity target groups employed in the three highest level management in compliance with approved equity plan (EEP) by 30/06/2024	Number	222,1	1	1	1	N/A	1	Achieved	N/A	N/A	N/A	HR Report	
5	MM	outcome 2.1 More effective Municipal	To ensure proper administration in line with legislation	To implement & report on Risk Register	Risk register	Administration	Number of reports on Risk register implementation tabled to Audit Committee by 30/06/2024	Number	50	4	4	4	N/A	4	Achieved	N/A	N/A	N/A	Agenda, Progress Report & Minutes of AC	

6	HOD (CORP)		To submit 2023/24 Mid-Year Performance Report (S72 Report) to Council for adoption	Mid-year budget & performance report (S72)	Administration	Date 2023/24 Mid-Year budget & performance report (S72 Report) tabled to Council for adoption by 31/01/2024	Date	132	25-Jan-23	25-Jan-23	25-Jan-24	31-Jan-24	31-Jan-24	Achieved	N/A	N/A	N/A	Council Resolution
7	HOD (CORP)		To Adopt 2022/23 Annual Report (s46 APR & AR)	Annual report (AR)	Administration	Date 2022/23 uMsinga Final Annual Report adopted by Council by 31/01/2024	Date	135	31-Jan-23	25-Jan-23	31-Jan-24	N/A	31-Jan-24	Achieved	N/A	N/A	N/A	Council Resolution
8	HOD (CORP)			Annual Performance Report (APR)	Administration	Date uMsinga final 2022.23 APR submitted to AG & CoGTA by 31/08/2023	Date	137	31-Aug-22	31-Aug-22	31-Aug-23	N/A	31-Aug-23	Achieved	N/A	N/A	N/A	Proof of submission
9	HOD (CORP)		To Adopt Municipal SDBIP	SDBIP	Administration	Number of 2024/2025 UMsinga SDBIP presented to Mayor for approval by 30/6/2024	Number	138	2	2	2	N/A	2	Achieved	N/A	N/A	N/A	Copy of signed SDBIP
10	HOD (CORP)			Quarterly reports (Q1-Q4)	Administration	Number of UMsinga SDBIP Quarterly reports tabled to Council by 30/06/2024	Number	139	4	4	4	N/A	4	Achieved	N/A	N/A	N/A	Council Resolution
11	MM		To adopt a Revised Audit Committee charter	Audit Committee (AC) charter	Administration	Number of Revised Msinga Audit Committee Charter submitted to Council for adoption by 30/06/2024	Number	217	1	1	1	N/A	1	Achieved	N/A	N/A	N/A	Council Resolution
12	HOD (CORP)		To ensure effective secretariat services to council and standing committees	MPAC Meetings	Administration	Number of Msinga MPAC meetings facilitated by 30/06/2024	Number	46	4	4	4	N/A	6	Over-achieved	There were many compliance items to be deliberated by the MPAC prior to Council approval	N/A	N/A	Agenda and Attendance Register

B2B PILLAR 02: BASIC SERVICE DELIVERY

KPA2: BASIC SERVICE DELIVERY=36 INDICATORS

13	HOD (TS)	outcome 4.9 Improved facilities	Improve provision of social development services.	To implement ward-based plan infrastructural projects	Two room houses	Number of Two room houses constructed and completed by 30/06/2024, 1. Shodangani Sithole family (ward 1), 2. Nhlahla Buthelezi family (ward 1), 3. Mkhize Family (ward 2), 4. Sithole Family (ward 2), 5. KweNzeleni Sithole Family (ward 2) 6. Mvelase Family (ward 3), 7. Ngubane Family (ward 3), 8. Muntukaphathwa Family (ward 4), 9. Thenjiwe Ngubane family (ward 4), 10. Mvelase Family (ward 6), 11. Mntungwa Family (ward 6) 12. Duma Family (ward 8), 13. Sikhakhane Family (ward 10), 14. Ximba Family (ward 10), 15. Jabulisile Nkala family (Ward 11), 16. Phathezakhe Dlamini family (ward 11), 17. Siyabonga Mkhize family (ward 19) 18. Mbatha Family (ward 20)	Number	175	21	21	16	18	18	Achieved	N/A	N/A	1 8000 000	completion certificates
14	HOD (TS)				Community halls	Ward 5, Ward 7(2), Ward 8, Ward 11, Ward 16, Ward 17, Ward 18, & Ward 21	Number of Community Halls constructed and completed by 30/06/2024, 1. Mbubu (Ward 5), 2. Mduna-Sibiya (Ward 7), 3. Gudlintaba (Ward 8), 4. Macingwane (ward11), 5. Bahulazi (Ward 16), 6. Fasile (Ward 17), 7. Hlanganani (Ward 18) 8. Buyafuthi (Ward 21)	Number	176,2	3	3	7	8	8	Achieved	N/A	N/A	R3 100 000,00

15	HOD (TS)		To construct and complete Debedebeni sportfield	Debedebeni Sportfield	Ward 1	Percentage constructed and completed of Debedebeni Sportsfield (the remaining 90% of the project scope) by 30/06/2024	Percentage	173,8	10%	10%	100%	N/A	90%	Not Achieved	<p>1. Huge number of earthworks and big boulders that are coming out under the surface.</p> <p>2. Water seepage that affects layer works.</p> <p>3. Long distance of hauling of material than anticipated. Huge number of earthworks and big boulders that are coming out under the surface.</p> <p>4. Water seepage that affects layer works.</p> <p>5. Long distance of hauling of material than anticipated.</p> <p>6. Additional stormwater and subsoil required due to control the underground water.</p> <p>7. Re-positioning and re-designing of the culvert crossing.</p>	the municipality had granted an extension of time to service provider, to allow the service provider to have more time in addressing the newly identified items on the ground that had to be done but not quoted for. An addition	R3 755 958,17	Progress Report
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19	HOD (TS)		To construct and complete Mabaso sportfield	Mabaso Sportfield	Ward 4	Percentage constructed and completed at Mabaso Sportsfield (the remaining 80% of the project scope) by 30/06/2024	Percentage	171,4	20%	35%	100%	N/A	100%	Achieved	N/A	N/A	R5 020 914,89	completion certificate	
20	HOD (TS)	outcome 4.4 Roads. Outcome 4.4.1 Improved Quality of Municipal Road network	To provide a better Local access Road network	To compile a detailed design report of Cannan Road - 6.8km (Pre-Engineering)	Cannan Access Road (6.8km)	Ward 16	Number of detailed design reports compiled for Cannan - 6.8km (Pre-Engineering) by 30/06/2024	Number	172,4	N/A	N/A	10%	1	1	Achieved	N/A	N/A	R150 000,00	Copy of design report
21	HOD (TS)		To provide a better Local access Road network	To compile a detailed design report of Mude Road - 4.0km (Pre-Engineering)	Mude Access Road (4.0km)	Ward 11	Number of detailed design reports compiled for Mude - 4.0km (Pre-Engineering) by 30/06/2024	Number	172,3	N/A	N/A	10%	1	1	Achieved	N/A	N/A	N/A	Copy of design report
22	HOD (TS)		To provide a better Local access Road network	To construct and complete the new access gravel road (Mthunqwane-Sthubini Road - 7.0km)	Mthunqwane - Sthubini Road (7.0km)	Ward 3&17	Percentage of Mthunqwane-Sthubini Access Gravel Road (7.0km) constructed and completed (90% of the project scope) by 30/06/2024	Percentage	173,12	10%	10%	90%	N/A	93%	Over-achieved	Proper planning and additional required resources were allocated accordingly and the project management team did well in terms of close monitoring & supervision on each site activity	N/A	R4 442 048,61	Progress Reports

23	HOD (TS)	To provide a better Local access Road network	To construct and complete the new access gravel road (Bethulo-Mpende Road - 3.5km)	Bethulo - Mpende Road (3.5km)	Ward 7&12	Percentage of Bethulo-Mpende Access Gravel Road (3.5km) constructed and completed (the remaining 67% of the project scope) by 30/06/2024	Percentage	173,14	20%	33%	100%	N/A	100%	Achieved	N/A	N/A	R5 482 317,22	Completion Certificate
24	HOD (TS)		To rehabilitate and complete Gcabashe Road (3.4km)	Rehabilitation of Gcabashe Access Road (3.4km)	Ward 4	Percentage of Gcabashe Access Road (3.4km) rehabilitated and completed (70% of the project scope) by 30/06/2024	Percentage	174,1	N/A	N/A	new	70%	76%	Over-achieved	Proper planning and additional required resources were allocated accordingly and the project management team did well in terms of close monitoring & supervision on each site activity	N/A	R3 886 219,43	Progress reports
25	HOD (TS)		To rehabilitate and complete Mashunka Access Road (3.2km)	Rehabilitation of Mashunka Access Road (3.2km)	Ward 6	Percentage of Mashunka Access Road (3.2km) rehabilitated and completed (70% of the project scope) by 30/06/2024	Percentage	174,2	N/A	N/A	new	70%	73%	Over-achieved	Proper planning and additional required resources were allocated accordingly and the project management team did well in terms of close monitoring & supervision on each site activity	N/A	R3 794 823,84	Progress reports
26	HOD (TS)		To rehabilitate and complete Ezisulwini Access Road (5.2km)	Rehabilitation of Ezisulwini Access Road (5.2km)	Ward 7	Percentage of Ezisulwini Access Road (5.2km) rehabilitated and completed (70% of the project scope) by 30/06/2024	Percentage	174,3	N/A	N/A	new	70%	70%	Achieved	N/A	N/A	R2 955 831,64	Progress reports

27	HOD (TS)			To rehabilitate and complete Thibeni Access Road (5.0km)	Rehabilitation of Thibeni Access Road (5.0km)	Ward 15	Percentage of Thibeni Access Road (5.0km) rehabilitated and completed (70% of the project scope) by 30/06/2024	Percentage	174,4	N/A	N/A	new	70%	70%	Achieved	N/A	N/A	R3 321 327,40	Progress reports
28	HOD (TS)			To rehabilitate and complete Mbubeni Access Road (6.2km)	Rehabilitation of Mbubeni Access Road (6.2km)	Ward 1	Percentage of Mbubeni Access Road (6.2km) rehabilitated and completed (70% of the project scope) by 30/06/2024	Percentage	174,5	N/A	N/A	new	70%	72%	Over-achieved	Proper planning and additional required resources were allocated accordingly and the project management team did well in terms of close monitoring & supervision on each site activity	N/A	R2 220 481,28	Progress reports
29	HOD (TS)			To rehabilitate and complete S Jubane Access Road (1.3km)	Rehabilitation of S Jubane Access Road (1.3km)	Ward 12	Percentage of S Jubane Access Road (1.3km) rehabilitated and complete (80% of the project scope) by 30/06/2024	Percentage	174,6	N/A	N/A	new	80%	80%	Achieved	N/A	N/A	R1 850 316,41	Progress reports
30	HOD (TS)			To construct and complete the new surface road (Upgrade of Pomeroy Internal Roads #2 - 1 km)	Upgrade of Pomeroy Internal Road #2	ward 18	Percentage of Upgrade of Pomeroy Internal Roads #2 (1 km) constructed and completed (the remaining 60% of the project scope) by 30/06/2024	Percentage	172,2	40%	40%	100%	N/A	92%	Not Achieved	The contractor encountered delays due to backlog from supplier, Lwazini Civils, a subsidiary of Shisalanga National Asphalt.	The numerous engagements with the contractor and the supplier were und	R9 390 400,13	Completion certificate

33	HOD (TS)	To provide a better shelter for Taxis	To construct and complete the new Taxi Rank (Pomeroy Taxi Rank)	Pomeroy Taxi Rank	ward 18	Percentage of Pomeroy Taxi Rank constructed and completed (the remaining 63% of the project scope) by 30/06/2024	Percentage	172,1	25%	37%	100%	N/A	92%	Not Achieved	There were challenges with the Steel specialist supplier which delayed the delivery of the full component as per conclusive agreement.	Time to time meetings were being conducted in order to monitor the progress on site. Thus, the contract or decided to acquire the services of another steel specialist to assist by the end of October 2024. Target to be achieved	R6 076 301,46 Completion certificate
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37	HOD(TS)	To construct the infrastructure to yield 160 household connections of Mngeni Electrification	Mngeni Electrification {160 household connections}	ward 19	Percentage of Mngeni Electrification infrastructure constructed to yield 160 household connections by 30/6/2024	Percentage	178	N/A	N/A	100%	N/A	100%	Achieved	N/A	N/A	R12 909 235,28	Progress Report
38	HOD(TS)	To energise 160 household connections of Mngeni Electrification.			Number of household connections of Mngeni Electrification energised by 30/06/2024	Number	179	N/A	N/A	160	N/A	160	Achieved	N/A	N/A		Completion certificate & PCS File
39	HOD(TS)	To construct the infrastructure to yield 100 household connections of Ezimbubeni #1 Electrification	Ezimbubeni #1 Electrification (100 household connections)	ward 01	Percentage of Ezimbubeni #1 Electrification infrastructure constructed to yield 100 household connections by 30/6/2024	Percentage	186	N/A	N/A	100%	N/A	100%	Achieved	N/A	N/A	R4 000 000,00	Progress reports
40	HOD(TS)	To energise 100 household connections of Ezimbubeni #1 Electrification.			Number of household connections of Ezimbubeni #1 Electrification energised by 30/06/2024	Number	187	N/A	N/A	100	N/A	100	Achieved	N/A	N/A		Completion certificate & PCS File
41	HOD(TS)	To construct the infrastructure to yield 100 household connections of Mngelekazi Electrification	Mngelekazi Electrification {100 household connections}	Ward 1	Percentage of Mngelekazi Electrification infrastructure constructed to yield 100 household connections by 30/6/2024	Percentage	180	N/A	N/A	100%	N/A	100%	Achieved	N/A	N/A	R5 946 314,19	Progress report
42	HOD(TS)	To construct the infrastructure to yield 41 household connections of Ngcongwane Electrification	Ngcongwane Electrification {41 household connections}	Ward 21	Percentage of Ngcongwane Electrification infrastructure constructed to yield 41 household connections by 30/6/2024	Percentage	182	N/A	N/A	100%	N/A	100%	Achieved	N/A	N/A	R3 816 114,41	Progress report

43	HOD(TS)			To construct the infrastructure to yield 74 household connections of Ezibomvini Electrification	Ezibomvini Electrification {74 household connections}	ward 4	Percentage of Ezibomvini Electrification infrastructure constructed and completed (15% of the remaining project scope) to yield 74 household connections by 30/6/2024	Percentage	176	30%	85%	100%	N/A	100%	Achieved	N/A	N/A	R45 000.00	Progress report
44	HOD(TS)			To energise 74 household connections of Ezibomvini Electrification.			Number of household connections of Ezibomvini Electrification energised by 30/06/2024	Number	177	N/A	N/A	74	N/A	74	Achieved	N/A	N/A		Completion certificate & PCS File
45	HOD(TS)			To construct the infrastructure to yield 18 household connections of Giba Electrification	Giba Electrification {18 household connections}	ward 21	Percentage of Giba Electrification infrastructure constructed to yield 18 household connections by 30/6/2024	Percentage	185	N/A	N/A	100%	N/A	100%	Achieved	N/A	N/A	R1 260 760,27	Progress report
46	HOD(TS)	outcome 4.5 Solid Waste Removal and environmental Management .4.5.1 Minimized Solid waste	Waste management	Provide access to solid waste disposal services	Refuse removal	Umzinyathi, Msinga, Administration	Number of businesses within uMsinga with access to refuse removal by 30/06/2024	Number	190	14	14	14	42	42	Achieved	N/A	N/A	R2 250 000,00	SLA & Waste collection Roaster
47	HOD(TS)						Number of households with access to refuse removal through provision of Skip bins by 30/06/2024	Number	191	471	467	420	460	592	Over-achieved	More community awareness campaigns contributed to the increased number of skip bin users.	N/A		List of beneficiaries per skip bin & collection schedule
48	HOD(TS)	outcome 4.2 Electricity: 4.2.1 Improved	Improve access to free basic service delivery	To provide free basic services to the community	Provision of Free Basic electricity	Umzinyathi, Msinga, Administration	Number of indigent households with access to free basic electricity by 30/06/2024	Number	192	250	250	243	140	140	Achieved	N/A	N/A	R281 520	List of Beneficiaries

B2B PILLAR 02: BASIC SERVICE DELIVERY

KPA3: LOCAL ECONOMIC DEVELOPMENT=08 INDICATORS

49	HOD (CS)	outcome 4.7 Local economic development. 4.7.1 Growing local economies	To empower the disadvantaged communities	To Implement Ward Youth Projects as per Ward Based Plans in the IDP 2023/24	Youth projects	all wards	Number of uMsinga Ward Youth Projects implemented as per the ward-based plan by 30/06/2024	Number	82	60	231	60	21	52	Over-achieved	Additional projects were processed as and when received	N/A	R630 000,00	Financial Report (Vote Transaction History)
50	HOD (CS)			To assist local students with Tertiary Education Registration.	Tertiary registration	all wards	Number of Learners within uMsinga Municipality Assisted with Tertiary registration by 30/06/2024	Number	83	120	154	120	100	105	Over-achieved	Additional applications are processed as and when approved by the Ward Committee	N/A	R630 000,00	Financial Report (Vote Transaction History)
51	HOD (P)		To reduce poverty through Local Economic development initiatives	To host a business market day /LED summit	LED Summit /Market Day	all wards	Number of uMsinga Business market day/ LED summit hosted at uMsinga by 30/06/2024	Number	158	1	1	1	N/A	0	Not Achieved	The proposed date as per approved events calendar coincided with the National elections that were conducted in 2024. The Market Day was then postponed to the next financial year.	To strategies & garner more support for the event. To lobby for external funding & partnership. To exploit the festivities of the Christmas season and host the event during	R200 000,00	Report, pictures & Program

58	MM	ipal capability	with legislation	To address AG Findings	Administration	Percentage of Auditor General findings addressed as per 2022/23 FY Audit Report by 30/06/2024	Percentage	49	100%	100%	100%	N/A	100%	Achieved	N/A	N/A	N/A	AG Action Plan progress report	
59	HOD (P)	Outcome 5.1 Functional DDM structures: A credible IDP aligned to the one plan	To increase awareness and develop a culture of community participation in the Local government affairs	To develop & adopt Municipal IDP 2024/25	IDP 2024/25	Administration	Date 2024/2025 IDP submitted to Council for adoption by 31/05/2024	Date	143	31-May-23	31-May-23	31-May-24	N/A	22-May-24	Achieved	The Council meeting was moved to 22/05/2024 due to the elections that took place on the scheduled date of the Council meeting	N/A	N/A	Council Resolution
60	HOD (P) (F)			To develop & adopt Municipal IDP /Budget & PMS Process Plan 2024/25	IDP, budget & PMS Process Plan	Administration	Number of IDP, Budget & PMS Process Plans for the revision of the 2024/25 IDP tabled to Council for adoption by 30/09/2024	Number	151	1	1	1	N/A	1	Achieved	N/A	N/A	N/A	Council Resolution
61	HOD COP			To conduct council meetings	Council Meeting	Administration	Number of Full Council meetings facilitated by 30/06/2024	Number	42	4	10	4	N/A	8	Over-achieved	There were many compliance items to be considered by the council	N/A	N/A	Agenda & Attendance Register
62	HOD (CORP)			To ensure effective secretariat services to council and standing committees	Sub-Committee Meetings	Administration	Number of Msinga Municipal sub-committee meetings (Corporate, Technical, Community, Development Planning, Finance) facilitated by 30/06/2024	Number	43	20	20	20	N/A	22	Over-achieved	There were many compliance items to be considered by the committees for Council's approval	N/A	N/A	Agenda, Attendance Register
63	HOD (CORP)			To ensure effective secretariat services to council and standing committees	EXCO Meetings	Administration	Number of Msinga Exco meetings facilitated by 30/06/2024	Number	44	12	12	12	N/A	14	Over-achieved	There were many items to be considered by the EXCO prior to Council approval	N/A	N/A	Agenda & Attendance Register

64	HOD (COMM)			To host uMsinga youth day celebration	uMsinga Youth Day celebration	Umzinyathi, Msinga, Ward 18	Number of uMsinga Youth Day celebration Hosted at Pomeroy by 30/06/2024	Number	84	N/A	N/A	1	N/A	1	Achieved	N/A	N/A	R128 500	Pictures & Programme
65	HOD (CS)			To Conduct Public Awareness Campaigns	Campaigns	all wards	Number of Msinga Public Awareness campaigns (youth; fire; traffic & Disaster awareness campaigns) conducted by 30/06/2024	Number	63	24	38	24	N/A	45	Over-achieved	Some of the campaigns are attended upon requests from outside stakeholders.	N/A	R60 000,00	Attendance forms/ Pictures
B2B PILLAR 04: SOUND FINANCIAL MANAGEMENT																			
KPA5: MUNICIPAL FINANCIAL VIABILITY=17 INDICATORS																			
66	HOD (F)	outcome 3.2 GOOD FINANCIAL PERFORMANCE	To ensure Proper Financial administration	To ensure Budget management	Monthly Reconciliation reports	administration	Number of monthly reconciliation reports (assets, creditors, payroll, debtors, bank, suspense) performed by 30/06/2024	Number	92	72	72	72	N/A	72	Achieved	N/A	N/A	N/A	Reconciliation reports
67	HOD (F)	outcome 3.1.2 debtors' management ratios		To ensure Maintenance and compliance Asset Register	Fixed Asset Register (FAR)	administration	Number of updates performed on the FAR by 30/06/2024	Number	93	4	4	4	N/A	12	Over-achieved	FAR was updated on a monthly basis	N/A	N/A	updated FAR
68	HOD (F)	outcome 3.2 Good financial performance. 3.2.1 Expe		Approved Procurement Plan and implemented	Procurement plan	administration	Date 2024/25 Procurement Plan submitted to Council for adoption by 30/06/2024	Date	94	30-Jun-23	21-Jun-23	30-Jun-24	N/A	22-May-24	Achieved	The Council meeting was moved to 22/05/2024 due to the elections that took place on the scheduled date of the Council meeting	N/A	N/A	Council resolution
69	HOD (F)	outcome 3.2 Good financial performance. 3.2.1 Expe		Approved Procurement Plan and implemented	SCM reports	administration	Number of SCM reports tabled to Council by 30/06/2024	Number	95	4	4	4	N/A	4	Achieved	N/A	N/A	N/A	Council resolution
70	HOD (F)	outcome 3.2 Good financial performance. 3.2.1 Expe		To ensure Creditors payments	Creditor payments	administration	Turnaround time (in 30 days) for payment of creditors (from date of receipt of invoice) by 30/6/2024	Days	99	30 days	30 days	30 days	N/A	15 days	Over-achieved	Creditors were paid twice a month (15th and 30th of every month)	N/A	N/A	Creditor payment report

71	HOD (F)	nditure Managem ent		to submit budget related policies to Council	Budget related policies	Admini stration	Date reviewed 2024/2025 Budget related policies submitted to Council for adoption by 31/05/2024	Date	89	31-May-23	31-May-23	31-May-24	N/A	22-May-24	Achie ved	The Council meeting was moved to 22/05/2024 due to the elections that took place on the scheduled date of the Council meeting	N/A	N/A	Council Resolution
72	HOD (F)			To submit Draft budget 2023/24	Draft Budget	adminis tration	Date 2024/25 draft budget submitted to Council for adoption by 31/03/2024	Date	90	31-Mar-23	31-Mar-23	31-Mar-24	N/A	27-Mar-24	Achie ved	The meeting was scheduled for the 27th and the report was ready to be presented to Council	n/A	N/A	Council resolution
73	HOD (F)			To submit final budget 2023/24	Final Budget	adminis tration	Date 2024/25 final budget submitted to Council for adoption by 31/05/2024	Date	91	31-May-23	31-May-23	31-May-24	N/A	22-May-24	Achie ved	The Council meeting was moved to 22/05/2024 due to the elections that took place on the scheduled date of the Council meeting	N/A	N/A	Council Resolution
74	HOD (F)	outcome 3.2.3 Budget	Improved Budgeting, Reporting and Compliance	Adjustment Budget preparation	Adjustme nt Budget	adminis tration	Date 2023/24 Adjustment budget submitted to Council by 28/02/2024	Date	118	28-Feb-23	22-Feb-23	28-Feb-24	N/A	28-Feb-24	Achie ved	N/A	N/A	N/A	Council resolution
75	HOD (F)			Budget Management (reporting)	S71	adminis tration	Number of Section 71 reports tabled to EXCO by 30/06/2024	Numb er	120	12	12	12	N/A	12	Achie ved	N/A	N/A	N/A	EXCO Resolution
76	HOD (F)	outcome 3.2 Good financial performance. 3.2.1 Expenditure	Improved Budgeting, Reporting and Compliance	Payroll Management	Payroll	adminis tration	Number of salary payments reports produced by 30/06/2024	Numb er	106	12	12	12	N/A	12	Achie ved	N/A	N/A	N/A	Salary payment proof
77	HOD(F)			To prepare and submit AFS	2022/23 Annual Financial Statemen ts (AFS)	adminis tration	Date 2022/23 AFS submitted to Auditor General by 31/08/2023	Date	25	31-Aug-22	31-Aug-22	31-Aug-23	N/A	31-Aug-23	Achie ved	N/A	N/A	N/A	Proof of submission

78	HOD(F)	outcome3.2 GOOD FINANCIAL PERFORMANCE. Outcome 3.2.3 Budget	Manage, monitor and review existing financial systems to support accurate and credible reporting, budget monitoring and compliance	S-52 Report	administration	Number of Section 52 reports tabled to Council by 30/06/2024	Number	127	2	2	4	N/A	4	Achieved	N/A	N/A	N/A	Council Resolution
79	HOD (F)		Apply sound financial management practises to keep a positive cash balance, coverage and liquidity ratio	Budget management	administration	current ratio of 1.5:1 at the end of the year (as per Section 10 of the Municipal Planning and Performance Regulation 2001) by 30/6/2024	Ratio	122	1.5:1	51.45:1	1.5:1	N/A	1.66:1	Over-achieved	More investments made in Q4	N/A	N/A	Current ratio report
80	HOD(F)		Refine procurement systems and processes to respond to the demand for services	Tender finalisation	administration	Percentage of tenders finalised within 3 months after date of advertisement by 30/06/2024	Percentage	123	100%	100%	100%	N/A	100%	Achieved	N/A	N/A	N/A	Adverts and appointment letters
81	HOD CORP		To implement WSP	WSP Implementation	Administration	Percentage of budget spent on the implementation of WSP by 30/6/2024	Percentage	222.2	100%	100%	100%	N/A	54%	Not Achieved	The revision of the Bursary Policy led to a decrease number of employees offered bursary during the year.	The budget has been aligned with the estimated number of employees to be granted bursary for the next	R1500 000	Expenditure report

**ANNEXURE B: ASSESSMENT OF THE PERFORMANCE OF
EXTERNAL SERVICE PROVIDERS**

REPORT ON THE PERFORMANCE OF SERVICE PROVIDERS (2023/2024)

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)	<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>
Satisfactory (S)	<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>
Poor (P)	<i>The service has been provided below unacceptable standards -</i>

TABLE 31: REPORT ON THE PERFORMANCE OF SERVICE PROVIDERS (2023/2024)

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
1.	QUO00001/2023/2024/TEC	TWO GROUNDS HOLDINGS	26/09/2023	SUPPLY AND DELIVER OF 1000L DIESEL TRAILER	R 169 743.80	N/A	N/A	100	100	G	N/A	N/A
2.	QUO000019/2023/2024/TEC	NYANDAPHAK WATHWAYO (PTY) LTD	30/11/2023	WARD 02 NGULULE COMMUNITY GARDEN	R 130 000.00	N/A	N/A	100	100	G	N/A	N/A
3.	QUO000010/2023/2024/COM	MJAKHUR ALL TRADING	22/11/2023	SUPPLY AND DELIVER OF TRACTOR SLASHER	R 100 500.00	N/A	N/A	100	100	G	N/A	N/A
4.	QUO00001/2023/2024/FIN	BABA KA DI PROJECTS	27/11/2023	SUPPLY AND DELIVER OF OFFICE FURNITURE	R 113 350.00	N/A	N/A	100	100	G	N/A	N/A
5.	QUO000021/2023/2024/TEC	MAYAKAYAKA DEVELOPMENT	29/11/2023	BOREHOLE REHABILITATIONS @ NHLONGA COMMUNITY	R 125 000.00	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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
				GARDEN IN WARD 13								
6.	QUO000025/2023/2024/TEC	JOLESCO DEVELOPMENT (PTY) LTD	29/11/2023	BOREHOLE REHABILITATIONS @ NDAYA COMMUNITY GARDEN IN WARD 13	R 125 000.00	N/A	N/A	100	100	G	N/A	N/A
7.	QUO000027/2023/2024/TEC	TRULY EMPOWERED	30/11/2023	BOREHOLE REHABILITATIONS @ NHLESI COMMUNITY GARDEN IN WARD 13	R 125 000.00	N/A	N/A	100	100	G	N/A	N/A
8.	QUO000026/2023/2024/TEC	FMAG INVESTMENTS (PTY) LTD	29/11/2023	BOREHOLE REHABILITATIONS @ MKHUPHULA COMMUNITY GARDEN IN WARD 13	R 125 000.00	N/A	N/A	100	100	G	N/A	N/A
9.	QUO000045/2023/2024/TEC	MASIQHAME TRADING 413 CC	11/12/2023	BOREHOLE DRILLING AND EQUIPING @ ESIJOZINI COMMUNITY GARDEN IN WARD 03	R 149 000.00	N/A	N/A	100	100	G	N/A	N/A
10.	QUO00003/2023/2024/PLA	MASGIDIVA TRADING (PTY) LTD	05/12/2023	SUPPLY AND DELIVER OF WATER PUMPS FOR WARD 06	R 195 652.00	N/A	N/A	100	100	G	N/A	N/A
11.	QUO000018/2023/2024/TEC	AGRI SIMANGA BUKIWE PROJECTS	30/11/2023	SUPPLY AND DELIVER OF GOODS FOR NSUKA COMMUNITY GARDEN WARD 10	R 150 000.00	N/A	N/A	100	100	G	N/A	N/A
12.	QUO000050/2023/2024/TEC	MTHOMUSA TRADING ENTERPRISE	19/12/2023	BOREHOLE DRILLING AND EQUIPING @ DUNGAMANZI COMMUNITY GARDEN IN WARD 11	R 149 990.00	N/A	N/A	100	100	G	N/A	N/A

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13.	QUO000028/2023/2024/TEC	MAALI CONSTRUCTION	05/12/2023	BOREHOLE REHABILITATION @ MCITSHENI COMMUNITY GARDEN IN WARD 04	R 100 000.00	N/A	N/A	100	100	G	N/A	N/A
14.	QUO000014/2023/2024/TEC	MADLULA ENTERPRISES AND PROJECTS	12/12/2023	BOREHOLE DRILLING AND EQUIPING @ DISASTER CENTER	R 149 700.00	N/A	N/A	100	100	G	N/A	N/A
15.	QUO000026/2023/2024/TEC	GB KHONDLO TRADING	12/12/2023	BOREHOLE EQUIPPING @ BUYAFUTHI COMMUNITY GARDEN IN WARD 21	R 100 000.00	N/A	N/A	100	100	G	N/A	N/A
16.	QUO000056/2023/2024/TEC	GB KHONDLO TRADING	12/12/2023	BOREHOLE EQUIPPING @ SHABASE COMMUNITY GARDEN IN WARD 21	R 100 000.00	N/A	N/A	100	100	G	N/A	N/A
17.	QUO000049/2023/2024/TEC	MAMTHABELA TRADING (PTY) LTD	11/12/2023	BOREHOLE EQUIPING @ NDLUNKULU COMMUNITY GARDEN IN WARD 08	R 100 000.00	N/A	N/A	100	100	G	N/A	N/A
18.	QUO000063/2023/2024/TEC	BLACK T SHIRELETSO (PTY) LTD	18/12/2023	BOREHOLE ELECTRIFICATION @ NOCOMBOSHE COMMUNITY GARDEN IN WARD 15	R 100 000.00	N/A	N/A	100	100	G	N/A	N/A
19.	QUO000023/2023/2024/TEC	UFEZEKILE ENTERPRISE (PTY) LTD	14/12/2023	BOREHOLE EQUIPING @ MAKHUPHULA COMMUNITY GARDEN IN WARD 07	R 100 000.00	N/A	N/A	100	100	G	N/A	N/A
20.	QUO000014/2023/2024/COM	IYOKE (PTY) LTD	18/12/2023	SOLOMON LINDA ISICATHAMIYA	R 169 500.00	N/A	N/A	100	100	G		N/A

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				LEGACY CELEBRATION TENT HIRING							N/A	
21.	QUO000051/2023/2024/TEC	ANGCWELISWE 01 HOLDINGS (PTY) LTD	19/12/2023	BOREHOLE DRILLING AND EQUIPING @ OTHULWINI LWEZULU COMMUNITY GARDEN IN WARD 11	R 149 976.75	N/A	N/A	100	100	G	N/A	N/A
22.	MS/2023/2024/027/951/T	SNAKHOKONKE TRADING ENTERPRISE	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR MVELASE FAMILY IN WARD 03	R99 707.00	N/A	N/A	100	100	G	N/A	N/A
23.	MS/2023/2024/020/951/T	SLOZA BUSINESS TRADING	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR MNTUNGWA FAMILY IN WARD 06	R99 807.00	N/A	N/A	100	100	G	N/A	N/A
24.	MS/2023/2024/025/951/T	NKEPHU BUSINESS TRADING	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR MKHIZE FAMILY IN WARD 02	R99 407.00	N/A	N/A	100	100	G	N/A	N/A
25.	MS/2023/2024/031/951/T	SFEZAKONKE ENTERPRISE	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR JABULISILE NKALA FAMILY IN WARD 11	R99 759.00	N/A	N/A	100	100	G	N/A	N/A
26.	MS/2023/2024/019/951/T	MILLION BUSINESS TRADING	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR DUMA FAMILY IN WARD 08	R99 407.00	N/A	N/A	100	100	G	N/A	N/A
27.	MS/2023/2024/032/951/T	GABRUNU TRADING ENTERPRISE	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR PHATHEZAKHE DLAMINI FAMILY IN WARD 11	R98 864.15	N/A	N/A	100	70	G	The floor slab was deforming and developing cracks and the quality of material was low.	Requested the contractor to follow building standards and regulations
28.	MS/2023/2024/029/951/T	LIWALAMI TRADING		CONSTRUCTION OF TWO ROOM HOUSE FOR THENJIWE				100	50	S		Requested the contractor to follow building

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			05/10/2023	NGUBANE IN WARD 04	R99 407.00	N/A	N/A				The floor slab was deforming and developing cracks and the quality of material was low	standards and regulations
29.	MS/2023/2024/028/951/T	FOKSENI TRADING ENTERPRISE	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR MUNTUKAPHATHWA MFUPHI FAMILY IN WARD 04	R99 396.00	N/A	N/A	100	100	G	N/A	N/A
30.	MS/2023/2024/023/951/T	OFEZELA TRADING	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR SITHOLE FAMILY IN WARD 02	R97 862.00	N/A	N/A	100	100	G	N/A	N/A
31.	MS/2023/2024/026/951/T	NZUZO & ZENZO ENTERPRISE	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR NGUBANE FAMILY IN WARD 03	R99 450.00	N/A	N/A	100	100	G	N/A	N/A
32.	MS/2023/2024/030/951/T	OPERATION SHANELA BUSINESS	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR MBATHA FAMILY IN WARD 20	R98 690.50	N/A	N/A	100	100	G	N/A	N/A
33.	MS/2023/2024/021/951/T	MLABA TRADING PTY LTD	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR MVELASE FAMILY IN WARD 06	R96 959.50	N/A	N/A	100	100	G	N/A	N/A
34.	MS/2023/2024/018/951/T	TATANIC DEVELOPMENT	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR XIMBA FAMILY IN WARD 10	R95 827.50	N/A	N/A	100	50	S	The contractor was not following building plans during the implementation	Requested to follow the building plan
35.	MS/2023/2024/017/951/T	CKA-LENTU ENTERPRISE	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR SIKHAKHANE FAMILY IN WARD 10	R94 106.93	N/A	N/A	100	100	G	N/A	N/A

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36.	MS/2023/2024/025/951/T	BHADLILE BUSINESS TRADING	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR NHLANHLA BUTHELEZI IN WARD 01	R98 414.30	N/A	N/A	100	100	G	N/A	N/A
37.	MS/2023/2024/026/951/T	K2017035824(SA)	05/10/2023	CONSTRUCTION OF TWO ROOM HOUSE FOR Sithole family IN WARD 01	R99 405.00	N/A	N/A	100	100	G	N/A	N/A
38.	MS/2023/2024/034/951/T	BHOKFELS BUSINESS ENTERPRISE	26/10/2023	CONSTRUCTION OF MNDUNA SIBIYA COMMUNITY HALL IN WARD 07	R 293 595.50	N/A	N/A	100	100	G	N/A	N/A
39.	MS/2023/2024/033/951/T	MZWANA & SON ENTERPRISE	26/10/2023	CONSTRUCTION OF MBUBU COMMUNITY HALL IN WARD 05	R 296 052.90	N/A	N/A	100	50	S	The contractor was not using the concrete mix design to concrete mixture.	Requested to follow building standards
40.	MS/2023/2024/042/951/T	VANANDAS CONSTRUCTION	26/10/2023	CONSTRUCTION OF MACINGWANE BIG STEEL COMMUNITY HALL IN WARD 11	R 875 957.50	N/A	N/A	100	100	G	N/A	N/A
41.	MS/2023/2024/038/951/T	MZANSIS NUMBER 1 TRADING	26/10/2023	CONSTRUCTION OF HLANGANANI COMMUNITY HALL IN WARD 18	R 289 481.50	N/A	N/A	100	100	G	N/A	N/A
42.	MS/2023/2024/035/951/T	GCOLOZA TRADING	26/10/2023	CONSTRUCTION OF GUNDLINTABA COMMUNITY HALL IN WARD 08	R 291 247.00	N/A	N/A	100	100	G	N/A	N/A
43.	MS/2023/2024/037/951/T	MBEWEMBILI TRADING	26/10/2023	CONSTRUCTION OF FASILE COMMUNITY HALL IN WARD 17	R 296 052.90	N/A	N/A	100	100	G	N/A	N/A
44.	MS/2023/2024/039/951/T	MPOTSHI ENTERPRISE	26/10/2023	CONSTRUCTION OF BUYAFUTHI COMMUNITY HALL IN WARD 21	R 290 012.00	N/A	N/A	100	100	G	N/A	N/A

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45.	MS/2023/2024/036/951/T	EYAMANGUNI NATHI TRADING	26/10/2023	CONSTRUCTION OF BAHULAZI COMMUNITY HALL IN WARD 16	R 293 436.00	N/A	N/A	100	100	G	N/A	N/A
46.	PO3178	KHAYALE2 GENERAL DEALER	29/02/2024	150 FOOD PARCEL FOR MAYORAL EVENT	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
47.	PO3182	TSW CONSTRUCTION FANA MANUFACTURING	29/02/2024	HIRE OF EXCAVATOR FOR 60 DAYS (MSINGA V	R 479,320.00	N/A	N/A	100	100	G	N/A	N/A
48.	PO3075	FANA MANUFACTURING	28/02/2024	EPWP UNIFORM (SIYAZENZELA AND CARETAKER)	R 151,535.32	N/A	N/A	100	100	G	N/A	N/A
49.	PO3099	MANKOSANE (PTY)LTD	28/02/2024	DRILL AND EQUIP BOREHOLE FOR MBUBU	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
50.	PO3140	INCANE LEMALI	28/02/2024	TO REHABILITATE KWAMKHATHALI COMMUNITY GARDEN	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
51.	PO3063	SDM CONSTRUCTION	27/02/2024	HIRE OF GRADER FOR 30 DAYS (VARIOUS WARD	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
52.	PO3155	MADLULA ENTERPRISES AND PROJECTS	27/02/2024	150 FOOD PARCEL FOR WARD11 MAYORAL EVENT	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
53.	PO3157	KHAYALE2 GENERAL DEALER	27/02/2024	150 FOOD PARCEL FOR MAYORAL EVENT	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
54.	PO3158	SUNSHINE MOTORS	27/02/2024	REPAIR FOR NF 3132 (ENGINE AND SUSPENT)	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
55.	PO3160	MAGEJA CONSTRUCTION AND PROJEC	27/02/2024	HIRE OF GRADER FOR 45 DAYS (MSINGA VARIO	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
56.	PO3161	MAGEJA CONSTRUCTION AND PROJEC	27/02/2024	HIRE OF TLB FOR 30 DAYS (VARIOUS WARDS A	R 107,303.05	N/A	N/A	100	100	G	N/A	N/A
57.	PO2539	SUNSHINE MOTORS	27/02/2024	REPAIR OF BRAKE SYSTEM FOR MISTUBISH GRA	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A

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58.	PO3155	MADLULA ENTERPRISES AND PROJECTS	27/02/2024	150 FOOD PARCEL FOR WARD11 MAYORAL EVENT	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
59.	PO3157	KHAYALE2 GENERAL DEALER	27/02/2024	150 FOOD PARCEL FOR MAYORAL EVENT	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
60.	PO3072	INDE LENDLELA PROJECTS AND SUPPLIES	26/02/2024	STATIONERY	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
61.	PO3099	MANKOSANE (PTY)LTD	23/02/2024	DRILL AND EQUIP BOREHOLE FOR MBUBU	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
62.	PO2982	ZAYGO AUTO REPAIRS	13/02/2024	COMPACT ROLLER REPAIR	R 151,535.32	N/A	N/A	100	100	G	N/A	N/A
63.	PO3022	SOTOB PR SERVICES SUPPLIES	13/02/2024	FOOD PARCEL FOR 9SCHOOLS TUGELA FERRY	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
64.	PO2830	UFEZEKILE ENTERPRISE (PTY) LTD	13/02/2024	DRILL AND EQUIP BOREHOLE FOR MAKHUPHULA	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
65.	PO2961	DULAFASE TRADING ENTERPRISE	13/02/2024	BOREHOLE FOR THONTWANE COMMUNITY GARDEN	R 107,303.05	N/A	N/A	100	100	G	N/A	N/A
66.	PO2585	BABA KA DI PROJECTS	13/02/2024	BUDGET FURNITURE	R113,350.00	N/A	N/A	100	100	G	N/A	N/A
67.	PO3017	SOTOB PR SERVICES SUPPLIES	13/02/2024	FOOD PARCEL FOR WARD 21 MAYORAL EVENT	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
68.	PO2978	MAYENZEKE ENHLE (PTY)LTD	13/02/2024	BACK TO SCHOOL UNIFORMS	R 120,000.00	N/A	N/A	100	100	G	N/A	N/A
69.	PO2373	SIKOTI INVESTMENTS	13/02/2024	PLANT HIRE (POMEROY LANDFILL SITE)	R 462,462.50	N/A	N/A	100	100	G	N/A	N/A
70.	PO3017	SOTOB PR SERVICES SUPPLIES	12/02/2024	FOOD PARCEL FOR WARD21 MAYORAL EVENT	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A

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71.	PO2585	BABA KA DI PROJECTS	08/02/2024	BUDGET FURNITURE	R 215,815.83	N/A	N/A	100	100	G	N/A	N/A
72.	PO3022	SOTOBEP SERVICES SUPPLIES	08/02/2024	FOOD PARCEL FOR 9SCHOOLS TUGELA FERRY	R 194,050.50	N/A	N/A	100	100	G	N/A	N/A
73.	PO3021	GOLI GROUP	06/02/2024	PURCHASE FIRE FIGHTERS UNIFORM	R 151,836.00	N/A	N/A	100	100	G	N/A	N/A
74.	PO2982	ZAYGO AUTO REPAIRS	01/02/2024	COMPACT ROLLER REPAIR	R 347,875.00	N/A	N/A	100	100	G	N/A	N/A
75.	PO2960	JOLESCO DEVELOPMENTS (PTY) LTD	31/01/2024	BOREHOLE FOR MBONJE COMMUNITY GARDEN	R 149,040.00	N/A	N/A	100	100	G	N/A	N/A
76.	PO2951	MASHOOBANE ENTERPRISE AND PROJECTS	30/01/2024	SUPPLY AND DELIVERY OF WATER PIPES FOR 3 BOREHOLES FOR COMMUNITY GARDENS	R 199,950.00	N/A	N/A	100	100	G	N/A	N/A
77.	PO2757	EYAMANGUNI NATHI TRADING	29/01/2024	DRILL AND EQUIP BOREHOLE FOR KWANGUBO	R 194,050.50	N/A	N/A	100	70	S	The KIOSK was not approved by SABS and the wiring was not well protected	Requested the contractor to follow Eskom standards and regulation during construction
78.	PO2373	SIKOTI INVESTMENTS	29/01/2024	PLANT HIRE (POMEROY LANDFILL SITE)	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
79.	PO2484	SDM CONSTRUCTION	29/01/2024	HIRE OF EXCAVATOR FOR 60 DAYS (WARD 19)	R 100,000.00	N/A	N/A	100	100	G	N/A	N/A
80.	PO2767	GB KHONDLO TRADING ENTERPRISE	29/01/2024	DRILL AND EQUIP BOREHOLE FOR SHABASE COM	R 124,706.00	N/A	N/A	100	100	G	N/A	N/A

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81.	PO2766	GB KHONDLO TRADING ENTERPRISE	29/01/2024	DRILL AND EQUIP BOREHOLE FOR BUYAFUTHI	R 117,809.92	N/A	N/A	100	100	G	N/A	N/A
82.	PO2671	NYANDAPHAKE ATHWAYO (PTY) LTD	29/01/2024	DRILL AND EQUIP BOREHOLE FOR NGULULE ARE	R 115,000.00	N/A	N/A	100	100	G	N/A	N/A
83.	PO2780	MADLULA ENTERPRISES AND PROJECTS	29/01/2024	DISASTER BOREHOLE INSTALLATION	R 149,500.00	N/A	N/A	100	100	G	N/A	N/A
84.	PO2767	GB KHONDLO TRADING ENTERPRISE	25/01/2024	DRILL AND EQUIP BOREHOLE FOR SHABASE COM	R 180,000.00	N/A	N/A	100	100	G	N/A	N/A
85.	PO2484	SDM CONSTRUCTION	24/01/2024	HIRE OF EXCAVATOR FOR 60 DAYS (WARD 19)	R 149,000.00	N/A	N/A	100	100	G	N/A	N/A
86.	PO3327	MAYAKAYAKA DEVELOPMENT	27/03/2024	PURCHASE OF 30 PRECAST CONCRETE PIPES	R 120,000.00	N/A	N/A	100	100	G	N/A	N/A
87.	PO3063	SDM CONSTRUCTION	26/03/2024	HIRE OF GRADER FOR 30 DAYS (VARIOUS WARD)	R 154,330.00	100	100	100	100	G	N/A	N/A
88.	PO3235	TSW CONSTRUCTION	26/03/2024	REPAIR OF FAULTY ENGINE FOR ROLLER COMPACTOR	R 180,000.00	100	100	100	100	G	N/A	N/A
89.	PO3236	TSW CONSTRUCTION	26/03/2024	NF 2784 ROLLER COMPACTOR REPAIR OF WIRIN	R 113,350.00	100	100	100	100	G	N/A	N/A
90.	PO3285	MANGALISILE AND B TRADING	26/03/2024	FOOD PARCEL FOR WARD 07 MAYORAL EVENT	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
91.	PO3063	SDM CONSTRUCTION	26/03/2024	HIRE OF GRADER FOR 30 DAYS (VARIOUS WARD)	R 117,809.92	100	100	100	100	G	N/A	N/A
92.	PO3236	TSW CONSTRUCTION	26/03/2024	NF 2784 ROLLER COMPACTOR REPAIR OF WIRIN	R 249,950.50	100	100	100	100	G	N/A	N/A
93.	PO3325	MAGEJA CONSTRUCTION AND PROJECTS	26/03/2024	HIRE OF AN EXCAVATOR FOR 45 DAYS (VARIOUS WARD)	R 150,000.00	100	100	100	100	G	N/A	N/A

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94.	PO3221	ANESINTU BUSINESS ENTERPRISE (PTY) LTD	15/03/2024	FOOD PARCEL FOR WARD 13 MAYORAL EVENT	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
95.	PO2373	SIKOTI INVESTMENTS	14/03/2024	PLANT HIRE (POMEROY LANDFILL SITE)	R 130,000.00	100	100	100	100	G	N/A	N/A
96.	PO3178	KHAYALE2 GENERAL DEALER	13/03/2024	150 FOOD PARCEL FOR MAYORAL EVENT	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
97.	PO3178	KHAYALE2 GENERAL DEALER	13/03/2024	150 FOOD PARCEL FOR MAYORAL EVENT	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
98.	PO3265	KHAYALE2 GENERAL DEALER	13/03/2024	FOOD PARCEL FOR WARD10 MAYORAL EVENT	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
99.	PO3265	KHAYALE2 GENERAL DEALER	13/03/2024	FOOD PARCEL FOR WARD10 MAYORAL EVENT	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
100.	PO3223	POMEROY WHOLESALE DISTRIBUTORS	08/03/2024	FOOD PARCEL FOR WARD 17 MAYORAL EVENT	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
101.	MS/2023/2024/009/951/F	MUNSOFT	15/03/2024	SUPPLY, DELIVERY AND MAINTANANCE OF MUNICIPAL FINANCIAL SYSTEM	R2,839,465.00	N/A	N/A	100	100	G	N/A	N/A
102.	MS/2023/2024/001/951/MM	KHAYALE2 GENERAL DEALER	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
103.	MS/2023/2024/001/951/MM	POMEROY WHOLESALES	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
104.	MS/2023/2024/001/951/MM	MPIKOZETHU TRADING (PTY) LTD	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
105.	MS/2023/2024/001/951/MM	ANESINTU BUSINESS ENTERPRISE (PTY) LTD	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
106.	MS/2023/2024/001/951/MM	MCHITHOH TRADING AND PROJECTS	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
107.	MS/2023/2024/001/951/MM	HERI HOLDING PTY LTD	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
108.	MS/2023/2024/001/951/MM	MANGALISILE B AND TRADING	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
109.	MS/2023/2024/001/951/MM	SOTOBE PR SERVICES SUPPLIES PTY LTD	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
110.	MS/2023/2024/001/951/MM	MADLULA ENTERPRISE AND PROJECTS	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
111.	MS/2023/2024/001/951/MM	ANSTU INVESTMENTS	26/02/2024	SUPPLY AND DELIVERY OF FOOD PARCELS	R194,050.50	N/A	N/A	100	100	G	N/A	N/A
112.	MS/2023/2024/002/951/MM	KHAYALE2 GENERAL DEALER	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A
113.	MS/2023/2024/002/951/MM	POMEROY WHOLESALERS	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A
114.	MS/2023/2024/002/951/MM	MCHITHOH TRADING AND PROJECTS	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A
115.	MS/2023/2024/002/951/MM	MASHOBANE ENTERPRISE	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A
116.	MS/2023/2024/002/951/MM	SOTOBE PR SERVICES SUPPLIES PTY LTD	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A
117.	MS/2023/2024/002/951/MM	MABHITILI HOLDINGS	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A
118.	MS/2023/2024/002/951/MM	MADLULA ENTERPRISE	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A

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						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
		AND PROJECTS										
119.	MS/2023/2024/002/951/MM	AMAHLELA ALUHLAZA PTY LTD	26/02/2024	SUPPLY AND DELIVERY OF GROCERY	R35 863.00	N/A	N/A	100	100	G	N/A	N/A
120.	MS/2021/2022/007/951/T	THANDO'S ELECTRICAL (PTY) LTD	16/05/2022	OGEDE/ OBISINI PHASE 02 ELECTRIFICATION OF 195 NEW CONNECTIONS	R13,227,031.56	100	100	100	100	G	N/A	N/A
121.	MS/2021/2022/007/951/T	ODG TECHNOLOGIES PTY LTD	16/05/2022	OGEDE/ OBISINI PHASE 02 ELECTRIFICATION OF 195 NEW CONNECTIONS	R 1,653,378.95	100	100	100	100	G	N/A	N/A
122.	MS/2022/2023/003/951/T	MAGEJA CONSTRUCTION AND PROJECTS	28/06/2023	THE CONSTRUCTION OF DEBEDEBENI SPORTSFIELD	R 13,023,213.83	100	100	100	100	G	N/A	N/A
123.	MS/2022/2023/003/951/T	DLV CONSULTING	28/06/2023	THE CONSTRUCTION OF DEBEDEBENI SPORTSFIELD	R 1,627,901.73	100	100	100	80	G	The consultant doesn't use communication channels to engage the contractor	Requested to use GCC to deal with the contractor during implementation
	MS/2022/2023/951/001/T	SIKOTI INVESTMENT CC	28/06/2023	THE CONSTRUCTION OF MTHUNQWANE-STHUBINI ACCESS ROAD	R 12,297,740.28	100	100	100	100	G	N/A	N/A
124.	MS/2022/202/951/001/T	ANDERSON VOGT CONSULTING	28/06/2023	THE CONSTRUCTION OF MTHUNQWANE-STHUBINI ACCESS ROAD	R 1,537,217.54	100	100	100	100	G	N/A	N/A
125.	MS/2022/2024/951/054/T	UPHOFU SERVICES (PTY) LTD	21/11/2022	EKUVUKENI PHASE 02 INFILLS ELECTRIFICATION OF 190 HOUSEHOLDS AND NGIYANE INFILLS ELECTRIFICATION	R 7,583,537.70	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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
				OF 90 HOUSEHOLDS (TYPE 02 AND 03 INFILLS PROJECT)								
126.	MS/2022/2024/951/054/T	ODG TECHNOLOGIES PTY LTD	15/11/2022	EKUVUKENI PHASE 02 INFILLS ELECTRIFICATION OF 190 HOUSEHOLDS AND NGIYANE INFILLS ELECTRIFICATION OF 90 HOUSEHOLDS (TYPE 02 AND 03 INFILLS PROJECT)	R 947,942.21	100	100	100	100	G	N/A	N/A
127.	MS/2021/2022/006/951/T	XB CONSTRUCTION CC	12/12/2022	CONSTRUCTION OF MSIZINI SPORT FIELD	R7,640,345.00	100	100	100	70	S	The contractor failed to meet deadlines	Requested the contractor to meet deadlines
128.	MS/2021/2022/006/951/T	ZVK CONSULTING	12/12/2022	CONSTRUCTION OF MSIZINI SPORT FIELD	R 955,043.13	100	100	100	70	S	The consultant does not implement Contract documents to deal with the matters in the project.	Requested the consultant to use contract documents to monitor the contractor.
129.	MS/2022/2023/951/006/T	XB CONSTRUCTION CC	27/03/2023	UPGRADE OF POMEROY INTERNAL ROADS PHASE 2	R14,992,004.56	100	100	100	70	S	The contractor failed to meet deadlines	Requested the contractor to meet deadlines
130.	MS/2022/2023/951/006/T	RSK3 CONSULTING	27/03/2023	UPGRADE OF POMEROY INTERNAL ROADS PHASE 2	R 1,874,000.57	100	100	100	70	G	The consultant does not implement Contract documents to deal with the matters in the project.	Requested the consultant to use contract documents to monitor the contractor
131.	MS/2022/2023/951/002/TT	TSW CONSTRUCTION	27/04/2023	CONSTRUCTION OF BETHULO-MPENDE ACCESS ROAD	R6,039,072.30	100	100	100	60	S	The contractor does not take instruction and the width of the road is not	Requested the contractor to take instructions and follow specifications

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
											according to the drawings.	when perform tasks
132.	MS/2022/2023/951/002/TT	MVULO CONSULTING ENGINEERS	27/04/2023	CONSTRUCTION OF BETHULO-MPENDE ACCESS ROAD	R 754,884.04	100	100	100	80	G	The contractor failed to meet deadlines	Requested the consultant to meet deadlines
	MS/2022/2023/951/004/T	MAGNACORP 247 CC JV BRAYLIEGH CONSTRUCTION	20/04/2023	CONSTRUCTION OF MABASO SPORTS FIELD	R8,157,795.25	100	100	100	60	S	The contractor does not take instruction and the width of the road is not according to the drawings.	Requested the contractor to take instructions and follow specifications when perform tasks
133.	MS/2022/2023/951/004/T	ZVK CONSULTING	20/04/2023	CONSTRUCTION OF MABASO SPORTS FIELD	R1,019,724.41	100	100	100	70	S	The contractor failed to meet deadlines	Requested the consultant to meet deadlines
134.	MS/2022/2023/951/005/T	THAP3LOM GENERAL TRADING CC	14/04/2023	CONSTRUCTION OF POMEROY TAXI RANK	R14,043,750.61	100	100	100	70	S	The contractor does not take instruction and the width of the road is not according to the drawings.	Requested the contractor to take instructions and follow specifications when perform tasks
	MS/2022/2023/951/005/T	ECA CONSULTING	14/04/2023	CONSTRUCTION OF POMEROY TAXI RANK	R1,755,468.83	100	100	100	70	S	The contractor failed to meet deadlines	Requested the consultant to meet deadlines
135.	MS/2022/2023/021/951/COM	GENERATOR WORLD PTY (LTD)	20/04/2023	SUPPLY, DELIVERY, MAINTAINANCE AND COMMISSIONING STANDBY GENERATOR	R 766,700.00	N/A	N/A	100	100	G	N/A	N/A
136.	MS/2022/2023/008/951/P	MGWENYE HOLDINGS	01/07/2023	CONSTRUCTION OF KEATESDRIFT MARKET STALLS	R 505,419.37	N/A	N/A	100	100	G	N/A	N/A
137.	MS/2022/2023/951/071/T	THANDO'S ELECTRICAL (PTY) LTD	26/05/2023	ELECTRIFICATION OF EZIBOMVINI AREA FOR 74 NEW CONNECTIONS	R4,710,293.67	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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
138.	MS/2022/2023/951/071/T	THANDO'S ELECTRICAL (PTY) LTD	20/06/2023	ELECTRIFICATION OF EZIMBUBENI AREA PHASE 1	R3,999,945.54	100	100	100	100	G	N/A	N/A
139.	MS/2022/2023/951/071/T1	NHLANSI JV T&J	16/10/2023	ELECTRIFICATION OF NGCONGWANE AREA 41 CONNECTIONS	R 3,207,926.28	N/A	N/A	100	100	G	N/A	N/A
140.	MS/2022/2023/951/071/T2	AFRILECTRICAL CONSULTING ENGINEERS (PTY) LTD	16/10/2023	ELECTRIFICATION OF NGCONGWANE AREA 41 CONNECTIONS	R 400,990.79	N/A	N/A	100	100	G	N/A	N/A
141.	MS/2022/2023/951/071/T2	UPHOFU SERVICES (PTY) LTD	16/10/2023	MNGELEKAZI ELECTRIFICATION WITH 106 CONNECTIONS	R4,484,817.40	N/A	N/A	100	100	G	N/A	N/A
142.	MS/2022/2023/951/071/T3	IZINGODLA ENGINEERING	16/10/2023	MNGELEKAZI ELECTRIFICATION WITH 106 CONNECTIONS	R 560,602.18	N/A	N/A	100	100	G	N/A	N/A
143.	MS/2022/2023/951/071/T3	SHANTIS ELECTRICAL CONSTRUCTION	11/09/2023	MNGENI ELECTRIFICATION	R9,856,957.48	N/A	N/A	100	100	G	N/A	N/A
144.	MS/2022/2023/951/071/T4	ODG TECHNOLOGIES PTY LTD	11/09/2023	MNGENI ELECTRIFICATION	R1,232,119.69	N/A	N/A	100	100	G	N/A	N/A
145.	MS/2022/2023/951/071/T4.1	IMBAWULA TECHNICAL SERVICES (PTY) LTD	11/09/2023	EZIBOMVINI PHASE 2 ELECTRIFICATION	R1,680,818.26	N/A	N/A	100	45	P	The wiring inside the houses are not covered correctly and outside wiring are not properly stringed	Requested the contractor to follow Eskom standards
146.	MS/2022/2023/591/071/T4.2	IMBAWULA TECHNICAL SERVICES (PTY) LTD	11/09/2023	GIBA ELECTRIFICATION 18 CONNECTIONS	R1,151,716.28	N/A	N/A	100	45	P	The wiring inside the houses are not covered correctly and outside wiring are not properly stringed	Requested the contractor to follow Eskom standards

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						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
147.	MS/2022/2023/591/071/T4.3	ODG TECHNOLOGIES PTY LTD	11/09/2023	GIBA ELECTRIFICATION 18 CONNECTIONS	R 143,964.54	N/A	N/A	100	100	G	N/A	N/A
148.	MS/2023/2024/033/951/T	MZWAMA AND SONS TRADING	23/10/2023	CONSTRUCTION OF MBUBU COMMUNITY HALL IN WARD 05	R 295,823.00	N/A	N/A	100	60	S	The building plan was not properly followed and the finishes was not clean.	Requested to follow building standards and improve on finishes.
149.	MS-2023-2024-034-951-T	BHOKFEELA CLEANING AND PROJECTS PTY LTD	23/10/2023	CONSTRUCTION OF MNDUNA - SIBIYA COMMUNITY HALL IN WARD 07	R 293,595.50	N/A	N/A	100	100	G	N/A	N/A
150.	MS/2023/2024/035/951/T	GCOLOZA TRADING AND PROJECTS	23/10/2023	CONSTRUCTION OF GUDLINTABA COMMUNITY HALL IN WARD 08	R 291,247.00	N/A	N/A	100	70	S	The building plan was not properly followed and the finishes was not clean.	Requested to improve on finishes
151.	MS/2023/2024/036/951/T	EYAMANGUNI NATHI TRADING	23/10/2023	CONSTRUCTION OF BAHULAZI COMMUNITY HALL WARD 16	R 293,436.00	N/A	N/A	100	70	S	The building plan was not properly followed and the finishes was not clean.	Requested to improve on finishes
152.	MS/2023/2024/038/951/T	MZANSIS NUMBER ONE LOCATION	23/10/2023	CONSTRUCTION OF HLANGANANI COMMUNITY HALL IN WARD 18	R 289,481.50	N/A	N/A	100	100	G	N/A	N/A
153.	MS/2023/2024/004/951/P	ALU AND G (PTY) LTD	23/10/2023	CONSTRUCTION OF TUGELA FERRY MARKET STALLS	R 943,350.47	N/A	N/A	100	50	G	N/A	N/A
154.	MS/2023/2024/107/951/T	TSW CONSTRUCTION		REHABILITATION OF THIBENI ACCESS ROAD	R3,639,004.20	N/A	N/A	100	60	S	The drawings was not followed	Requested to follow the specifications
155.				REHABILITATION OF THIBENI ACCESS ROAD				100	60	S	The documents that the consultant	Requested to improve on project

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
	MS/2023/2024/107/951/T	MABALENGWE CONSULTING			R454,875.53	N/A	N/A				submit to the Municipality always has errors and they also poor on monitoring the contractors	administration and follow engineering standards to design and also contract documents to monitor the contractor's performance.
156.	MS/2023/2024/108/951/T	MAGEJA CONSTRUCTION AND PROJECT		REHABILITATION OF S JUBANE ACCESS ROAD	R 1,255,814.79	N/A	N/A	100	100	G	N/A	N/A
157.	MS/2023/2024/108/951/T	MABALENGWE CONSULTING		REHABILITATION OF S JUBANE ACCESS ROAD	R 156,976.85	N/A	N/A	100	60	S	The documents that the consultant submit to the Municipality always has errors and they also poor on monitoring the contractors	Requested to improve on project administration and follow engineering standards to design and also contract documents to monitor the contractors performance
158.	MS/2023/2024/109/951/T	GWIIJA HOLDINGS PTY LTD & JV MICHO KHATHIDE		REHABILITATION OF EZISULULWINI ACCESS ROAD	R 2,899,230.05	N/A	N/A	100	100	G	N/A	N/A
159.	MS/2023/2024/109/951/T	MABALENGWE CONSULTING		REHABILITATION OF EZISULULWINI ACCESS ROAD	R 362,403.76	N/A	N/A	100	60	S	The documents that the consultant submit to the Municipality always has errors and they also poor on monitoring the contractors	Requested to improve on project administration and follow engineering standards to design and also contract documents to monitor the

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
												contractors performance
160.	MS/2023/2024/110/951/T	KINGS NNM CONSULTING (PTY) LTD		REHABILITATION OF MASHUNKA ACCESS ROAD	R 2,738,969.20	N/A	N/A	100	100	G	N/A	N/A
161.	MS/2023/2024/110/951/T	MABALENGWE CONSULTING		REHABILITATION OF MASHUNKA ACCESS ROAD	R 342,371.15	N/A	N/A	100	60	S	The documents that the consultant submit to the Municipality always has errors and they also poor on monitoring the contractors	Requested to improve on project administration and follow engineering standards to design and also contract documents to monitor the contractors performance
162.	MS/2023/2024/111/951/T	TSW CONSTRUCTION		REHABILITATION OF MBUBENI ACCESS ROAD	R 1,985,943.59	N/A	N/A	100	100	G	N/A	N/A
163.	MS/2023/2024/111/951/T	MABALENGWE CONSULTING		REHABILITATION OF MBUBENI ACCESS ROAD	R 248,242.95	N/A	N/A	100	60	S	The documents that the consultant submit to the Municipality always has errors and they also poor on monitoring the contractors	Requested to improve on project administration and follow engineering standards to design and also contract documents to monitor the contractors performance
164.	MS/2023/2024/112/951/T	SIKOTI INVESTMENT CC		REHABILITATION OF GCABASHE ACCESS ROAD	R 3,223,217.90	N/A	N/A	100	100	G	N/A	N/A
165.	MS/2023/2024/112/951/T	MABALENGWE CONSULTING		REHABILITATION OF GCABASHE ACCESS ROAD	R 402,902.24	N/A	N/A	100	60	S	The documents that the consultant submit to the Municipality always has	Requested to improve on project administration and follow engineering

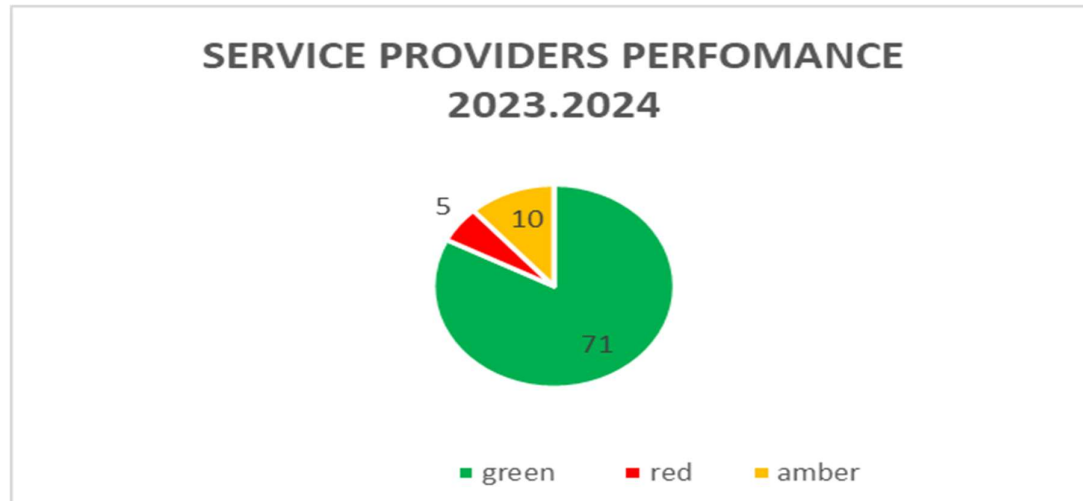
#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
											errors and they also poor on monitoring the contractors	standards to design and also contract documents to monitor the contractors performance
166.	MS/2021/2022/041/951/T	B.S MABASO INCORPORATED	02 AUGUST 2022	PANEL OF LEGAL SERVICES	RATES ONLY	N/A	N/A	100	100	G	N/A	N/A
167.	MS/2021/2022/041/951/T	NGWANASE-TEMBE INCORPORATED / ATTORNEYS	02 AUGUST 2022	PANEL OF LEGAL SERVICES	RATES ONLY	N/A	N/A	100	100	G	N/A	N/A
168.	MS/2021/2022/041/951/T	GARLICKE & BOUSFIELD INC	02 AUGUST 2022	PANEL OF LEGAL SERVICES	RATES ONLY	N/A	N/A	100	100	G	N/A	N/A
169.	MS/2021/2022/001951/C	TTXL MEDICAL	03 AUGUST 2022	PANEL OF MULTI DISCIPLINE TEAM FOR EAP	RATES ONLY	N/A	N/A	100	100	G	N/A	N/A
170.	MS/2021/2022/001951/C	AMATSHANA PTY	03 AUGUST 2022	PANEL OF MULTI DISCIPLINE TEAM FOR EAP	RATES ONLY	N/A	N/A	100	100	G	N/A	N/A
171.	MS/2022/2024/951/058	LAVIDIA (PTY) LTD	25 OCTOBER 2022	SUPPLY AND DELIVERY OF 6 TON TRUCK	R 1 178 347.50	N/A	N/A	100	100	G	N/A	N/A
172.	MS/2022/2023/003/951/P	LAVIDIA (PTY) LTD	25 OCTOBER 2022	SUPPLY AND DELIVERY OF TRACTORS	R 1 944 075.00	N/A	N/A	100	100	G	N/A	N/A
173.	MS/2022/2023/021/951/C	ETHEMBA COMPUTERS AND CONSULTING CC	30 MARCH 2023	AN ICT CONSULTANTS FOR THE PERIOD OF 3 YEARS	R 3 421 089.00	N/A	N/A	100	100	G	N/A	N/A
174.	MS/2022/2023/024/951/C	ADNOTES PTY LTD	30 MARCH 2023	PROVISION OF INTERNET AND VOICE OVER	R 2 587 500.00	N/A	N/A	100	100	G		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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
				INTERNET PROTOCOL (VOIP) TELEPHONE SYSTEM							N/A	
175.	MS/2022/2024/951/067/T	GENERATOR WORLD PTY LTD	30 MARCH 2023	REPAIR AND SERVICE MUNICIPAL STANDY GENERATORS	R 1 962 739.20	N/A	N/A	100	100	G	N/A	N/A
176.	MS/2022/2023/025/951/C	CHEAP CHEAP TRAVEL AND PROJECTS	17 MARCH 2023	RENDERING OF TRAVEL AGENT SERVICE	PER TATES	N/A	N/A	100	100	G	N/A	N/A
177.	MS/2022/2023/025/951/C	HARVEY WORLD TRAVEL	17 MARCH 2023	RENDERING OF TRAVEL AGENT SERVICE	PER TATES	N/A	N/A	100	100	G	N/A	N/A
178.	MS/2022/2023/021/951/COM	GENERATOR WORLD PTY LTD	17 MARCH 2023	SUPPLY, DELIVERY AND COMMISSIONING OF STANDBY GENERATOR	R 766 600.00	N/A	N/A	100	100	G	N/A	N/A
179.	MS/2022/2023/008/951/F	NDLALA MASS VALUATION SERVICES	15 MARCH 2023	GENERAL VALUATION AND PREPARATION OF THE VALUATION ROLL	R 1 106 760.00	N/A	N/A	100	100	G	N/A	N/A
180.	MS/2022/2023/026/951/C	KWENZEMANJE TRADING 132	07 MARCH 2023	SUPPLY, INSTALLATION AND MAINTANANCE OF AIR- CONDITIONERS	PER RATES	100	100	100	100	G	N/A	N/A
181.	MS/2022/2023/024/951/C	MNUMZANE GROUP	07 MARCH 2023	SUPPLY AND DELIVERY OF	PER RATES	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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
				CLEANING MATERIAL								
182.	MS/2022/2023/024/951/C	LULWANDLES TRADING	07 MARCH 2023	SUPPLY AND DELIVERY OF CLEANING MATERIAL	PER RATES	100	100	100	100	G	N/A	N/A
183.	MS/2022/2023/024/951/C	LIWALAMI TRADING AND PROJECTS	07 MARCH 2023	SUPPLY AND DELIVERY OF CLEANING MATERIAL	PER RATES	100	100	100	100	G	N/A	N/A
184.	MS/2022/2023/024/951/C	SKHESHENI TRADING & PROJECTS	07 MARCH 2023	SUPPLY AND DELIVERY OF CLEANING MATERIAL	PER RATES	100	100	100	100	G	N/A	N/A
185.	MS/2022/2023/024/951/C	ANSTU INVESTMENT PTY LTD	07 MARCH 2023	SUPPLY AND DELIVERY OF CLEANING MATERIAL	PER RATES	100	100	100	100	G	N/A	N/A
186	MS/2022/2023/024/951/C	SENZUMSEBE NZI OMUHLE TRADING	07 MARCH 2023	SUPPLY AND DELIVERY OF CLEANING MATERIAL	PER RATES	100	100	100	100	G	N/A	N/A
187	MS/2022/2023/022/951/C	DOROPHIA TRADING	07 MARCH 2023	SUPPLY, DELIVERY, INSTALLATION AND MAINTENANCE OF BLINDS	R 720 000.00	100	100	100	100	G	N/A	N/A
188	MS/2022/2023/022/951/C	SIYEJABULA SECURITY SOLUTIONS	07 MARCH 2023	PANEL OF SERVICE PROVIDERS FOR SECURITY SERVICES FOR 36 MONTHS CONTRACT	R13 471.45 PER GUARD	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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
189	MS/2022/2023/022/951/C	FEZILE SECURITY SERVICES (PTY) LTD	07 MARCH 2023	PANEL OF SERVICE PROVIDERS FOR SECURITY SERVICES FOR 36 MONTHS CONTRACT	R13 471.45 PER GUARD	100	100	100	100	G	N/A	N/A
190	MS/2022/2023/022/951/C	MSINGA SECURITY AND SERVICES	07 MARCH 2023	PANEL OF SERVICE PROVIDERS FOR SECURITY SERVICES FOR 36 MONTHS CONTRACT	R13 471.45 PER GUARD	100	100	100	100	G	N/A	N/A
191	MS/2022/2023/022/951/C	UZODELA SECURITY SERVICES JV AMANYANDA SECURITY SERVICES	07 MARCH 2023	PANEL OF SERVICE PROVIDERS FOR SECURITY SERVICES FOR 36 MONTHS CONTRACT	R13 471.45 PER GUARD	100	100	100	100	G	N/A	N/A
192	MS/2022/2023/022/951/C	ISO SECURITY SOLUTION	07 MARCH 2023	PANEL OF SERVICE PROVIDERS FOR SECURITY SERVICES FOR 36 MONTHS CONTRACT	R13 471.45 PER GUARD	100	100	100	100	G	N/A	N/A
193	MS/2022/2023/951/057/T	BONGINKOSI TRADING (PTY) LTD	18 JANUARY 2023	TUGELA FERRY STREET CLEANING	R 2 304 000.00	100	100	100	100	G	N/A	N/A
194	MS/2022/2023/006/951/F	THE NATIONAL APPLICATIONS CENTRE	18 JANUARY 2023	CAPITAL PROJECT FUND SOURCING	PER RATES	100	100	100	100	G	N/A	N/A
195	MS/2022/2023/006/951/F	MABALENGWE ENGINEER	18 JANUARY 2023	CAPITAL PROJECT FUND SOURCING	PER RATES	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 2022/2023		YEAR OF REPORTING 2023/2024		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						TARGET %	ACTUAL %	TARGET %	ACTUAL %			
196	MS/2022/2023/007/F	NOKUZAMILE TRADING	15 FEBRUARY 2023	SCM BID COMMITTEE TRAINING	R 199 800.00	100	100	100	100	G	N/A	N/A
197	MS/2023/2024/008/951/F	ABACWANINGI BUSINESS SOLUTION	18/03/2024	FINANCIAL CONSULTING-IA	RATES							
198	MS/2023/2024/008/	INKAZIMULO CONSULTING	18/03/2024	FINANCIAL CONSULTING-AFS	RATES	100	100	100	100	G	N/A	N/A
199	MS/2023/2024/951/008/	MAVENU CONSULTANTS	18/03/2024	FINANCIAL CONSULTING-VAT	RATES	100	100	100	100	G	N/A	N/A
200	MS/2020/2021/005/951/F	BONAKUDE CONSULTING	02/03/2020	FINANCIAL CONSULTING-ASSETS	RATES	100	100	100	100	G	N/A	N/A
201	MS/2020/2021/005/951/F	MBD CONSULTING	02/03/2020	FINANCIAL CONSULTING-VAT	RATES	100	100	100	100	G	N/A	N/A



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.

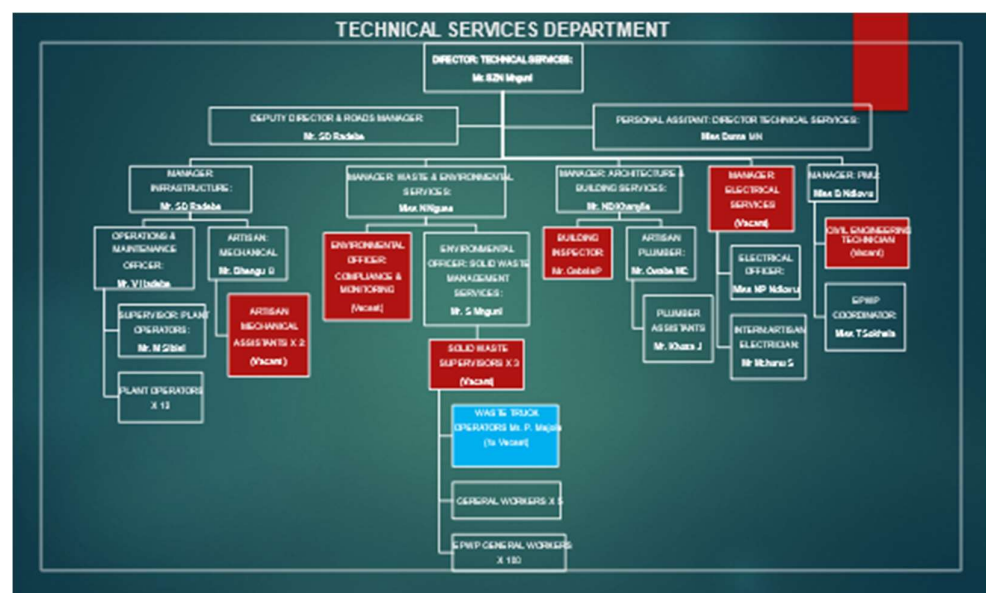
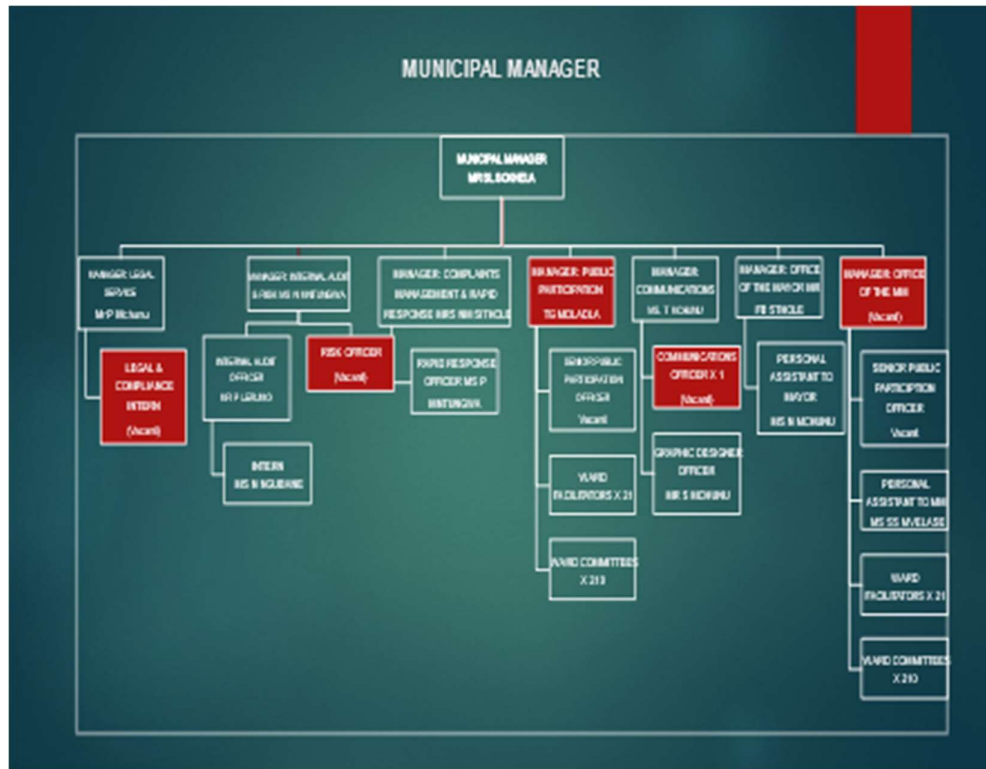
FUNCTION	LEVEL OF AUTHORITY	PERFORMING/NOT PERFORMING
Water and Sanitation	uMzinyathi District	Yes, through Thukela Water Partnership
Roads and Storm water	uMsinga	Yes – in towns. Upgrading of local access roads
Air Pollution	uMsinga	No

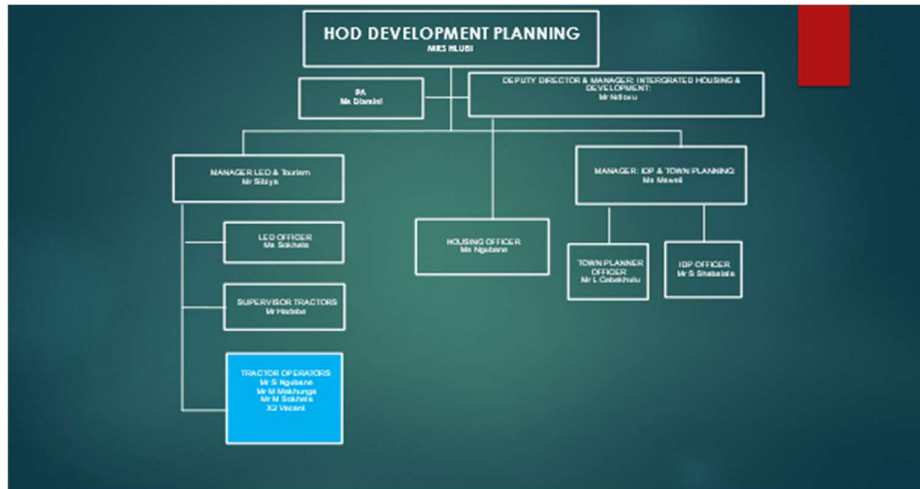
FUNCTION	LEVEL OF AUTHORITY	PERFORMING/NOT PERFORMING
Building Regulations	uMsinga	In Pomeroy only
Child Care Facilities	uMsinga	Yes
Fire Fighting	uMsinga	Shared with district
Local Tourism	uMsinga	Yes
Municipal Planning	uMsinga	Yes
Public Transport	uMsinga	No
Trading regulations	uMsinga	Yes (process 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
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 31 May 2023 as per resolution number 53/2023FC. The organogram depicted per department is presented below in figure 1-5.





4.3.2 MUNICIPAL INSTITUTIONAL CAPACITY & STATUS OF CRITICAL POSTS

An Employment Equity Policy has been adopted by the Municipality. uMsinga Municipality is an equal employer with targeted groups represented in various layers of the Municipal structure. There are areas that have improved as three (3) out of six (6) HODs are females and one of them is disabled. A total of 1.10% of the staff complement is disabled. There is no non-African employee in a total employee complement total of 1 330 employees 365 (municipal officials) + 965 (EPWP program workers) as at the end of 2023/2024 Mid - financial year.

EEP COMPLIANCE		STAFF COMPLEMENT	
Number of vacant posts (critical posts)		0	
Total employees to date	Councillors	41	
	Volunteers	21	
	Securities	120	
	Peace Officers	26	
	Finance Interns	06	
	In-Service Training	00	
	Environmental Interns	07	
	Ward Committees	210	
	Street Cleaning	101	
	Siyazenzela	404	
	Alien Plant Removal	N/A	
Permanent staff	171		
TOTAL	1007		

4.3.2.1 Employee Summary

TOTAL NUMBER OF COUNCILLORS/EMPLOYEES PER OCCUPATIONAL CATEGORY, POPULATION GROUP, DISABILITY STATUS, AND AGE GROUP								
OCCUPATION CATEGORY	FEMALE AFRICAN	MALE AFRICAN	TOTAL	DISABLE AFRICAN	AGE < 35	AGE 35-55	AGE 55 >	TOTAL
1. Legislators	9	33	42	0	6	28	8	42
2. Managers	11	13	24	1	4	19	1	24
3. Professionals	13	8	21	0	10	11	0	21
4. Technicians And Associate Professionals	17	10	27	0	13	13	1	27
5. Clerical Support Workers	21	9	30	0	13	17	0	30
6. Service And Sales Workers	47	114	161	1	45	103	13	161
7. Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	0	2	2	0	1	0	1	2
8. Plant And Machine Operators and Assemblers	1	24	25	1	3	17	5	25
9. Elementary Occupations	14	10	24	0	2	13	9	24
TOTALS	133	223	356	3	97	221	38	356

Out of the total of 365 employees that fall on the occupation categories listed on the table it is evident that the municipality has employed:

- Three (01 Male and 02 Females) employees living with disability.
- 97 Employees under 35 years of age.
- 221 Employees over 35 to 55 years of age.
- 38 Employees above 55 years of age.

The municipality has through HR assessments Identified the following available vacant posts that have been deemed eligible to be filled by persons with disabilities per department:

- Community Services
 - Youth Data Capturer
 - Traffic Examiners
 - Traffic Senior Cashier
 - Traffic Admin Clerk
 - Youth Development Officer
- Corporate Services
 - PMS Officer

- Development Planning
 - 2x Tractor drivers
- Technical Services
 - Environmental Officer: Compliance and Monitoring
- Office of the MM
 - Risk Officer
- Finance
 - None.

4.3.2.2 Filling of Section 54/56 Employees within Legislated Timeframes

The Municipality places a high priority on developing robust municipal administration systems and procedures, which includes making sure that administrative posts are filled with capable and dedicated individuals whose performance is closely evaluated. It is crucial that competent and skilled individuals fill the top six positions (Municipal Manager, Finance, Technical Services, Corporate Services, Community Development Planning). Positions that become vacant must be filled within six months and in accordance with the regulations' outlined procedures.

The following is the status of Section 54/56 posts within the uMsinga Local Municipality: -

Post Designation	Status of Post Filled/ Vacant/ Suspended	Name of Employee	GENDER (MALE /FEMALE)	DISABILITY (YES/NO)	YOUTH (YES/NO)
Municipal Manager	Filled	Mr SL Sokhela	M	N	N
Chief Financial Officers	Filled	Mr N Mvelase	M	N	Y
Technical Services	Filled permanent	Mr S Mnguni	M	N	N
Development Planning	Filled permanent	Mrs B Hlubi	F	Y	N
Corporate Services	Filled Permanent	Ms TFN Nkala	F	N	N
Community Services	Filled permanent	Miss M Xulu	F	N	N

As at 30 June 2023 all critical senior managers' posts were filled and the municipality is proving stable. The municipality in line with the provisions of the new regulations which came into effect in 2022, has employed four senior managers on a permanent basis, these are directors of corporate services, Community services, technical services and Planning and development services. The contract for the CFO is still on contractual basis as he was appointed before the new regulations were issued. The contract for the Municipal Manager remains on fixed term contract as per the regulations. Both contracts for the MM and the CFO expires in 2027.

- Percentage % Gender representation at Senior Management level (Section 54/56 Employees)
- The gender representation for uMsinga Local Municipality is sitting at 50% - 3 black Females and 3 black Males.
- 16, 67% for senior manager living with disability, whilst 16, 67% for senior manager from youth group.

4.3.2.3 Vacancy Rate for the Organisation

As at 30 June 2024 the vacancy rate in the organisation stood at 11,4%, the high vacancy rate is attributed to the budget constraints and adhering to the municipal adopted cost cutting measures. The following table shows the total staff complement categorized according to Departments within the municipality.

DEPARTMENT	TOTAL POSTS	FILLED	VACANCIES	VACANCY RATE ON APPROVED POSTS
Municipal Manager	19	14	5	26.3%
Finance	36	32	4	11.1%
Development Planning	15	13	2	13.3%
Community Services	98	59	20	20.4%
Corporate Services	234	228	9	3.8%
Technical Services	47	34	11	23.4%
TOTAL POSTS	449	380	51	
VACANCY RATE			11,4%	

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 received training in 2023/24 was compiled in line with the municipal workplace skills plan intended to remedy the gaps identified in the previous financial years.

TRAINING BENEFICIARIES			
NAME	COURSE	NQF LEVEL	TRAINING STATUS
Duma M. N	Bachelor Public Administration	NQF level7	InProgress
Mnguni S	Bachelor in Environment	NQF level 7	In progress
Thwala MP	Advance Diploma in business Management	NQF level 7	Waiting Qualification
Nxele S	Bachelor of arts in forensic technology sciences	NQF Level 7	In progress
Mchunu TK	Postgraduate in management	NQF level 7	Waiting Qualification
Mchunu KJH	Disaster Management and safety	NQF level 7	dropout
Xulu N	Bachelor Management and safety	NQF level7	In progress
Maphumulo N	Bachelor of Arts in Disaster	NQF level 7	In progress

TRAINING BENEFICIARIES			
NAME	COURSE	NQF LEVEL	TRAINING STATUS
Sibisi P	Diploma in Administration Licencing	NQF level 6	Dropout
Mchunu S	Diploma in Metropolitan	NQF level 6	In progress
Khoza PZ	Postgraduate in Management	NQF level 7	In progress
Mkhize TG	Bachelor of Arts in Government admin	NQF level 8	Waiting qualification
Makhunga KT	Diploma in Public Administration	NQF level 6	In progress
Nyandeni M. N	Bachelor in Public Administration	NQF level 7	Wating Qualification
Dladla KG	Bachelor of public Administration	NQF level 7	In progress
Sitole S	Bachelor of Public Admin	NQF level 7	In progress
Nkala SN	Honours of SCM	NQF level 8	In progress
Thusi XT	Bachelor of HRM	NQF level 7	In progress
Sikhakhane N. N	Diploma in BM	NQF level 6	Waiting qualification
Masimula B. S	PGD BM	NQF level 8	In progress
Mchunu NZ	Bachelor of public Admin	NQF level 7	In progress
Ngubane ZL	Project Management	NQF level 7	Waiting Qualification
Dlamini X	Bachelor of financial Management	NQF level 7	In progress
Hadebe MR	Bachelor of Public Admin	NQF level 7	InProgress
Majozi SS		NQF level 7	In progress
Mchunu TI	Bachelor in Public Administration	NQF Level 7	In progress
Ndlovu NP	Postgraduate of Project Management	NQF level 8	Waiting Qualification
Xaba PN	Bachelor of honours in Human resource Management	NQF level 7	In progress

TRAINING BENEFICIARIES			
NAME	COURSE	NQF LEVEL	TRAINING STATUS
Qwabe SC	Bachelor of SCM	NQF level 7	In progress
Radebe SD	Project Management honours	NQF level 8	Waiting qualification
Shange T	National Diploma in Public Management	NQF Level 6	In progress

4.3.3.1 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 2023/24.

QUALIFICATION PROFILE		
NQF LEVELS		
BELOW NQF LEVEL	20	Not schooling
NQF LEVEL 1	15	General education (grade 1-7)
NQF LEVEL 2	13	General education (grade 8-9)
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	24	Bachelor's degree
NQF LEVEL 08	5	Honours/ Masters
NQF LEVEL 09	02	Master's Degree

4.3.4 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.

4.3.4.1 Introduction to the Municipal Personnel Employment Equity

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 2023 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.

EET COMPLIANCE	STAFF COMPLEMENT	
NUMBER OF VACANT POSTS (CRITICAL POSTS)	0	
TOTAL EMPLOYEES TO DATE	Contract staff	195
	Councilors	41
	Ward facilitators	21
	Securities	120
	Peace Officers	26
	Finance Interns	06
	In-Service Training	0
	Environmental Interns	07
	Ward Committees	210
	Siyazenzela	404
	Alien Plant Removal	N/A
Total	1030	
Permanent staff	171	
Disabled	03	
Male managers	14	
Female Managers	16	
Management (s54/56)	06	
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	04	
TOTAL VACANCIES	345	

TABLE 32: MUNICIPAL POLICIES

POLICY	STATUS
HUMAN RESOURCE MANAGEMENT RESOLUTION NO.29/2023FC	
Recruitment selection appointment promotion and transfer of personnel	Operational
Employment equity	Operational
Subsistence and travel	Operational
Payment of overtime	Operational

POLICY	STATUS
HUMAN RESOURCE MANAGEMENT RESOLUTION NO.29/2023FC	
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	Operational
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
Loss control	Operational
Land asset disposal	Operational
Risk management	Operational
Virement	Operational
Budget	Operational
Travel and subsistence	Operational
Store management	Operational

4.3.4.2 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.

4.3.4.3 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.

4.3.5 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 2023/24.

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****

4.3.5.1 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.

4.3.5.2 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 2023/24 and has set a tone for uMsinga Municipality as a learning organisation:

- No recipient in 2023/24 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 2023/24 work Integrated Learning and Vacation Work for students, and Mayoral Bursary Programme for unemployed students / youth.
- 210 ward committees were trained in 2023/24.

4.3.5.3 Employee Misconduct

In the 2023/24 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 none.
- Disciplined Staff (04).

4.3.6 MANAGING THE WORKFORCE EXPENDITURE

4.3.6.1 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.

4.3.6.2 Comment on Workforce Expenditure

uMsinga Municipality's workforce expenditure for the financial year 2020/21 was R71 430 009, R 75 094 809 in 2021/22, R89 367 932 in 2022/23 and R107 601 836-00 in 2023/24 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 2023/24. 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 2023/24 attached.

The Councillor's salaries, wages and allowances upper limits determination were made as per the resolution no 11/2023 SFC and following the resolutions of the main collective agreement

meeting which was held on the 1st June 2023. As per the resolution the upper limits on remuneration and allowances of 4% was approved by council in its meeting on the 25th May 2024. 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	2024	2023	2022	2021	2020
	16 138 945	14 831 315	14 085 026	13 072 957	8 960 313

4.3.6.3 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.

4.3.7 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.

4.3.8 MUNICIPAL LEGAL REPORT FOR YEAR 2023/24

The report details Msinga Municipality's legal status for the 2023/2024 financial year as per Municipal Managers commitment to ensure good governance. 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 the Legal Team.

4.3.8.1 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 nkosi@wylie.co.za	Pending	3
Garlicke and Bousfield Inc.	Phila Magwaza	031 570 5572 083 637 1870 phila.magwaza@gb.co.za	Pending	1
Nexia SAB&T/HAWKS		Tel: (012) 682 8920 Fax: (012) 682 8924 E-mail: durban@nexia-sabt.co.za	Pending	1
MABASO INCORPORATED	Siphelele Gasa	033 345 3790	Pending	1

4.3.8.2 Status of All Cases

4.3.8.2.1 uMsinga Local Municipality V Buhle Nzuza and Others

Current Status: Final order has been granted.

The municipality has instituted legal proceedings against illegal land occupiers of the municipal land situated in Solomon Linda (Pomeroy) under the title deed Erf 10 000. The urgent application was heard at the Pietermaritzburg High Court where an interim court order was granted in favour of the municipality. The respondents had until the 14th February 2024 to file opposing papers. Failure to timeously file opposing papers prompted the court to issue final order of demolition.

- On 14 March 2024 the High Court issued a final order.
- On 24 July 2024 the sheriff executed orders and demolished dwellings illegally built on municipal land.
- March 2023 - Settlement proposal has been sent to Prestprops.
- June 2024 - The parties have set up a physical meeting to discuss the settlement offers.

4.3.8.2.2 Steyns Chartered Accountants Incorporated V uMsinga Municipality

Current Status: awaiting Steyn estate executor's decision on the matter.

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 cancellation 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.
- March 2023 - Matter was postponed on 17 February and has been set down for 19 May 2023.
- June 2023 - The judgement has been granted in Municipality's favour including costs.
- September 2023 - Steyn has filed papers appealing judgment.
- February 2024 - The Municipality filed opposing papers on 26 February 2023.

4.3.8.2.3 uMsinga Municipality V 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. In September 2021 the tracing agent was re-issued 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.
- December 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.

4.3.8.2.4 Financial Misconduct Investigation

Current Status: The case is at PMB Regional Court from 20 November 2023.

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.

4.3.9.2.7 Disciplinary hearings

- 1) Mr S Mncube (Security Officer)
Absenteeism - at a disciplinary meeting which was held on 19 June 2024 at uMsinga Local Municipality Council Chamber, Mr S Mncube was charged with absenteeism for being absent from the 11th April 2024 without an unauthorized leave. Despite numerous verbal warnings, he failed to report to duty.

As a result, he was found guilty of contravening the South African Local Government Disciplinary Collective Agreement, annexure A which state that an employee must request permission in advance for any leave of absence and must further refrain from being absent from duty without leave or permission, as well as Msinga Local Municipality Leave Policy.

He was given one (1) day unpaid leave was applied in the month of July 2024.

- 2) **Mr Q Nkomo (Peace Officer)**
Absenteeism - At a disciplinary meeting which was held on 17 May 2024 at uMsinga Local Municipality Council Chamber, Mr Q Nkomo was charged with absenteeism for

being absent from the 11th to 12th March 2024 and on 28th to 29th March 2024 without an unauthorized leave. Despite numerous verbal warnings, he failed to report to duty.

As a result, he was found guilty of contravening the South African Local Government Disciplinary Collective Agreement, annexure A which state that an employee must request permission in advance for any leave of absence and must further refrain from being absent from duty without leave or permission, as well as Msinga Local Municipality Leave Policy.

He was given a written warning.

3) Mr Ngubane

Absenteeism - At a disciplinary meeting which was held on 17 May 2024 at uMsinga Local Municipality Council Chamber, Mr M Ngubane was charged with absenteeism for being absent from the on 8 – 11 January 2024 (04 Days), 30 January 2024 (1 day), 06 February 2024 (1 Day), 14 February 2024 (1 Day), 04 March 2024 (1 Day), 16 March 2024 (1 Day), and 23 March (1 Day) without an unauthorized leave. Despite numerous verbal warnings, he failed to report to duty.

As a result, he was found guilty of contravening the South African Local Government Disciplinary Collective Agreement, annexure A which state that an employee must request permission in advance for any leave of absence and must further refrain from being absent from duty without leave or permission, as well as uMsinga Local Municipality Leave Policy.

He was given last written warning.

4) Mr D Myaka (Traffic Officer)

Absenteeism - At a disciplinary meeting which was held on 17 May 2024 at uMsinga Local Municipality Council Chamber, Mr D Myaka was charged with absenteeism for being absent from the on 27 – 29 February 2024 (03 Days) and on 22 – 25 March 2024 (04 Days) without an unauthorized leave. Despite numerous verbal warnings, he failed to report to duty.

As a result, he was found guilty of contravening the South African Local Government Disciplinary Collective Agreement, annexure A which state that an employee must request permission in advance for any leave of absence and must further refrain from being absent from duty without leave or permission, as well as uMsinga Local Municipality Leave Policy.

He was given seven (7) days unpaid leave which was applied to him in the month of JULY 2024.

The above is aligned to the contingent liabilities depicted in note 32 of the AFS 2023/24.

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.

5.1.1 SURPLUS

uMsinga Municipality experienced surplus for the year of R34 566 730 for the 2023/24 financial year and for the previous year 2022/23 it was R35 566 730.

5.1.2 OPERATING PROFIT

In performing financial statement analysis, we reviewed the past financial statements of uMsinga 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.

5.1.3.1 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.

TABLE 33: CAPITAL EXPENDITURE 2023/24

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

Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	
R thousands	A	S A1	B	C	D	E	F	G	H	+1 2024/25	+2 2025/26	
Capital Expenditure - Functional												
<i>Governance and administration</i>		2,473	7,282	-	-	-	-	4,809	4,809	12,091	2,751	2,763
Executive and council		100	100					-	-	100	104	108
Finance and administration		2,373	7,182					4,809	4,809	11,991	2,647	2,655
Internal audit		-	-					-	-	-	-	-
<i>Community and public safety</i>		11,072	10,409	-	-	-	-	(663)	(663)	9,747	12,072	12,077
Community and social services		1,950	1,200					(750)	(750)	450	1,950	1,950
Sport and recreation		4,702	4,399					(303)	(303)	4,097	6,897	6,897
Public safety		4,420	4,810					390	390	5,200	3,225	3,231
Housing		-	-					-	-	-	-	-
Health		-	-					-	-	-	-	-
<i>Economic and environmental services</i>		42,923	61,451	-	-	-	-	18,528	18,528	79,979	40,136	39,166
Planning and development		4,000	7,360					3,360	3,360	10,720	3,739	2,749
Road transport		38,923	54,091					15,168	15,168	69,259	36,397	36,417
Environmental protection		-	-					-	-	-	-	-
<i>Trading services</i>		1,500	1,500	-	-	-	-	-	-	1,500	1,500	1,500
Energy sources		-	-					-	-	-	-	-
Water management		-	-					-	-	-	-	-
Waste water management		-	-					-	-	-	-	-
Waste management		1,500	1,500					-	-	1,500	1,500	1,500
Other		-	-					-	-	-	-	-
Total Capital Expenditure - Functional	3	57,968	80,642	-	-	-	-	22,674	22,674	103,316	56,459	55,506
Funded by:												
National Government		4,373	57,211					52,838	52,838	110,049	6,569	6,569
Provincial Government		-	3,000					3,000	3,000	6,000	-	-
District Municipality		-	-					-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-					-	-	-	-	-
Transfers recognised - capital	4	4,373	60,211	-	-	-	-	55,838	55,838	116,049	6,569	6,569
Borrowing		-	-					-	-	-	-	-
Internally generated funds		53,595	20,431					(33,164)	(33,164)	(12,733)	49,890	48,937
Total Capital Funding		57,968	80,642	-	-	-	-	22,674	22,674	103,316	56,459	55,506

TABLE 34: BUDGETED FINANCIAL PERFORMANCE (REVENUE)

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

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		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	A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	600	-	-	-	-	-	-	-	600	606	612
Sale of Goods and Rendering of Services		539	-	-	-	-	-	-	-	539	578	601
Agency services		-	-	-	-	-	-	17,391	17,391	17,391	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets		4,500	-	-	-	-	-	7,500	7,500	12,000	4,546	4,623
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		664	-	-	-	-	-	-	-	664	667	679
Licence and permits		200	-	-	-	-	-	-	-	200	210	221
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Non-Exchange Revenue												
Property rates	2	22,000	-	-	-	-	-	5,435	5,435	27,435	21,848	22,653
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		200	-	-	-	-	-	-	-	200	210	221
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		253,224	-	-	-	-	-	(3,387)	(3,387)	249,837	265,695	259,825
Interest		-	-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	300	300	300	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		281,928	-	-	-	-	-	26,940	26,940	308,867	294,361	289,434

TABLE 35: REVENUE MONTHLY PROJECTIONS

KZN244 Msinga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -															
Description	Ref	Budget Year 2023/24		Budget Year +1 2024/25											Budget Year +2 2025/26
		Original Budget	Adjusted Budget	July	August	September	October	November	December	January	February	March	April	May	June
			10												
R thousands	1	A	H												
Revenue By Source															
Exchange Revenue															
Service charges - Waste Management	2	600	600	50	50	50	50	50	50	50	50	50	50	50	50
Sale of Goods and Rendering of Services		539	539	45	45	45	45	45	45	45	45	45	45	45	45
Interest earned from Current and Non Current Assets		4,500	12,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Rental from Fixed Assets		664	664	55	55	55	55	55	55	55	55	55	55	55	55
Licence and permits		200	200	17	17	17	17	17	17	17	17	17	17	17	17
Non-Exchange Revenue															
Property rates	2	22,000	27,435	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		200	200	17	17	17	17	17	17	17	17	17	17	17	17
Licences or permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		253,224	249,837	20,820	20,820	20,820	20,820	20,820	20,820	20,820	20,820	20,820	20,820	20,820	20,820
Gains on disposal of Assets		-	300	25	25	25	25	25	25	25	25	25	25	25	25
Total Revenue (excluding capital transfers and contributions)		281,928	291,776	24,315	24,315	24,315	24,315	24,315	24,315	24,315	24,315	24,315	24,315	24,315	24,315

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 2023/24 was R50 244 000-00, an increased was noted compared to 2022/23 allocation of R48 412 000.

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.

The table below presents National Government allocations allocated to uMsinga Municipality for the period of 2023/24 financial year.

MSINGA LOCAL MUNICIPALITY							
GRANTS AND SUBSIDIES SCHEDULE							
2023/2024 FY							
Jun-24							
Details	Rolled Over 2024	Allocation as per (Dora)	Received During the year	Expenditure	Grant Recognised as revenue	Return	Unspent
		R	R				R
Municipal Infrastructure Grant (MIG) & 'PMU 5% Top Slice Grant (MIG)		50,244,000.00	R 50,244,000.00	R 50,244,000.00	50,244,000.00		R -
Financial Management Grant (FMG)		1,850,000.00	R 1,850,000.00	R 1,850,000.00	1,850,000.00		R -
Library Grant		1,289,000.00	R 1,289,000.00	R 1,289,000.00	1,289,000.00		R -
Integrated National Electrification Programme (INEP)		20,000,000.00	R 20,000,000.00	R 20,000,000.00	20,000,000.00		R -
EPWP		4,046,000.00	R 4,046,000.00	R 4,046,000.00	4,046,000.00		R -
EQS		220,590,000.00	R 220,590,000.00		220,590,000.00		R -
Cogta Spluma Grant	86,973.00	-	R -		-	-86,973.00	R -
Construction of Shelters Grant	559,273.00	-	R -		-	-559,273.00	R -
Economic Development Grant	1,000,000.00	-	R 2,000,000.00	2,908,911.16	2,908,911.16		R 91,088.84
Disaster Recovery Grant		-	R 18,029,000.00	12,539,135.44	12,539,135.44		R 5,489,864.56
TOTALS	1,646,246.00	298,019,000.00	R 318,048,000.00	R 92,877,046.60	R 313,467,046.60	-R 646,246.00	R 5,580,953.40

5.1.5 INVESTMENT REGISTER

uMzinga Local Municipality												
LIST OF INVESTMENT ACCOUNTS AS AT 30 JUNE 2024												
Financial Institution	Type of Investment	Account Number	Start Date	Maturity Date	Interest Rate	Balance as at 01 June 2024	Made during June	Interest	Deposit fees/	Transfer	Withdrawals	Balance as at 30 June 2024
FNB	Call Account	63037647055	2023/01/27	Call Account	6.50%	R 49,098.52	R -	R 302.66	R -	R -	R -	R 49,401.18
FNB	Fixed Deposit	76202687699	2023/12/29	2024/03/28	8.79%	R 5,557,788.76	R -	R 120,459.36	R -	R -	-R 5,678,248.12	R -
Standard Bank	Fixed Deposit	248875914-022	2023/11/01	2024/02/01	9.30%	R 10,754,024.14	R -	R -	R -	R -	R -	R 10,754,024.14
Standard Bank	Fixed Deposit	248875914-026	2024/03/13	2024/05/13	9.30%	R 10,386,411.20	R -	R -	R -	R -	R -	R 10,386,411.20
Standard Bank	Fixed Deposit	248875914-027	2024/03/13	2024/05/13	9.28%	R 10,386,411.20	R -	R -	R -	R -	R -	R 10,386,411.20
Nedbank	Call Account	03/7881164492/000005	2023/12/13	Call Account	6.95%	R 47,834.42	R -	R 333.25	R -	R -	R -	R 48,167.67
Nedbank	Call Deposit	03/7881164492/000012	2023/07/19	Call Account	8.20%	R 82,079.53	R -	R 571.64	R -	R -	R -	R 82,651.17
Nedbank	Fixed Deposit	03/7881164492/000015	2024/01/19	2024/07/19	9.35%	R 20,974,947.95	R -	R -	R -	R -	R -	R 20,974,947.95
Absa Bank	Fixed Deposit	9372793217	2022/07/20	2023/11/30	5.80%	R 5,529,386.80	R -	R 41,796.12	-R 50.00	R -	R -	R 5,571,132.92
Absa Bank	Fixed Deposit	20-8151-0931	2024/03/01	2024/05/01	9.30%	R 10,000,000.00	R -	R 234,410.96		R -	-R 10,234,410.96	R -
Absa Bank	Fixed Deposit	9387091141	2024/04/01	Call Account	5.80%	R 10,070,662.33	R -	R 140,450.72	-R 100.00	R -	R 10,211,013.05	R -
Absa Bank	Fixed Deposit	9387090111	2024/04/01	Call Account	5.80%	R 10,070,662.33	R -	R 90,967.97	-R 100.00	R -	-R 10,161,530.30	R -
						93,909,307.18	-	629,292.68	- 250.00	-	- 15,863,176.33	58,253,147.43

ANNEXURE C: AUDITED ANNUAL FINANCIAL STATEMENTS

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity

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).

Nature of business and principal activities

The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Legislation governing the municipality's operations

Constitution of the Republic of south Africa (Act 108 of 1998)
Local Government: Municipal Finance Management Act (Act no.56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structures Act (Act 117 of 1998)
Municipal Property Rates Act (act of 6 2004)
Division of Revenue Act (Act 1 of 2007)

Mayoral committee

Mayor

Cllr. FJ SIKHAKHANE

Deputy Mayor

Cllr. TB MBATHA

Speaker

Cllr. SG MASIMULA

Chief whip

Cllr. MW SOKHELA

Section 79 committee chairperson

Cllr. P DLADLA

Mayoral Committee Members

Cllr. LB NTULI

Cllr. SK RADEBE

Cllr. TM NDLOVU

Cllr. BP NGCOBO

Cllr. N XABA

Cllr. PA NKALA

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

General Information

Councillors	Cllr. H JALI Cllr. ME NGOBE Cllr. M BUTHELEZI Cllr. JB CHONCO Cllr. NM XIMBA Cllr. FF NDLOVU Cllr. F ZUMA Cllr. EM MDLULI Cllr. VS NDLOVU Cllr M MASIKANE Cllr. SP LANGA Cllr. KJ MKHIZE Cllr. M NTSHAPHA Cllr. S ZONDI Cllr. TL KUNENE Cllr. TN SOKHELA Cllr. MN NDLOVU Cllr. ME MKHIZE Cllr. Z MCHUNU Cllr. MJ NDEBELE Cllr. MS KHOZA Cllr. B DUMAKUDE Cllr. B MTHETHWA Cllr. T MNTUNGWA Cllr TM MABASO Cllr. MM MYEZA Cllr. DM NDLOVU Cllr. ZE SHANGE Cllr. GB SIKHAKHANE Cllr. P DLADLA Cllr. BE MVELASE
Traditional Leaders	iNkosi. SW MTHEMBU iNkosi. NE MCHUNU iNkosi. ZD MAJOZI iNkosi. TDP MNTUNGWA
Grading of local authority	2
Accounting Officer	SL SOKHELA
Chief Finance Officer (CFO)	NG MVELASE
Business address	R 33 Main Road Tugela Ferry 3010
Postal address	Private Bag X530 Tugela Ferry 3010
Phone number	033 493 8000
Website	www.umsinga.gov.za
Bankers	Standard Bank
Auditors	Auditor - General South Africa Registered Auditors
Attorneys	Garlicke and Bousfield

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Index

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

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Statement of Financial Position	6
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Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 12
Accounting Policies and Notes to the Annual Financial Statements	13 - 37

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 2024

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on government grants 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 6 to 79, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

SL Sokhela
Accounting Officer

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2024.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four (4) times per annum as per its approved terms of reference. During the current year four (4) number of meetings were held.

Name of member	Number of meetings attended
N. MCHUNU (AC CHAIRPERSON)	4
S. KHANYILE (PERFORMANCE CHAIRPERSON)	8
S. MTHEMBU	7
N. SHABALALA	8
M.MAKHUNGA	7

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer of the municipality during the year under review.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer; on the 31 August 2024.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Notes	2024 R	2023 Restated R
Assets			
Current Assets			
Receivables from exchange transactions	8	4 317 408	5 263 711
VAT receivable	9	4 833 009	3 072 734
Receivables from non-exchange transactions	11	2 364 954	9 691 669
Cash and cash equivalents	12	72 767 859	52 202 858
		84 283 230	70 230 972
Non-Current Assets			
Property, plant and equipment	3	310 278 627	281 211 215
Intangible assets	4	7 333 213	5 485 840
Heritage assets	5	260 000	260 000
		317 871 840	286 957 055
Total Assets		402 155 070	357 188 027
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	27 192 752	22 515 996
Unspent conditional grants and receipts	13	5 580 803	1 646 245
Provisions	14	978 022	946 778
		33 751 577	25 109 019
Non-Current Liabilities			
Employee benefit obligation	7	1 495 000	1 344 000
Provisions	14	7 802 622	6 195 867
		9 297 622	7 539 867
Total Liabilities		43 049 199	32 648 886
Net Assets		359 105 871	324 539 141
Reserves			
Revaluation reserve		260 000	260 000
Accumulated surplus		358 845 871	324 279 141
Total Net Assets		359 105 871	324 539 141

* See Note 48

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Notes	2024 R	2023 Restated R
Revenue			
Revenue from exchange transactions			
Service charges	16	1 039 397	1 298 264
INEP Construction contracts revenue	18	17 391 304	14 295 652
Rental of facilities and equipment	17	623 084	573 736
Other revenue	20	234 286	399 628
Licences and permits	21	345 281	-
Interest received	22	10 246 847	6 496 394
Total revenue from exchange transactions		29 880 199	23 063 674
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	26 949 649	27 482 532
Traffic fines	24	160 950	-
Transfer revenue			
Government grants & subsidies	25	293 469 146	273 952 535
Total revenue from non-exchange transactions		320 579 745	301 435 067
Total revenue	15	350 459 944	324 498 741
Expenditure			
Employee related costs	26	(107 601 836)	(89 072 302)
Remuneration of councillors	27	(16 138 945)	(14 826 815)
Depreciation, amortisation and impairment of assets	28	(36 525 564)	(39 647 675)
Finance costs	30	(1 784 755)	(656 040)
Lease rentals on operating lease	19	(1 688 834)	(1 500 651)
Bad debt written off		(61 040 572)	-
Contributions to allowance (Impairment)	8&11	(20 369 172)	(9 282 786)
Impairment reversal	29	63 038 778	2 632 435
Free basic services	33	(28 262)	(145 958)
Operational costs	34	(70 504 647)	(71 408 660)
INEP Construction Contract Expenditure	18	(17 391 304)	(14 295 652)
General expenses	32	(45 772 160)	(48 053 725)
Total expenditure		(315 807 273)	(286 257 829)
Surplus before actuarial gains		34 652 671	38 240 912
Actuarial loss		(214 000)	(140 000)
Surplus for the year from continuing operations		34 438 671	38 100 912
Profit/Loss on disposal of asset		128 059	(2 335 815)
Surplus for the year		34 566 730	35 765 097

* See Note 48

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
	R	R	R
Balance at 01 July 2022	260 000	287 138 380	287 398 380
Prior year error adjustment	-	1 375 665	1 375 665
Restated balance as at 01 July 2022	260 000	288 514 045	288 774 045
Surplus for the year as per restated prior year financial statements	-	35 765 096	35 765 096
Restated Balance at 01 July 2022	260 000	324 279 141	324 539 141
Surplus for the year	-	34 566 730	34 566 730
Balance at 30 June 2024	260 000	358 845 871	359 105 871

* See Note 48

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024 R	2023 Restated R
Cash flows from operating activities			
Receipts			
Property rates and refuse removal		19 073 115	15 829 325
Government grants & subsidies		318 048 000	291 393 000
Interest income		8 914 456	6 360 892
Other Income		234 286	399 558
Rentals		556 498	632 629
VAT Received		16 114 837	17 325 773
Licences and permits		345 281	-
		<u>363 286 473</u>	<u>331 941 177</u>
Payments			
Employee costs and Councillors		(121 750 894)	(102 399 655)
Cash paid to suppliers		(133 657 110)	(144 161 285)
INEP Payment		(20 000 000)	(16 440 000)
		<u>(275 408 004)</u>	<u>(263 000 940)</u>
Net cash flows from operating activities	35	<u>87 878 469</u>	<u>68 940 237</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(63 011 126)	(56 718 032)
Proceeds from sale of property, plant and equipment	3	451 508	-
Purchase of other intangible assets	4	(4 753 852)	(2 176 107)
Net cash flows from investing activities		<u>(67 313 470)</u>	<u>(58 894 139)</u>
Net increase/(decrease) in cash and cash equivalents		20 564 999	10 046 098
Cash and cash equivalents at the beginning of the year		<u>52 202 858</u>	<u>42 156 758</u>
Cash and cash equivalents at the end of the year	12	<u>72 767 859</u>	<u>52 202 858</u>

* See Note 48

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	600 000	-	600 000	1 039 397	439 397	51.1
INEP Construction contracts revenue	-	17 391 304	17 391 304	17 391 304	-	
Rental of facilities and equipment	664 404	-	664 404	623 084	(41 320)	
Other income	539 232	-	539 232	234 286	(304 946)	51.2
License and permits	200 000	-	200 000	345 281	145 281	51.3
Interest received - investment	4 500 000	7 500 000	12 000 000	10 246 847	(1 753 153)	
Total revenue from exchange transactions	6 503 636	24 891 304	31 394 940	29 880 199	(1 514 741)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	22 000 000	5 435 156	27 435 156	26 949 649	(485 507)	
Traffic fines	200 000	-	200 000	160 950	(39 050)	51.4
Transfer revenue						
Government grants & subsidies	297 214 020	12 833 980	310 048 000	293 469 146	(16 578 854)	
Total revenue from non-exchange transactions	319 414 020	18 269 136	337 683 156	320 579 745	(17 103 411)	
Total revenue	325 917 656	43 160 440	369 078 096	350 459 944	(18 618 152)	
Expenditure						
Employee related costs	(94 000 000)	(14 000 000)	(108 000 000)	(107 601 836)	398 164	
Remuneration of councillors	(16 000 000)	(200 000)	(16 200 000)	(16 138 945)	61 055	
Depreciation, amortisation and impairment of assets	(40 000 000)	(12 000 000)	(52 000 000)	(36 525 564)	15 474 436	
Finance costs	(625 200)	(1 500 000)	(2 125 200)	(1 784 755)	340 445	
Lease rentals on operating lease	(3 000 000)	1 000 000	(2 000 000)	(1 688 834)	311 166	
Bad Debt Written Off	-	(65 000 000)	(65 000 000)	(61 040 572)	3 959 428	
Debt Impairment Contribution	(5 000 000)	(37 000 000)	(42 000 000)	(20 369 172)	21 630 828	51.5
Impairment reversal	-	-	-	63 038 778	63 038 778	
Free basic services	(281 520)	-	(281 520)	(28 262)	253 258	51.7
Contracted Services	(102 143 202)	(4 776 208)	(106 919 410)	(70 504 647)	36 414 763	51.8
INEP Construction Contract Expenditure	-	(30 000 000)	(30 000 000)	(17 391 304)	12 608 696	51.9
General Expenses	(62 792 480)	(598 172)	(63 390 652)	(45 772 160)	17 618 492	51.10
Total expenditure	(323 842 402)	(164 074 380)	(487 916 782)	(315 807 273)	172 109 509	
Surplus for the year	2 075 254	(120 913 940)	(118 838 686)	34 652 671	153 491 357	
Actuarial loss	-	(220 000)	(220 000)	(214 000)	6 000	
Surplus for the year from continuing operations	2 075 254	(121 133 940)	(119 058 686)	34 438 671	153 497 357	
Profit on disposal of assets	-	300 000	300 000	128 059	(171 941)	

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	2 075 254	(120 833 940)	(118 758 686)	34 566 730	153 325 416	
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	5 753 075	-	5 753 075	4 317 408	(1 435 667)	
VAT receivable	5 000 000	-	5 000 000	4 833 009	(166 991)	
Receivables from non-exchange transactions	10 691 699	-	10 691 699	2 364 954	(8 326 745)	
Cash and cash equivalents	50 749 634	(9 450 160)	41 299 474	72 767 859	31 468 385	
	72 194 408	(9 450 160)	62 744 248	84 283 230	21 538 982	
Non-Current Assets						
Property, plant and equipment	337 611 796	66 410 511	404 022 307	310 278 627	(93 743 680)	
Intangible assets	4 653 172	4 347 826	9 000 998	7 333 213	(1 667 785)	
Heritage assets	-	-	-	260 000	260 000	
	342 264 968	70 758 337	413 023 305	317 871 840	(95 151 465)	
Total Assets	414 459 376	61 308 177	475 767 553	402 155 070	(73 612 483)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	19 587 200	5 262 800	24 850 000	27 192 752	2 342 752	
Unspent conditional grants and receipts	-	-	-	5 580 803	5 580 803	
Provisions	1 000 000	-	1 000 000	978 022	(21 978)	
	20 587 200	5 262 800	25 850 000	33 751 577	7 901 577	
Non-Current Liabilities						
Employee benefit obligation	1 000 000	-	1 000 000	1 495 000	495 000	
Provisions	500 000	-	500 000	7 802 622	7 302 622	
	1 500 000	-	1 500 000	9 297 622	7 797 622	
Total Liabilities	22 087 200	5 262 800	27 350 000	43 049 199	15 699 199	
Net Assets	392 372 176	56 045 377	448 417 553	359 105 871	(89 311 682)	
Reserves						
Revaluation reserve	260 000	-	260 000	260 000	-	
Accumulated surplus	319 917 768	-	319 917 768	358 845 871	38 928 103	
Total Net Assets	320 177 768	-	320 177 768	359 105 871	38 928 103	

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand	R	R	R	R	R	
Statement of Cash Flow						
Receipts						
Property rates and refuse removal	16 400 000	-	16 400 000	19 073 115	2 673 115	
Other income	220 250	-	220 250	234 286	14 036	
Grants	297 214 020	-	297 214 020	318 048 000	20 833 980	
Interest income	4 500 000	-	4 500 000	8 914 456	4 414 456	
Vat received	16 000 000	-	16 000 000	16 114 837	114 837	
Rentals	398 000	-	398 000	556 498	158 498	
License and permits	-	-	-	345 281	345 281	
	334 732 270	-	334 732 270	363 286 473	28 554 203	
Payments						
Employee costs and Councillors	(110 000 000)	-	(110 000 000)	(121 750 894)	(11 750 894)	
Suppliers	(145 217 202)	-	(145 217 202)	(133 657 110)	11 560 092	
INEP Payment	(23 000 000)	-	(23 000 000)	(20 000 000)	3 000 000	
	(278 217 202)	-	(278 217 202)	(275 408 004)	2 809 198	
Net cash flows from operating activities	56 515 068	-	56 515 068	87 878 469	31 363 401	
Cash flows from investing activities						
Purchase of property, plant and equipment	(57 968 292)	-	(57 968 292)	(63 011 126)	(5 042 834)	
Proceeds from sale of property, plant and equipment	-	-	-	451 508	451 508	
Purchase of intangible assets	-	-	-	(4 753 852)	(4 753 852)	
Net cash flows from investing activities	(57 968 292)	-	(57 968 292)	(67 313 470)	(9 345 178)	
Cash and cash equivalents at the beginning of the year	52 202 858	-	52 202 858	52 202 858	-	
Cash and cash equivalents at the end of the year	50 749 634	-	50 749 634	72 767 859	22 018 223	

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Accounting Policies and Notes to the Annual Financial Statements

	2024	2023
Note(s)	R	R

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and all values are rounded to the nearest Rand.

1.2 Going concern assumption

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

1.3 Comparative of actual information to budgeted information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2023 to 30 June 2024.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are considered if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

1.4 Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

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Accounting Policies and Notes to the Annual Financial Statements

1.5 Significant judgements and sources of estimation uncertainty

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered too reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

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

The useful lives of assets are based on management's estimation. Management considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These 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 refurbishments.

Allowance for doubtful debts

The Municipality's management in exercising reasonable judgement in determining the provision for doubtful debt has considered GRAP 104, the assessment of the debtors and taking into account the risk factors presented by the debtors (type of debtor, amounts owing, payments history, economic indicators).

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost on its acquisition date.

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.

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1.6 Property, plant and equipment (continued)

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.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

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1.6 Property, plant and equipment (continued)

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).

1.7 Site rehabilitation and restoration costs

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model:

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

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Accounting Policies and Notes to the Annual Financial Statements

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Licenses	Straight-line	1-5 years

Intangible assets are derecognised:

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

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Accounting Policies and Notes to the Annual Financial Statements

1.8 Intangible assets (continued)

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

1.9 Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

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

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

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

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

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

Heritage assets 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 a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment losses, provided that fair value can be measured reliably.

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.

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Accounting Policies and Notes to the Annual Financial Statements

1.9 Heritage assets (continued)

Transfers

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

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

Derecognition

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

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

1.10 Financial instruments

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

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 a municipality 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 a municipality'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, a municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

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Accounting Policies and Notes to the Annual Financial Statements

1.10 Financial instruments (continued)

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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

Liquidity risk is the risk encountered by a municipality 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 a municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of a municipality'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 a municipality.

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 municipality 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 municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial assets include:

- Receivables from exchange transactions;
- Receivables from non-exchange transactions; and
- Cash and cash equivalents.

Financial liabilities include:

- Payables from exchange transactions; and
- Unspent conditional grants.

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

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Accounting Policies and Notes to the Annual Financial Statements

1.10 Financial instruments (continued)

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

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

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Accounting Policies and Notes to the Annual Financial Statements

1.10 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Impairment and uncollectibility of financial assets

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

- **Financial assets measured at amortised cost:**

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

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

- **Financial assets measured at cost:**

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

Derecognition

- **Financial assets**

The municipality derecognises a financial asset only when:

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

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

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

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Accounting Policies and Notes to the Annual Financial Statements

1.10 Financial instruments (continued)

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

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

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

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

- **Financial liabilities**

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

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

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

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Trade payables	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

The municipality 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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1.11 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment

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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1.11 Statutory receivables (continued)

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

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

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

1.12 Value-Added Tax (VAT)

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.

1.13 Income Tax

The Municipality is exempted from income tax in terms of section 10(1)(a) of the Income Tax Act.

1.14 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.

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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1.15 Cash and cash equivalents (continued)

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

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

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

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

1.16 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.

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.

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1.16 Impairment of cash-generating assets (continued)

Value in use

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

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

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.

1.17 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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.

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1.17 Employee benefits (continued)

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.

1.18 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.

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1.18 Provisions and contingencies (continued)

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 37.

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.

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1.19 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.

1.20 Revenue from exchange transactions

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

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

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

Measurement

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

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1.20 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

Recognition

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

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

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1.21 Revenue from non-exchange transactions (continued)

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.

1.22 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.

1.23 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.

1.24 Investment income

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

1.25 Bad debts written off

Before any debt is written off, it is proved that the debt has become irrecoverable.

Irrecoverable debt is debt which cannot be traced successfully; and after all reasonable steps were taken to recover the debt.

Bad debt write offs are considered in terms of cost benefit; when it becomes too costly to recover and the chances of collecting the debt are remote, a write off is considered.

1.26 Comparative figures

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

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1.27 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.

1.28 Fruitless and wasteful expenditure

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

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

1.29 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.

1.30 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.

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Accounting Policies and Notes to the Annual Financial Statements

1.30 Accounting by principals and agents (continued)

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.31 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.

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1.31 Segment information (continued)

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.

1.32 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.

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending online items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2023 to 30 June 2024.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are considered if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

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

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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.

1.33 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.

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1.33 Related parties (continued)

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

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

1.34 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.

1.35 Expenditure

An expense is a decrease in the net financial position of the entity, other than decreases arising from ownership distributions.

An expense arises from exchange and non-exchange transactions, other events such as unrealised increases and decreases in the value of assets and the consumption of assets through depreciation and erosion of service potential and ability to generate economic benefits through impairments.

An expense may arise from individual transactions or groups of transactions.

Expenses are recognised in the Statement of Financial Performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. The recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

Expenses encompasses losses as well as those expenses that arise in the course of the operating activities of the municipality.

Losses represent other items that meet the definition of expenses and may, or may not, arise in the course of the operating activities of the entity. Losses represent decreases in economic benefits or service potential and as such, they are no different in nature from other expenses.

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1.36 Construction Contracts

Construction contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group of items) must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably. Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

The municipality assessed all of the contracts in place and found that those contracts pertaining to the Integrated National electrification programme (INEP) where the Municipality is not licensed would meet the definition in terms of construction contracts Construction Contracts. All of these contracts for the municipality are fixed-price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost-plus or cost-based contract, the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably. An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

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2024
R

2023
R

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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 103 (amended): Heritage assets	No effective date determined	Unlikely there will be a material impact
<ul style="list-style-type: none">Grap 1 (amended): Presentation of Financial Statements	No effective date determined	Unlikely there will be a material impact
<ul style="list-style-type: none">Guideline: Guideline on the Application of Materiality to the Financial Statements	No effective date determined	Unlikely there will be a material impact
<ul style="list-style-type: none">		
<ul style="list-style-type: none">GRAP 25 (as revised): Employee Benefits		

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Figures in Rand

3. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	24 419 190	(12 504 131)	11 915 059	23 334 384	(11 608 097)	11 726 287
Plant and machinery	16 692 745	(12 333 170)	4 359 575	16 469 968	(11 399 613)	5 070 355
Furniture and fixtures	5 849 511	(3 788 910)	2 060 601	5 188 076	(3 405 789)	1 782 287
Motor vehicles	20 879 768	(14 782 199)	6 097 569	20 776 468	(13 371 721)	7 404 747
Office equipment	8 025 831	(5 742 389)	2 283 442	7 785 622	(5 015 701)	2 769 921
Infrastructure	378 032 153	(208 177 303)	169 854 850	346 948 867	(186 826 842)	160 122 025
Community Assets	143 686 365	(30 105 423)	113 580 942	115 116 575	(23 004 204)	92 112 371
Refuse dump	4 821 648	(4 695 059)	126 589	4 821 648	(4 598 426)	223 222
Total	602 407 211	(292 128 584)	310 278 627	540 441 608	(259 230 393)	281 211 215

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Work in Progress	Disposals	Depreciation	Total
Buildings	11 726 287	1 084 806	-	-	(896 034)	11 915 059
Plant and machinery	5 070 355	301 344	-	(10 417)	(1 001 707)	4 359 575
Furniture and fixtures	1 782 287	817 154	-	(4 864)	(533 976)	2 060 601
Motor vehicles	7 404 747	103 300	-	-	(1 410 478)	6 097 569
Office equipment	2 769 921	471 703	-	(7 546)	(950 636)	2 283 442
Infrastructure	160 122 025	-	31 661 849	(300 622)	(21 628 402)	169 854 850
Community Assets	92 112 371	-	28 570 970	-	(7 102 399)	113 580 942
Refuse dump	223 222	-	-	-	(96 633)	126 589
	281 211 215	2 778 307	60 232 819	(323 449)	(33 620 265)	310 278 627

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Work in Progress	Disposals	Newly identified assets	Depreciation	Impairment loss	Total
Buildings	12 509 366	148 453	-	-	28 016	(959 548)	-	11 726 287
Plant and machinery	2 161 154	3 029 650	-	(15 471)	647 699	(752 677)	-	5 070 355
Furniture and fixtures	1 339 442	466 699	-	(8 269)	519 633	(535 218)	-	1 782 287
Motor vehicles	4 272 042	5 231 740	-	(393 564)	-	(1 705 471)	-	7 404 747
Office equipment	2 476 666	842 025	-	(1 931)	488 002	(1 034 841)	-	2 769 921
Infrastructure	170 852 888	86 001	17 379 868	(1 905 796)	-	(26 192 258)	(98 678)	160 122 025
Community Assets	68 941 379	249 644	29 214 222	(10 786)	94 382	(6 376 470)	-	92 112 371
Refuse dump	559 935	-	-	-	-	(336 713)	-	223 222
	263 112 872	10 054 212	46 594 090	(2 335 817)	1 777 732	(37 893 196)	(98 678)	281 211 215

Pledged as security

There were no items of property, plant and equipment that was pledged as security during the current financial year.

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	8 964 039	14 875 946	23 839 985
Additions/capital expenditure	31 661 849	28 570 970	60 232 819
Transferred to completed items	(9 707 034)	(22 795 431)	(32 502 465)
	30 918 854	20 651 485	51 570 339

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	2024 R	2023 R	
3. Property, plant and equipment (continued)			
Reconciliation of Work-in-Progress 2023			
	Included within Infrastructure	Included within Community	Total
Opening balance	12 338 096	15 209 227	27 547 323
Additions/capital expenditure	17 379 868	29 214 222	46 594 090
Transferred to completed items	(20 753 925)	(29 547 503)	(50 301 428)
	8 964 039	14 875 946	23 839 985
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	2 023 992	4 956 521	
Buildings	753 646	518 520	
Infrastructure	10 753 197	5 152 341	
Plant and Machinery	4 324 407	1 934 361	
Community Assets	649 750	14 167 053	
Refuse Dump	2 147 500	2 099 532	
Office equipment	478 262	6 736 050	
Furniture and Fixture	-	1 369 346	
	21 130 754	36 933 724	

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Figures in Rand

4. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	12 475 781	(5 142 568)	7 333 213	7 721 929	(2 236 089)	5 485 840

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Intangible assets	5 485 840	4 753 852	(2 906 479)	7 333 213

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Intangible assets	5 367 600	2 176 107	(2 057 867)	5 485 840

Pledged as security

There were no items of intangible assets that were pledged as security in the current financial year.

Restricted title

There were no items of intangible assets that have a restricted title in the current financial year.

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5. Heritage assets

	2024			2023		
	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 2024

	Opening balance	Total
Mayors' Chain	260 000	260 000

Reconciliation of heritage assets 2023

	Opening balance	Total
Mayors' Chain	260 000	260 000

Pledged as security

There were no items of heritage assets that were pledged as security in the current financial year.

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	2024 R	2023 R
6. Payables from exchange transactions		
Trade payables	287 224	1 730 720
Payments received in advanced	5 457 240	3 653 846
Accrued leave pay	9 683 427	9 788 376
Employee Cost	8 761	3 002
Employee Bonus Provision	1 885 570	-
Retention & Surety	7 301 700	5 616 135
Unallocated deposits	2 568 830	1 723 917
	27 192 752	22 515 996

Payables are being recognised net of any discounts received.

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Staff leave is accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

7. Employee benefit obligations

Defined benefit plan

Carrying value

Opening Balance	1 344 000	1 305 000
Interest Cost	178 000	148 000
Current Service Cost	164 000	158 000
Benefit Payment	(117 000)	(127 000)
Actuarial Loss/(Gain)	(74 000)	(140 000)
	1 495 000	1 344 000

Net expense recognised in the statement of financial performance

Current service cost	164 000	158 000
Interest cost	178 000	148 000
Benefit Payment	(117 000)	(127 000)
Actuarial Loss/(Gain)	(74 000)	(140 000)
	151 000	39 000

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Notes to the Annual Financial Statements

	2024 R	2023 R
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7. Employee benefit obligations (continued)

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.

Financial variable

	Assumed value 30 June 2024	Assumed value 30 June 2023
Discount rate	11,35 %	11,67 %
CPI (Consumer Price Inflation)	5,88 %	6,78 %
Normal Salary Increase Rate	6,88 %	7,78 %
Net Effective Discount Rate	4,18 %	3,61 %

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:

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.

Withdrawal rate

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rate of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

We have illustrated the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	1 602 000	1 495 000	1 400 000
Current Service Cost	188 000	172 000	158 000
Interest Cost	187 000	174 000	162 000

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Notes to the Annual Financial Statements

	2024	2023
	R	R

7. Employee benefit obligations (continued)

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

We have tested the effect of a 1% per annum change in the Normal Salary inflation assumption. The effect is as follows:

	-1% Normal salary inflation	Valuation Assumption	+1% Normal salary inflation
Total Accrued Liability	1 395 000	1 495 000	1 606 000
Current Service Cost	159 000	172 000	186 000
Interest Cost	162 000	174 000	187 000

Valuation Assumption

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.

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 real zero curves as at 28 June 2024 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time 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 years.

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 2024 of 5,4%. The next salary increase was assumed to take place on 01 July 2025.

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	2024 R	2023 R
7. Employee benefit obligations (continued)		
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		
The normal retirement age (NRA) for all active employees was assumed to be 65 years.		
8. Receivables from exchange transactions		
Accrued interest income	1 334 891	138 002
Building Deposit	300 000	300 000
Prepayments	2 413 524	4 306 573
Rentals	182 338	136 654
Refuse	86 655	43 419
Unauthorised debit orders	-	339 063
	4 317 408	5 263 711
Trade and other receivables impaired - Unallocated debit orders		
Unallocated debit order	339 063	518 152
Impairment	-	(179 089)
Movement for the year - Payment received during the year	(339 063)	
	-	339 063
Total receivables from exchange transactions	4 317 408	5 263 711
Prepayments		
Opening Balance	4 306 573	39 415
Net Movement for the year	(1 893 049)	3 892 118
	2 413 524	4 306 573
The current year movement relates to materials that have been purchased in advance.		
Rentals		
Gross balance	744 686	647 933
Bad debt written off	(464 046)	-
Consumer debtors - Provision for bad debts impairment rental - 121 - 365 days	(98 302)	(511 279)
Net Balance	182 338	136 654
Refuse		
Gross balance	1 638 194	928 015
Bad debt written off	(359 732)	-
Impairment	(1 191 807)	(884 596)
Net Balance	86 655	43 419

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	2024 R	2023 R
Refuse		
Current (0-30 days)	163 217	174 245
31 - 60 days	63 609	83 860
61 - 90 days	63 609	83 860
91 - 120 days	63 609	83 853
121 - 365 days	924 420	502 197
	1 278 464	928 015
Summary of debtors by customer classification		
Consumers		
Current (0-30 days)	22 528	35 862
31 - 60 days	11 264	15 368
61 - 90 days	11 264	15 368
91 - 120 days	11 264	15 360
121 - 365 days	115 710	110 953
	172 030	192 911
Less: Allowance for impairment	(168 283)	(178 546)
	3 747	14 365
Industrial / Commercial		
Current (0-30 days)	124 734	131 573
31 - 60 days	44 367	65 088
61 - 90 days	44 367	65 088
91 - 120 days	44 367	65 088
121 - 365 days	707 270	354 632
	965 105	681 469
Less: Allowance for impairment	(903 046)	(652 416)
	62 059	29 053
National and provincial government		
Current (0-30 days)	15 956	6 810
31 - 60 days	7 978	3 405
61 - 90 days	7 978	3 405
91 - 120 days	7 978	3 405
121 - 365 days	101 439	36 610
	141 329	53 635
Less: Allowance for impairment	(120 476)	(53 635)
	20 853	-
Total		
Current (0-30 days)	163 218	174 245
31 - 60 days	63 609	83 861
61 - 90 days	63 609	83 861
91 - 120 days	63 609	83 853
121 - 365 days	924 419	502 195
	1 278 464	928 015
Less: Allowance for impairment	(1 191 805)	(884 597)
	86 659	43 418

Statutory receivables general information

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Notes to the Annual Financial Statements

	2024 R	2023 R
Receivables from non-exchange transactions (continued)		
Service charges impairment		
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. Refuse 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.		
Reconciliation of allowance for impairment (Refuse)		
9. VAT receivable		
VAT	4 833 009	3 072 734
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.		
2023/24 VAT 201's were submitted to SARS up until 30 June 2024.		
The amount disclosed is the net VAT on payables & receivables.		
10. Separate financial statements		
11. Receivables from non-exchange transactions		
Gross balances		
Rates	81 356 631	71 191 343
Traffic fines	160 950	-
Other	143 230	143 230
	81 660 811	71 334 573
Less: Allowance for impairment and Bad debt written off		
Rates - Impairment	(18 918 113)	(61 499 673)
Rates - Bad bebt written off	(60 073 563)	-
Other - Bad debt written off	(143 230)	-
Traffic fines - Impairment	(160 950)	-
Other - Impairment	-	(143 230)
	(79 295 856)	(61 642 903)
Net balance		
Rates	2 364 954	9 691 669
Included in above is receivables from exchange transactions		
Rates	2 364 954	9 691 669
Net balance		
	2 364 954	9 691 669

uMsinga Local Municipality

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Notes to the Annual Financial Statements

	2024 R	2023 R
11. Receivables from non-exchange transactions (continued)		
Rates		
Current (0 -30 days)	2 856 403	3 615 754
31 - 60 days	1 258 842	1 781 690
61 - 90 days	1 202 446	1 773 599
91 - 120 days	1 170 571	1 769 747
121 - 365 days	14 794 803	62 250 553
	21 283 065	71 191 343
Traffic fines		
Current (0 -30 days)	4 800	-
31 - 60 days	5 200	-
61 - 90 days	12 800	-
121 - 365 days	135 750	-
> 365 days	2 400	-
	160 950	-
Less: Allowance for impairment	(160 950)	-
	-	-
Other (specify)		
Current (0 -30 days)	-	3 260
31 - 60 days	-	1 630
61 - 90 days	-	1 630
91 - 120 days	-	1 630
121 - 365 days	-	135 080
	-	143 230
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	145 927	148 385
31 - 60 days	72 963	74 192
61 - 90 days	72 963	74 192
91 - 120 days	72 963	74 192
121 - 365 days	2 443 531	11 350 271
	2 808 348	11 721 232
Less: Allowance for impairment	(2 808 348)	(11 715 751)
	-	5 481
Industrial/ commercial		
Current (0 -30 days)	1 384 167	1 626 786
31 - 60 days	630 674	805 691
61 - 90 days	630 324	804 523
91 - 120 days	630 324	804 149
121 - 365 days	8 342 067	27 866 926
	11 617 556	31 908 075
Less: Allowance for impairment	(11 000 910)	(30 935 748)
	616 646	972 327

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Notes to the Annual Financial Statements

	2024 R	2023 R
11. Receivables from non-exchange transactions (continued)		
National and provincial government		
Current (0 -30 days)	1 326 308	1 843 843
31 - 60 days	555 204	903 437
61 - 90 days	499 158	896 514
91 - 120 days	467 283	893 035
121 - 365 days	4 009 204	23 168 436
	<u>6 857 157</u>	<u>27 705 265</u>
Less: Allowance for impairment	(5 108 852)	(18 991 403)
	<u>1 748 305</u>	<u>8 713 862</u>
Total		
Current (0 -30 days)	2 856 402	3 619 014
31 - 60 days	1 258 841	1 783 320
61 - 90 days	1 202 445	1 775 229
91 - 120 days	1 170 570	1 771 376
121 - 365 days	14 794 802	62 385 633
	<u>21 283 067</u>	<u>71 334 572</u>
Less: Allowance for impairment	(18 918 110)	(61 642 903)
	<u>2 364 957</u>	<u>9 691 669</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(61 642 903)	(53 368 797)
Contributions to allowance	(17 652 953)	(8 274 106)
Debt impairment written off against allowance	60 216 793	-
	<u>(19 079 063)</u>	<u>(61 642 903)</u>

uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
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11. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Determination of transaction amount - Traffic fines

The two types of traffic fines that are issued are:

- 1) Traffic fines issued in terms of the Administrative Adjudication of Road Traffic Offences Act (AARTO Act).
- 2) Traffic fines issued in terms of the Criminal Procedures Act.

Determination of transaction amount - Rates

Property rates are governed by The Local Government: Municipal Property Rates Act 6 of 2004. Property rates values are calculated based on market value of properties as per applicable valuation roll. Provision for bad debts on statutory debtors is determined risk profile of each customer and default rate per risk profile as determined by the municipality.

The transaction amount for property rates is determined in accordance with GRAP 23 on Revenue from non exchange transaction.

Interest or other charges levied/charged

There is no interest charged on Rates debtor.

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

Statutory receivables are assessed for impairment in accordance with GRAP 108. Refe to the impairment methodology document.

Discount rate applied to the estimated future cash flows

A discount rate of 10% was used against the municipality's future cash flow to be derived from gross receivable.

Receivables past due but not impaired

Relating specifically to Statutory Receivables

Receivable accounts that have no balance outstanding longer than 30 days at reporting date are not subject to impairment. At 30 June 2024, R 2 295 738 (2023:R 1 169 744) were past due but not impaired.

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

1 month past due	776 032	373 989
2 month past due	298 789	179 293
3 month past due	249 738	178 125
4-5 months past due	397 918	174 437
6 months and above	573 261	263 901
	<u>2 295 738</u>	<u>1 169 745</u>

Receivables impaired

Relating specifically to Statutory Receivables

As of 30 June 2024, statutory receivables of 18 987 328 (2023: 70 021 599) were impaired and provided for.

The amount of the provision was 18 918 114 30 June 2024 (2023: 61 499 673).

The ageing of these receivables is as follows:

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
11. Receivables from non-exchange transactions (continued)		
Heading		
1 month past due	2 080 372	3 241 765
2 month past due	960 054	1 602 397
3 month past due	952 708	1 592 892
4-5 months past due	1 905 416	1 589 313
6 months and above	13 088 779	61 995 232
	<u>18 987 329</u>	<u>70 021 599</u>

Factors the entity considered in assessing statutory receivables impaired

The municipality took into account past trends in terms of collections. Financial difficulties faced by ratepayers due to the current economic climate. Probability of recovery considering processes available to the municipality.

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.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	<u>72 767 859</u>	<u>52 202 858</u>
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uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023
	R	R

12. Cash and cash equivalents (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods, depending on the immediate cash requirements earn interest at the respective short-term deposit rate.

The following bank accounts listed below were opened and closed during the year under audit:

FNB - Money Market - 62499591777
FNB - Fixed Deposit - 63011161104
FNB - Fixed Deposit - 67202687699
Standard bank - wholesale call deposit - 248875914-009
Standard bank - Fixed Deposit - 248875914-011
Standard bank - Fixed Deposit - 248875914-012
Standard bank - Fixed Deposit - 248875914-013
Standard bank - Fixed Deposit - 248875914-014
Standard bank - Fixed Deposit - 248875914-015
Standard bank - Fixed Deposit - 248875914-016
Standard bank - Fixed Deposit - 248875914-017
Standard bank - Fixed Deposit - 248875914-018
Standard bank - Fixed Deposit - 248875914-019
Standard bank - Fixed Deposit - 248875914-020
Standard bank - Money Market - 248875914-021
Standard bank - Fixed Deposit - 248875914-023
Standard bank - Fixed Deposit - 248875914-024
Standard bank - Fixed Deposit - 248875914-028
Absa - Fixed Deposit - 20-8080-7139
Absa - Fixed Deposit - 20-8151-0931
Absa - Depplus - 93-8466-1141
Absa - Depplus - 93-8652-4977
Absa - Depplus - 93-8708-6562
Absa - Depplus - 93-8708-7526
Absa - Depplus - 93-8709-0111
Absa - Depplus - 93-8709-1141

uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024			2023		
	R			R		
12. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
-Absa Bank Account - Greytown Branch Account Number 4053635886	244 813	3 710 325	10 753 594	244 813	3 461 972	3 268 732
-FNB Bank - Money On Call - Account Number 62499591777	-	1 466 542	1 396 202	-	1 466 542	1 396 202
FNB Bank - Investment Account - Account Number 74820036652	-	-	17 140 318	-	-	17 140 318
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
FNB Bank - Call Account - Account Number 63011161104	-	10 175 575	-	-	10 175 575	-
FNB Bank - Call Account - Account Number 63037647055	49 401	45 833	-	49 401	45 833	-
Absa Bank - Fixed Deposit - 9372793217	5 571 133	5 134 979	-	5 571 133	5 134 979	-
Nedbank - Call Account - 03/7881164492/005	48 168	10 537 198	-	48 168	10 537 198	-
Absa Bank - Fixed deposit - 2080807139	-	865 622	-	-	865 622	-
FNB - Fixed Deposit - 76202687699	-	5 207 039	-	-	5 207 039	-
Standard Bank - 248875914-009	-	15 308 100	-	-	15 308 100	-
Nedbank-Call Deposit- 03/7881164492/000012	82 651	-	-	82 651	-	-
Nedbank - Fixed Deposit - 03/7881164492/000015	20 974 948	-	-	20 974 948	-	-
Standard Bank - 248875914-022	10 754 024	-	-	10 754 024	-	-
Standard Bank - 248875914-026	10 386 411	-	-	10 386 411	-	-
Standard Bank - 248875914-027	10 386 411	-	-	10 386 411	-	-
Standard Bank - BUSINESS CURRENT ACCOUNT - 243176074	14 257 428	-	-	13 611 182	-	-
Standard Bank - 25 199 000 1 - Debit Order account	658 716	-	-	658 716	-	-
Total	73 414 104	52 451 213	49 641 622	72 767 858	52 202 860	42 156 760

uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
13. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Construction of shelters grant	-	559 273
Spluma Grant	-	86 973
Economic Development Grant	90 939	1 000 000
Disaster Relief Grant	5 489 865	-
	5 580 804	1 646 245

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
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14. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Addition	Finance costs	Utilised during the year	Total
Landfill site rehabilitation	6 195 867	-	1 606 755	-	7 802 622
Performance bonus provision	946 778	792 571	-	(761 327)	978 022
	7 142 645	792 571	1 606 755	(761 327)	8 780 644

Reconciliation of provisions - 2023

	Opening Balance	Addition	Finance costs	Utilised during the year	Total
Landfill site rehabilitation	5 687 827	-	508 040	-	6 195 867
Performance bonus provision	941 843	847 041	-	(842 106)	946 778
	6 629 670	847 041	508 040	(842 106)	7 142 645

Non-current liabilities	7 802 622	6 195 867
Current liabilities	978 022	946 778
	8 780 644	7 142 645

Landfill site rehabilitation

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 2023. 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.

Assumptions

	30 June 2024	30 June 2023
Consumer Price Inflation (CPI)	5,26	5,39 %
Discount rate	5,32 %	5,32 %
Net discount rate	5,36 %	5,36 %

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 after an evaluation of performance by the council.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
15. Revenue		
Service charges	1 039 397	1 298 333
Construction contracts	17 391 304	14 295 652
Rental of facilities and equipment	623 084	573 736
Other income	234 286	399 558
Licences and permits	345 281	-
Interest received - investment	10 246 847	6 496 394
Property rates	26 949 649	27 482 532
Traffic fines	160 950	-
Government grants & subsidies	293 469 146	273 952 535
	350 459 944	324 498 740
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1 039 397	1 298 333
Construction contracts	17 391 304	14 295 652
Rental of facilities and equipment	623 084	573 736
Other income	234 286	399 558
Licences and permits	345 281	-
Interest received - investment	10 246 847	6 496 394
	29 880 199	23 063 673
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	26 949 649	27 482 532
Traffic fines	160 950	-
Transfer revenue		
Government grants & subsidies	293 469 146	273 952 535
	320 579 745	301 435 067
16. Service charges		
Refuse Removal	1 039 397	1 298 333
17. Rental of facilities and equipment		
Premises		
Facilities and equipment	623 084	573 736
Rental income includes: Municipal property, community assets (halls), market stalls and ploughing assets. The lease terms range between 1 – 5 years.		
18. INEP Construction contracts revenue		
INEP	17 391 304	14 295 652

uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
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18. INEP Construction contracts revenue (continued)

uMsinga Local Municipality entered into an agreement with department of energy to undertake rural electrification projects on behalf of the department. The municipality's responsibilities include appointment of the service provider, management of the project from the start to the end and paying amounts owed to the service providers. The municipality is required to submit monthly progress reports to the department of energy reflecting stage of completion. The municipality is allocated the grant under Schedule 5B and does not have the licence to provide electricity, It is constructing the asset on behalf of Eskom. The municipality is constructing the asset on behalf of Eskom The INEP Construction Contract Expenses consists mainly of costs incurred to obtain goods and services from suppliers or subcontractors for the construction of Eletrification Infrastructure. The INEP Construction Contract Revenue is recognised on a stage of completion based on the costs incurred. There are no contracts accounted for as work in progress given that costs are expensed when incurred. The amount due for contract work done is recognised as a debtor and disclosed on the note for Receivables from exchange transactions. The amounts received in advance for work to be done is recognised as a liability and disclosed in Payables from exchange transactions.

During the current financial year the Municipality had spent over and above the allocated grant money (the equitable share was discretionarily used to fund expenditure).

Construction contracts relate to agreements entered between the Municipality and Department of Mineral and Energy in respect of Electrification Projects. The Municipality acts as an agent in these arrangements. These arrangements are accounted for in line with GRAP 11 - Construction contracts

19. Lease rentals on operating lease

Lease rentals on operating lease

Contractual amounts	1 688 834	1 500 651
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The Municipality entered into an operating lease agreement as from 01 July 2022 for a period of 3 years with ITEC , 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.

20. Other revenue

Other income	234 286	399 628
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Other income includes: Rates clearance income, library printing income and sales of tender documents.

21. Licences and permits

Road and Transport	345 281	-
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The Municipality has entered into an arrangement with the KwaZulu-Natal Department of Transport for collecting licences and permit fees for all vehicles and customers with the Municipal arrear. The Municipality is an agent to the transaction and all licence and permit fees are determined and handed over to KwaZulu-Natal Department of Transport. The Municipality has the responsibility to appoint the employees to render the services. Therefore, the arrangement has been accounted for as an agent in terms of GRAP 109.

22. Investment revenue

Interest revenue

Interest Received	10 246 847	6 496 394
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Interest from investments arises from favourable bank balance and short term investments.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
23. Property rates		
Rates		
Residential	831 613	896 098
Commercial	11 152 440	10 772 824
State	14 965 596	15 770 397
Municipal	-	43 213
	26 949 649	27 482 532

Rates are levied on an annual basis over 12 monthly installments with the final date for payment being 30 June 2024, in terms of provision of the rates policy.

Valuations

Residential	18 027 000	18 027 000
Commercial	1 488 074 000	1 488 074 000
State	493 896 000	493 896 000
Municipal	56 916 000	56 916 000
Other	35 362 000	35 362 000
	2 092 275 000	2 092 275 000

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 2022/23 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(1)(h) 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.

Certain categories have been amended from the prior year disclosure due to the previous misinterpretation of the valuation report received. The total, however, remained unchanged.

24. Traffic fines

Municipal traffic fines	160 950	-
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The Municipality charged traffic fines for the first time during the current financial year ended 30 June 2024 from the newly-formed traffic department. This department only started operating during the current financial year, therefore, no traffic fines were charged in previous years.

uMsinga Local Municipality

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Notes to the Annual Financial Statements

	2024 R	2023 R
25. Government grants & subsidies		
Operating grants		
Library Grant	1 289 000	1 289 000
Finance Management Grant (FMG)	1 850 000	1 850 000
Extended Public Works Programme	4 046 000	4 867 000
Equitable share	220 592 100	206 532 535
Economic Development Grant	2 908 911	-
Disaster Recovery Grant	12 539 135	-
	243 225 146	214 538 535
Capital grants		
Municipal infrastructure grant	50 244 000	59 414 000
	293 469 146	273 952 535
Equitable Share		
<p>The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. This grant is used to subsidise provision for basic services and for the municipality's operations.</p>		
Municipal Infrastructure Grant (MIG)		
Current-year receipts	50 244 000	59 414 000
Conditions met - transferred to revenue	(50 244 000)	(59 414 000)
	-	-
<p>The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The conditions of the grant were met and no funds have been withheld.</p>		
Finance Management Grant (FMG)		
Current-year receipts	1 850 000	1 850 000
Conditions met - transferred to revenue	(1 850 000)	(1 850 000)
	-	-
<p>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.</p>		
Construction of Shelters Grant		
Balance unspent at beginning of year	559 273	559 273
Condition unmet -Grant transfered back	(559 273)	-
	-	559 273
Spluma Grant		
Balance unspent at beginning of year	86 973	86 973
Condition unmet -Grant transfered back	(86 973)	-
	-	86 973
Extended Public Works Programme		

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Notes to the Annual Financial Statements

	2024 R	2023 R
25. Government grants & subsidies (continued)		
Current-year receipts	4 046 000	4 867 000
Conditions met - transferred to revenue	(4 046 000)	(4 867 000)
	<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	1 289 000	1 289 000
Conditions met - transferred to revenue	(1 289 000)	(1 289 000)
	<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.

Economic Development Grant

Balance unspent at beginning of year	1 000 000	-
Current-year receipts	2 000 000	1 000 000
Conditions met - transferred to revenue	(2 909 061)	-
	<u>90 939</u>	<u>1 000 000</u>

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

Disaster Recovery Grant

Current-year receipts	18 029 000	-
Conditions met - transferred to revenue	(12 539 135)	-
	<u>5 489 865</u>	<u>-</u>

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

uMsinga Local Municipality

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Notes to the Annual Financial Statements

	2024 R	2023 R
26. Employee related costs		
Basic	79 978 129	67 009 096
Bonus	6 284 879	3 842 380
Medical aid - company contributions	2 290 862	1 923 112
UIF	538 107	80 728
Leave payout	473 385	168 733
Travel, motor car, accommodation and subsistence	7 972 175	7 301 413
Overtime payments	777 793	1 024 798
Long-service awards	460 037	131 744
Remuneration of key management	8 826 469	7 590 299
	107 601 836	89 072 303

Remuneration of Municipal Manager

Annual Remuneration	792 863	765 941
Car Allowance	545 294	522 031
Area Allowance	54 529	52 203
Performance Bonus	172 205	167 189
Contributions to UIF, Medical and Pension Funds	19 212	17 801
Other (including backpay)	239 217	154 918
	1 823 320	1 680 083

Remuneration of Chief Finance Officer

Annual Remuneration	650 982	524 844
Car Allowance	445 603	351 977
Area Allowance	44 560	35 406
Performance Bonus	117 824	-
Contributions to UIF, Medical and Pension Funds	14 784	10 727
Other (including backpay)	82 373	52 674
	1 356 126	975 628

On the 1st of September 2022, Mr NG Mvelase was appointed as the new Chief Financial Officer due to the former CFO, Mr TM resigning on the 1st of June 2022. The remuneration provided for the 2024 financial year relates to the full financial period.

Remuneration of Chief Finance Officer - Former

Performance Bonuses	-	125 832
Other (including backpay)	-	34 988
	-	160 820

During the prior year ended 30 June 2022, Mr Nene had tendered his resignation, however he had previously signed a performance agreement in terms of section 51(1)(b) of the municipal system that entitles him to a performance bonus. Performance bonuses are paid one year in arrears as the assessment of eligible employees takes place after year end after an evaluation of performance by the council. His performance was provided for in the 2022 financial year and only paid out in the year ended June 2023.

Remuneration of Director: Planning

Annual Remuneration	650 982	628 878
Car Allowance	447 715	428 615
Area Allowance	44 772	42 861
Performance Bonus	141 389	137 271
Contributions to UIF, Medical and Pension Funds	15 104	14 599

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	2024 R	2023 R
26. Employee related costs (continued)		
Other (including backpay)	159 951	90 399
	1 459 913	1 342 623

Remuneration of Director: Community

Annual Remuneration	650 982	628 878
Car Allowance	447 715	428 615
Area Allowance	44 772	42 861
Performance Bonus	141 389	137 271
Contributions to UIF, Medical and Pension Funds	15 104	14 599
Other (including backpay)	91 969	80 385
	1 391 931	1 332 609

Remuneration of Director: Corporate and Human Resources

Annual Remuneration	650 982	211 186
Car Allowance	439 268	140 791
Area Allowance	43 927	14 079
Performance Bonus	47 130	-
Contributions to UIF, Medical and Pension Funds	14 022	4 312
Other	82 541	18 100
Acting allowance	-	37 625
	1 277 870	426 093

Upon the resignation of the former Corporate Service director, Mr MV Ntanzi, who had resigned on the 30 June 2022, Miss TFN Nkala, the former Corporate Service Deputy director, was appointed as the Acting Director of the Corporate Service department. On the 1st of March 2023, she was officially appointed as the Director of Corporate Services.

Remuneration of Director: Corporate and Human Resources - Former

Performance Bonus	-	137 271
Other (including backpay)	-	37 651
	-	174 922

During the prior year ended 30 June 2022, Mr MV Ntanzi had tendered his resignation, however he had previously signed a performance agreement in terms of section 51(1)(b) of the municipal system that entitles him to a performance bonus. Performance bonuses are paid one year in arrears as the assessment of eligible employees takes place after year end after an evaluation of performance by the council. His performance was provided for in the 2022 financial year and only paid out in the year ended June 2023.

Remuneration of Director: Technical Services

Annual Remuneration	650 982	628 878
Car Allowance	447 715	428 615
Area Allowance	44 772	42 861
Performance Bonus	141 389	137 271
Contributions to UIF, Medical and Pension Funds	15 104	14 599
Other (including backpay)	217 347	82 385
	1 517 309	1 334 609

Remuneration of Former Acting Chief Finance Officer (1 July 2022 to 31 August 2022)

Annual Remuneration	-	91 492
Car Allowance	-	16 815

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	2024 R	2023 R
26. Employee related costs (continued)		
Performance Bonuses	-	15 000
Contributions to UIF, Medical and Pension Funds	-	28 328
Other	-	11 277
	<u>-</u>	<u>162 912</u>

Remuneration of Key Personnel

The Municipal Manager and all Section 57 Managers as well as those directly reporting to the Municipal are appointed on a 5 year fixed contract. They have all signed a performance agreement in terms of section 51(1)(b) of the Municipal Systems Act, No 32 of 2000.

27. Remuneration of Councillors

Executive Mayor	957 219	720 017
Deputy Executive Mayor	779 907	752 274
Speaker	778 478	621 558
Mayoral Committee Members	2 577 343	2 481 674
Councillors	10 078 416	9 695 979
Chief Whip	512 061	413 793
Section 79 committee chairperson	455 521	146 020
	<u>16 138 945</u>	<u>14 831 315</u>

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.

Accounting Officer's certification of Councillors remuneration

The Accounting Officer certifies that the salaries, allowances and benefits of Councillors as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution read with the Remuneration of Public Office Bearer's Act. Refer to note 35 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.

28. Depreciation, amortisation and impairment of assets

Property, plant and equipment	33 619 085	37 589 808
Intangible assets	2 906 479	2 057 867
	<u>36 525 564</u>	<u>39 647 675</u>

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

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	2024 R	2023 R
29. Impairment reversal		
Reversal of impairments		
Property, plant and equipment	-	1 405 000
In 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 of 30 June 2022, the truck had not been delivered to the Municipality. A provision for impairment was provided for in the prior year due to the uncertainty of the delivery of the truck. During the current financial year (2022/23) the truck was delivered to the Municipality and the reversal of the impairment was recorded and the truck was duly capitalised into its respective asset category. No impairment reversal in the current period.		
Unallocated debit orders	-	1 227 434
During the year ended 30 June 2022 the municipality had an 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 orders, however a provision for impairment has been recorded due to doubtfulness of the debit. Municipality has since been able to recover back the total amount of R 1 227 434 and reversed the impairment provision accordingly. No impairment reversal in the current period.		
Rates	61 642 903	-
During the current financial year ended 30 June 2024, the Municipality assessed the accumulated impairment against the outstanding debtor balance and based on the recoverability analysis performed by the Municipality, the accumulated impairment was reversed and the outstanding debtor balance was written off as bad debt.		
Refuse	884 596	-
During the current financial year ended 30 June 2024, the Municipality assessed the accumulated impairment against the outstanding debtor balance and based on the recoverability analysis performed by the Municipality, the accumulated impairment was reversed and the outstanding debtor balance was written off as bad debt.		
Rental	511 279	-
During the current financial year ended 30 June 2024, the Municipality assessed the accumulated impairment against the outstanding debtor balance and based on the recoverability analysis performed by the Municipality, the accumulated impairment was reversed and the outstanding debtor balance was written off as bad debt.		
	63 038 778	2 632 434
30. Finance Cost		
Defined benefit obligations	178 000	148 000
Landfill site	1 606 755	508 040
	1 784 755	656 040
31. Auditors' remuneration		
Fees	1 888 162	1 665 641

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	2024 R	2023 R
32. General expenses		
Advertising, Publicity and Marketing	1 277 767	3 018 880
Auditors remuneration	1 888 162	1 665 641
Bank charges	425 633	244 289
Community assistance expenses	17 609 987	6 414 605
Entertainment	50 485	109 343
Learnership and internship expenses	803 950	1 154 731
Licences	374 778	51 967
Management services	5 267 721	6 114 113
Operational running costs	2 108 531	1 743 568
Protective clothing	1 546 359	833 656
Seating allowance traditional leaders	3 500	6 793
Security	2 851 896	4 114 344
Special projects	3 008 068	10 258 425
Professional Bodies, Membership and Subscription	1 118 785	2 203 301
Subsistence and travel	1 779 541	4 077 236
Telephone and fax	1 165 784	1 339 401
Training and Education	1 842 213	1 274 432
Ward committees	2 649 000	3 429 000
	45 772 160	48 053 725
33. Free basic services		
Electricity	28 262	145 958
34. Operational costs		
Consultant and Professional Services	16 707 450	16 726 175
Contractors	15 502 324	8 306 551
Outsourced Services	17 164 119	9 442 210
Repairs and Maintenance	21 130 754	36 933 724
	70 504 647	71 408 660
35. Cash generated from operations		
Surplus	34 566 730	35 765 096
Adjustments for:		
Depreciation and amortisation	36 525 564	39 647 675
Loss on sale of assets	-	2 335 815
Impairment reversals	(63 038 778)	(2 632 435)
Profit on disposal	(128 059)	-
Bad Debts written off	61 040 572	-
Contribution to impairment	20 369 172	9 282 786
Movements in retirement benefit assets and liabilities	151 000	39 000
Movements in provisions	1 637 999	702 887
Changes in working capital:		
Receivables from exchange transactions	229 467	(1 641 036)
Receivables from non-exchange transactions - consumer debtors	(10 326 238)	(13 097 140)
Payables from exchange transactions	4 676 756	(2 775 862)
VAT	(1 760 275)	313 451
Unspent conditional grants and receipts	3 934 559	1 000 000
	87 878 469	68 940 237

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Notes to the Annual Financial Statements

	2024 R	2023 R
36. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Community Asset	11 268 867	32 133 021
• Infrastructure Asset	15 895 594	30 259 615
	<u>27 164 461</u>	<u>62 392 636</u>
Total capital commitments		
Already contracted for but not provided for	<u>27 164 461</u>	<u>62 392 636</u>
Authorised operational expenditure		
<p>This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated and government grants.</p>		
<p>The amounts as disclosed are VAT inclusive.</p>		
<p>Commitments balance at the end of the financial period excludes retention payments/value, as retention is a creditor and forms part of the accounting records already.</p>		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 282 622	1 282 622
- in second to fifth year inclusive	-	1 282 622
	<u>1 282 622</u>	<u>2 565 244</u>

The Municipality entered into an operating lease agreement as from 01 July 2022 for a period of 3 years with ITEC , 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. No contingent rent is payable.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024 R	2023 R
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37. Contingencies

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: The Municipality has made a proposal to pay an amount of R 130 000, Prestprops declined this proposal and made a further proposal of R 250 00 to be paid in full and as final settlement. The municipality is currently awaiting 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.

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 at 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.

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.

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	2024 R	2023 R
38. Related party		
Relationships		
Accounting Officer	SL SOKHELA	
Directors	NG MVELASE MS XULU SZN MGUNI BP HLUBI TF NKALA	
Executive Mayor	Cllr. FJ SIKHAKHANE	
Deputy Mayor	Cllr. TB MBATHA	
Speaker	Cllr. SG MASIMULA	
Chief whip	Cllr. MW SOKHELA	
Section 79 committee chairperson	Cllr. P DLADLA	
Mayoral Committee Members	Cllr. LB NTULI Cllr. SK RADEBE Cllr. TM NDLOVU Cllr. BP NGCOBO Cllr. N XABA Cllr. PA NKALA	
Councillors	Cllr. H JALI Cllr. ME NGOBE Cllr. M BUTHELEZI Cllr. BE MVELASE Cllr. JB CHONCO Cllr. NM XIMBA Cllr. FF NDLOVU Cllr. F ZUMA Cllr. EM MDLULI Cllr. VS NDLOVU Cllr. M MASIKANE Cllr. SP LANGA Cllr. KJ MKHIZE Cllr. M NTSHAPHA Cllr. S ZONDI Cllr. TL KUNENE Cllr. TN SOKHELA Cllr. MN NDLOVU Cllr. ME MKHIZE Cllr. Z MCHUNU Cllr. MJ NDEBELE Cllr. MS KHOZA Cllr. B DUMAKUDE Cllr. B MTHETHWA Cllr. T MNTUNGWA Cllr. TM MABASO Cllr. MM MYEZA Cllr. DM NDLOVU Cllr. ZE SHANGE Cllr. GB SIKHAKHANE Cllr. P DLADLA	

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	2024	2023
	R	R
38. Related party (continued)		
Traditional Leaders		
	iNkosi. SW MTHEMBU	
	iNkosi. NE MCHUNU	
	iNkosi. ZD MAJOZI	
	iNkosi. TDP MNTUNGWA	

Please note that all directors remuneration have been disclosed above on note number 25.

Related party transactions

All Councillors and Employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.

Remuneration of councillors

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38. Related party (continued)

Management class: Councillors

2024

Name	Annual Remuneration	Travel Allowance	Cellphone Allowance	Total
Executive Mayor	681 018	232 201	44 000	957 219
Deputy Executive Mayor	544 815	189 692	45 400	779 907
Speaker	544 815	188 262	45 400	778 477
Chief Whip	342 064	124 597	45 400	512 061
Section 79 committee chairperson (Incoming)	287 601	122 520	45 400	455 521
Mayoral committee members	1 709 675	595 268	272 400	2 577 343
Councillors	6 465 515	2 251 901	1 361 000	10 078 416
	10 575 503	3 704 441	1 859 000	16 138 944

2023

Name	Annual Remuneration	Travel Allowance	Cellphone Allowance	Other Allowance	Total
Executive Mayor	221 671	92 363	17 000	-	331 034
Former Executive Mayor	273 861	97 522	17 000	600	388 983
Deputy Executive Mayor	529 429	181 445	40 800	600	752 274
Speaker	432 563	147 595	40 800	600	621 558
Chief Whip	276 899	95 494	40 800	600	413 793
Section 79 committee chairperson (Incoming)	52 613	17 538	10 200	-	80 351
Section 79 committee chairperson (Deceased)	43 702	14 567	6 800	600	65 669
Mayoral committee members	1 661 391	571 883	244 800	3 600	2 481 674
Councillors	6 414 598	2 091 361	1 172 034	17 986	9 695 979
	9 906 727	3 309 768	1 590 234	24 586	14 831 315

Additional information

uMsinga Local Municipality

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38. Related party (continued)

During the year previous financial year (2022/23) the former mayor (Cllr DM Ndlovu) was suspended from his mayorship position and the deputy mayor (Cllr TB Mbatha) was appointed to act as the mayor for the period December 2022 to January 2023. The former mayor (Cllr DM Ndlovu) later filed his resignation from the mayorship position and is to remain as an ordinary council. Cllr FJ Sikhakhane was appointed as the new mayor in January 2023.

39. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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.

	2024	2023
Payables from exchange transactions	10 166 515	9 073 773
Unspent conditional grants	55 808 03	1 646 246

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Notes to the Annual Financial Statements

	2024 R	2023 R
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39. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, 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.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	72 767 859	52 202 858
Receivables from exchange transactions	1 903 884	957 138

The amount disclosed for consumer debtors is after the allowance for impairment .

40. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 358 845 871 and that the municipality's total assets exceed its liabilities by 359 105 871.

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

Based on the above discussion, the financial statement have been prepared on a going concern as the effect of the pandemic is going down and the municipality will continue receive funding support from the government.

41. Events after the reporting date

There were no material non-adjusting events that came to the attention of management after the reporting date.

42. Unauthorised expenditure

Opening balance as previously reported	(6 758 601)	(31 987 417)
Add: Unauthorised expenditure - current	-	(6 758 601)
Less: Amount written off by Council	6 758 601	31 987 417
Closing balance	-	(6 758 601)

Unauthorized expenditure arises from the over expenditure that was identified during the comparison of the budget and the actual expenditure incurred as listed below for the prior year. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

Unauthorised expenditure: Budget overspending

Debt impairment	-	(4 282 786)
Loss on disposal of assets	-	(2 335 815)
Actuarial loss	-	(140 000)
	-	(6 758 601)

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	2024 R	2023 R
43. Fruitless and wasteful expenditure		
Opening balance as previously reported	-	141 232
Add: Fruitless and wasteful expenditure identified - current	-	29 691
Less: Amount written off - current	-	(170 923)
Closing balance	-	-

No fruitless and wasteful expenditure was identified during the current year. Fruitless and wasteful expenditure relates to interest and penalties on late payments.

44. Irregular expenditure

Opening balance as previously reported	19 964 376	7 540 783
Add: Irregular expenditure - current	12 073 605	24 531 829
Less: Amount written off - current	(32 037 981)	(12 108 236)
Closing balance	-	19 964 376

Incidents/cases identified/reported in the current year include those listed below:

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 32 037 981 (2023 :R 12 108 236) from the total irregular expenditure amount as it was proven without reasonable doubt that the is indeed receiving the services.

Based on SCM regulation 28, the BAC did not properly evaluate the bidder's ability to execute the contract at evaluation stage, which resulted in the appointment of three service providers to fulfil the tender requirements at an escalated value in comparison to the approved value.	451 558	4 567 453
Three written quotations not invited -Contract awarded to one panel member	1 892 900	2 539 200
Supplier who did not meet the pre-qualifying criteria - BBB-EE points awarded to bidder who did not submit valid B-BBEE status	5 634 393	6 025 006
Failure to meet local content - Invitation to bid did not specify the minimum threshold for local production and content - Invitation to bid did not specify the minimum threshold for local production and content.	4 094 753	9 997 446
Non Compliance CIDB	-	505 419
Competitive bidding	-	897 305
	12 073 604	24 531 829

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government(SALGA)

Current year subscription / fee	1 106 230	1 071 946
Amount paid - current year	(1 106 230)	(1 071 946)
Balance unpaid (included in payables)	-	-

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	2024 R	2023 R
45. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Current year subscription / fee	1 888 162	1 665 641
Amount paid - current year	(1 888 162)	(1 665 641)
	<u>-</u>	<u>-</u>
PAYE and UIF		
Amount paid - current year	15 514 258	13 725 406
Current year subscription / fee	(15 514 258)	(13 725 406)
	<u>-</u>	<u>-</u>
Pension and Medical Aid Deductions		
Opening balance	(3 002)	-
Amount paid - current year	19 107 708	16 685 972
Current year subscription / fee	(19 095 945)	(16 688 974)
	<u>8 761</u>	<u>(3 002)</u>
VAT		
VAT receivable	<u>4 833 009</u>	<u>3 072 734</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

No councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

46. Deviations from the supply chain management regulations

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

All deviations considered by the accounting officer are processed in terms of the SCM regulations and the municipality's SCM policy.

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	2024	2023
	R	R
47. 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:		
Reportable segment	Goods and/or services	
Community and public safety	Social services delivery and protection	
Trading services	Provides trading and support services	
Segment surplus or deficit, assets and liabilities		
2024		
	Community and public safety	Trading services
		Total

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47. Segment information (continued)

Revenue

Revenue from exchange transactions	13 438 337	16 441 862	29 880 199
Revenue from non-exchange transactions	117 563 280	203 016 465	320 579 745
Total segment revenue	131 001 617	219 458 327	350 459 944
Municipality's revenue			350 459 944

Expenditure

Remuneration of Councillors	(16 138 945)	-	(16 138 945)
Lease rentals on operating lease	(279 496)	(1 409 338)	(1 688 834)
General expenses	-	(45 772 160)	(45 772 160)
Employee related Cost	(88 543 213)	(19 058 623)	(107 601 836)
Operational Cost	(16 085 167)	(54 419 480)	(70 504 647)
Bad Debts Written Off	(61 040 572)	-	(61 040 572)
Depreciation and Amortisation	(33 619 085)	(2 906 439)	(36 525 524)
Free baic services	-	(28 262)	(28 262)
Finace Cost	-	(1 784 755)	(1 784 755)
Contribution to impairment	-	(20 369 172)	(20 369 172)
Impairment reversal	-	63 038 778	63 038 778
INEP Construction Contract Expenditure	-	(17 391 304)	(17 391 304)
Total segment expenditure	(215 706 478)	(100 100 755)	(315 807 233)

Total segmental surplus

34 652 711

Actuarial loss

(214 000)

Income tax expense

128 058

Profit on disposal of asset

-

Entity's surplus (deficit) for the period

34 566 769

Assets

Current Assets	37 164 151	47 119 079	84 283 230
Non-current Assets	185 322 247	132 549 593	317 871 840
Total segment assets	222 486 398	179 668 672	402 155 070
Total assets as per Statement of financial Position			402 155 070

uMsinga Local Municipality

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	Community and public safety	Trading services	Total
47. Segment information (continued)			
Liabilities			
Current Liabilities	(3 609 795)	(30 141 782)	(33 751 577)
Non-current Liabilities	(3 609 795)	(5 687 827)	(9 297 622)
Total segment liabilities and net assets	(7 219 590)	(35 829 609)	(43 049 199)
	Community and public safety	Trading services	Total
Reserves			(260 000)
Accumulated Surplus/(Deficit)			(358 845 871)
Total segment liabilities and net assets			(402 155 070)
2023			
	Community and public safety	Trading services	Total
Revenue			
Revenue from non-exchange transactions	-	301 435 067	301 435 067
Revenue from exchange transactions	14 788 124	8 275 550	23 063 674
Total segment revenue	14 788 124	309 710 617	324 498 741
Municipality's revenue			324 498 741

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47. Segment information (continued)

Expenditure

Remuneration of Councillors	(14 826 815)	-	(14 826 815)
Operational Cost	-	(71 408 660)	(71 408 660)
Operating Leases	-	(1 500 651)	(1 500 651)
Employee related Cost	(2 768 716)	(86 303 586)	(89 072 302)
General Expense	(48 053 725)	-	(48 053 725)
Depreciation and Amortisation	(2 057 867)	(37 589 809)	(39 647 676)
Free basic services	-	(145 958)	(145 958)
Contribution to impairment	-	(9 282 786)	(9 282 786)
Finance costs	-	(656 040)	(656 040)
Impairment reversal	-	2 632 435	2 632 435
INEP Construction expenditure	-	(14 295 652)	(14 295 652)

Total segment expenditure (67 707 123) (218 550 707) (286 257 829)

Total segmental surplus

38 240 912

Actuarial loss

(140 000)

Disposal of Fixed and Intangible Assets

(2 335 815)

Entity's surplus (deficit) for the period

35 765 097

Assets

Current Assets	44 822 712	25 408 260	70 230 972
Non-current Assets	520 000	286 437 054	286 957 054

Total segment assets 45 342 712 311 845 314 357 188 026

Total assets as per Statement of financial Position

357 188 026

Liabilities

Current Liabilities	(3 480 200)	(21 628 818)	(25 109 018)
Non-current Liabilities	(1 055 080)	(6 484 787)	(7 539 867)
Reserves	-	-	(260 000)
Accumulated Surplus	-	-	(324 279 141)

Total segment liabilities (4 535 280) (28 113 605) (357 188 026)

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	Community and public safety	Trading services	Total
47. Segment information (continued)			
Total segment liabilities and net assets			(357 188 026)

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Information about geographical areas

All the municipality's operations are located in the Republic of South Africa in the uMzinyathi district area. Information to report on different geographical areas is not available would be expensive and impractical to develop.

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		2024 R	2023 R		
48. Prior Period Error					
Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:					
Statement of financial position					
2023					
	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions		4 888 671	-	375 040	5 263 711
Payables from exchange transactions		(21 408 418)	(732 536)	(375 040)	(22 515 994)
VAT receivable		2 340 199	732 536	-	3 072 734
Property, plant and equipment		279 643 504	1 567 712	-	281 211 215
Accumulated surplus		(322 903 476)	(1 375 666)	-	(324 279 141)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Depreciation, amortisation and impairment of assets		(39 839 721)	192 046	(39 647 675)

Error

Error 1

During the year ended 30 June 2023 it was noted that the municipality had erroneously recorded a project prepayment (material purchase on site) as a liability/Retention of R 375 040.00. The municipality has since corrected the prior year error. The correction did not have any effect on the prior year profit and loss.

Error 2

During the year ended 30 June 2023 it was noted that the municipality had erroneously recorded the retention and surety liability exclusive of VAT. The municipality has since corrected the error, with no impact on the prior year's profit and loss.

Error 3

During the current financial year ended 30 June 2024, the Municipality identified assets that were previously not included in the accounting records but are still in use. The assets identified were then categorised according to function, their cost values determine using the current market value and the condition of the asset was determined to estimate the remaining useful life of each asset.

Error 4

During the current financial year ended 30 June 2024, the Municipality identified assets that were previously not included in the accounting records but are still in use. The assets identified were then categorised according to function, their cost values determine using the current market value and the condition of the asset was determined to estimate the remaining useful life of each asset.

The transaction impacted both the Statement of Financial Position (property, plant and equipment cost and accumulated) and the statement of comprehensive income (Depreciation and newly identified assets/other income). The assets were brought in at carry value as at 1 July 2022 and depreciated during the year.

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Notes to the Annual Financial Statements

2024
R

2023
R

48. Prior Period Error (continued)

Error 5

During the year ended 30 June 2023 the municipality had erroneously depreciated an asset that was still in use to the point of having a negative carrying balance. The municipality has since corrected the error and reassessed the useful life. Both the accumulated depreciation and the depreciation had to be corrected in the previous financial year.

49. Comparative figures

Certain note disclosures have been changed from the prior year in order to enhance disclosure and accuracy.

50. Awards to close family members - SCM Regulation 45

Name of person employed by the municipality	Position/ job title at the municipality	Related Supplier name	Award amount
Thokozani Moses Mabaso	Ordinary councillor	HBZ Transport	25 350
Simosenkosi Innocent Sikhakhane	Security guard	Mlaba's Trading and Projects	96 960
Mzowandayo Michael Sokhela	Ordinary Councillor	Micho Khathide Tradings	1 069 409
Welcome Mkhokiseni Mpanza	Ordinary Councillor	Siyejabula Trading	905 266
Thokozani Moses Mabaso	Ordinary Councillor	Mvulahlathi trading and project	16 700

51. Budget differences

Material differences between budget and actual amounts

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51. Budget differences (continued)

Material differences was considered for variances above 10% in the budget statement.

51.1 - The municipality wrote off majority of its debtors. This is coupled with new SLAs that were signed, along with an increase in tariffs.

51.2 - Due to the volatile and unexpected nature, this income is extremely difficult to accurately budget. Therefore, significant fluctuations are expected each year.

51.3 - Due to this being the first year of operation of the newly-formed traffic department, the Municipality was unable to accurately budget for this item. Therefore, fluctuations are expected whilst the budget is re-assessed each year.

51.4 - Due to this being the first year of operation of the newly-formed traffic department, the Municipality was unable to accurately budget for this item. Therefore, fluctuations are expected whilst the budget is re-assessed each year.

51.5 - The Municipality wrote off a significant portion of their debtors balance, which resulted in the reduced impairment required in the current financial year than what was budgeted for

51.6 - The Municipality wrote off a significant portion of their debtors balance, which resulted in the municipality reversing the accumulated impairments accounted to date in the current financial year

51.7 - Due to the volatile and unexpected nature, this expense is extremely difficult to accurately budget. This expense is linked to consumption by the beneficiaries of the free basic services, which does fluctuate month-to-month

51.8 - Due to the aggressive cost-cutting policies and procedures implemented by the Municipality, this has resulted in significant decreases in multiple expenses as compared to the budget. This has assisted the Municipality with achieving better cashflow due to less expenditure being incurred.

51.9 - Due to the reduction of the allocation of the related grant received from the Government.

51.10 - Due to the aggressive cost-cutting policies and procedures implemented by the Municipality, this has resulted in significant decreases in multiple expenses as compared to the budget. This has assisted the Municipality with achieving better cashflow due to less expenditure being incurred.

51.11 Due to the municipality writing off a large portion of its outstanding debtor balances in the current year, coupled with the impairments processed in the current year.

51.12 Due to the municipality writing off a large portion of its outstanding debtor balances in the current year, coupled with the impairments processed in the current year.

51.13 Due to the municipality's aggressive debt collection policies implemented, which has resulted in consumers paying the balances due to the municipality more timeously.

51.14 Due to the municipality's aggressive debt collection policies implemented, which has resulted in consumers paying the balances due to the municipality more timeously

51.18 Due to the new bonus provision at year-end that was not considered during the budget phase.

51.19 Due to the Disaster Relief Grant that was largely unspent at year-end.

51.20 Due to the increase in the interest cost due to interest rates increasing unexpectedly.

51.21 Due to the landfill site rehabilitation cost not being included in the budget in error. This will be included in the upcoming budget.

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51. Budget differences (continued)

51.22 Due to the municipality's aggressive debt collection policies implemented, which has resulted in consumers paying the balances due to the municipality more timeously.

51.23 Due to the increase in receipts from revenue, which resulted in higher bank balances and consequently higher interest earned.

51.24 Due to the municipality's aggressive debt collection policies implemented, which has resulted in consumers paying the balances due to the municipality more timeously.

CHAPTER 6: AUDITOR GENERAL FINDINGS

6.1 MUNICIPAL ACTION PLAN IN RESPONSE TO AG FINDINGS

The uMsinga local municipality achieved the unqualified with no matters (Clean Audit) for the year under review. The Municipality has however developed an action plan in response to the findings raised on Annexure B as reflected in the Auditor General's Management Report for the year ending 30 June 2024, to ensure that the matters are addressed accordingly.

TABLE 36: uMSINGA MUNICIPALITY: ACTION PLAN TO ADDRESS AG AUDIT FINDINGS

NR.	NATURE OF AUDIT QUERY	AUDIT QUERY	ACTION STEPS	DUE DATE
1.	Human resource management	Non-compliance with the termination of service policy of the municipality.	Engage with all affected employees. Notify all the affected employees about their termination of service to the municipality. Terminate contracts for all employees above the age of 65.	30/01/2025
2.	Human resource management	The personal security policy of the municipality is not in line with the law.	Review the policy Submit the policy to council for adoption Policy implementation	30/03/2025
3.	IT Security management	Outdated and unsupported operating systems identified on servers and workstations connected to the network makes them vulnerable to security threats, malicious and cyberattacks	Update Active Directory which all Servers and Workstations connect to. Migrate all users and computers to the new Active Directory Domain.	28/02/2025
4.	IT Governance	Inadequate IT governance controls may prevent the IT department from providing appropriate support which could negatively affect municipal operations	Review current IT governance Policy to current support standards and separate Internal and External / Service Provider IT Support	30/03/2025
5.	IT Security management	Inadequately implemented security management controls could widen the threat landscape and render the network vulnerable from outside attacks	Update the software security policy on Active Directory to meet the standard on the approved security policy	30/03/2025
6.	IT: Security management	Non-compliance with password configuration settings on the Sage 200 Evolution and Sage 300 People systems makes user accounts more susceptible to being easily compromised.	The Municipality has moved from Sage to Munsoft and The Password has already been set to be complex UPPER CASE Lower case Number	31/01/2025

NR.	NATURE OF AUDIT QUERY	AUDIT QUERY	ACTION STEPS	DUE DATE
			Special character	
7.	IT: User access management	Inadequate user access management controls implemented on the Windows Active Directory may lead to unauthorised activities performed remaining undetected	Update Active Directory to limit access per department, function, and activity.	28/02/2025
8.	IT: User access management	Inadequate user access management controls implemented on the Sage 200 Evolution system may result in unauthorised activities performed remaining undetected.	As We are using Munsoft access is granted upon management approval via email Section / unit heads will perform user access review and monitor user activities	30/01/2025
9.	IT: User access management	Inadequate user access management controls implemented on the Sage 300 People system may result in unauthorised activities performed remaining undetected.	As We are using Munsoft access is granted upon management approval via email Section / unit heads will perform user access review and monitor user activities	30/01/2025
10.	Physical and environmental control	Inadequately implemented physical and environmental controls may have a negative impact on the overall performance, reliability and security of information technology infrastructure	Upgrade Server Room and Network Cabinets. Restrict Access to Server room and Network Cabinets to IT personnel and Selected Service Provider Personnel	28/02/2025
11.	IT Services continuity	Inadequate IT service continuity controls for the Windows Active Directory, Sage 200 Evolution and Sage 300 People systems could lead to the municipality not being able to recover and restore data and systems	On Munsoft backups are done daily and reports are shared monthly. Backup Restore Quarterly done and signed off.	28/02/2025
12.	Program change management	Inability to generate change logs from the Windows Active Directory, Sage 200 Evolution and Sage 300 People systems could lead to management not identifying unauthorised changes implemented.	Munsoft has an audit trail for any changes made	30/01/2025

6.2 AUDIT COMMITTEE

Internal Audit: An Internal Audit (IA) unit has been established internally and at present it consists of three (3) personnel (Manager, Officer and the intern). The Municipality annually review its internal audit plan 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. The municipality in order to capacitate the internal audit unit have outsourced the internal auditors to assist in transferring the skills to the municipal auditors and to ensure the quality of the audit reports.

6.2.1 AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2024

The Audit and Performance Committee presents its annual report for the financial year ended 30 June 2024.

6.2.1.1 Responsibility

The uMsinga Local Municipality (herein referred to as the municipality) has constituted its Audit and Performance Audit and Performance Committee (herein referred to as the Audit and Performance Committee) to function in terms of the provisions of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Audit and Performance Committee is an independent advisory body to the Council, Accounting Officer and the management and staff of the municipality on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; the MFMA and any other applicable legislation; performance evaluation; and any other issues.

The role of the Audit and Performance Committee is to promote accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation. The Audit and Performance Committee is also expected to review the annual financial statements to provide an authoritative and credible view of the municipality, its efficiency and effectiveness and its overall level of compliance with applicable legislation. Both the Internal and External Auditors had unrestricted access to the Audit and Performance Committee during the year under review.

6.2.1.2 Terms of Reference

The Audit and Performance Committee is constituted in terms of the requirements of sound corporate governance practices and operates in accordance with a written charter that incorporates the specific requirements of section 166 of the MFMA. These terms of reference may from time to time be amended as required, subject to the approval of the Council.

6.2.1.3 Composition of the Audit Committee

In terms of the approved Audit and Performance Committee Charter, The Audit and Performance Committee will comprise of at least four independent members with appropriate experience and skills, who are not in the employ of the municipality, to enable the Committee to discharge the responsibilities set out in section 166 (2) of the MFMA.

Members of the Audit and Performance Committee as of 30 June 2024 were:

NAME	POSITION	APPOINTMENT DATE	TERMINATION DATE
Mr N Mchunu (NM)	Chairperson	01 July 2021	N/A
Mr V Makhunga (VM)	Member	01 July 2021	N/A
Ms S Khanyile (SK)	Member	01 July 2021	N/A
Ms ST Mthembu (STM)	Member	01 July 2021	N/A
Ms N Shabalala (NS)	Member	01 July 2021	N/A

6.2.1.4 Activities

The Audit and Performance Committee met nine (9) times during the financial year ended 30 June 2024:

Meeting Date	Type: Ordinary/Special	Attendance of members				
		NM	SK	VM	STM	SN
29 August 2023	Special Meeting – Review of AFS	✓	✓	✓	✓	✓
31 August 2023	Special Meeting – Review of AFS	✓	✓	✓	✓	✓
12 December 2023	Ordinary Meeting	✓	✓	✓	✓	✓
23 January 2024	Annual Report & APR	✓	✓	✓	✓	✓
27 February 2024	Adjustment Budget	✓	✓	✓	✓	✓
26 March 2024	Draft budget, SDBIP & IDP	✓	✓	✓	✓	✓
28 June 2024	IA Plan, Charter meeting	✓	✓	✓	✓	✓

The Audit and Performance Committee, inter alia, carried out the following functions in terms of the Audit and Performance Committee Charter and the statutory responsibilities in terms of Section 166(2) of the MFMA. Advised council, the political office-bearers, the Accounting Officer, and the management staff of the municipality on matters relating to:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation;
- Performance evaluations; and
- Any other issues referred to it by the municipality.
- Reviewed, with Management and amended the Audit and Performance Committee Charter.
- Reviewed and approved the three-year rolling Internal Audit and Annual Internal Audit Plans including prioritization of audit coverage considering the outputs of the risk assessments performed.
- Reviewed executive summaries of all internal audit reports issued. R
- Reviewed the reporting by internal audit on performance management and performance information.
- Issued reports and recommendations to Council on performance management and performance information.

- Reviewed the Annual Financial Statements, the Final Management Report of the Auditor-General (hereinafter referred to as the A-G); the Report of the A-G on the annual financial statements; the findings of the A-G on predetermined objectives and compliance with certain laws and regulations, and A-G's detailed management letter.
- Deliberated on the implementation of MSCOA and system changes.
- In addition to the above, performed its responsibilities in terms of Performance Management (as stipulated in Regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulation, 2001); Internal Audit; the Control Environment; Risk Management; External Audit; Compliance with laws, regulations, and ethics; Information Technology and related Governance; and Combined Assurance.
- Considered other matters as deemed appropriate.

6.2.1.5 Audit and Performance Committee Responsibilities

The Audit and Performance Committee reports that it has complied with its responsibilities arising from **Sections 165 and 166 of the Municipal Finance Management Act (MFMA)**. The Audit and Performance Committee reports that it has adopted an appropriate Audit and Performance 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.

6.2.1.6 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 2024. The Audit and Performance 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 and Performance 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 and Performance Committee monitoring implementation of corrective actions. During the period under review, the Internal Audit function made significant progress in implementing the 2023/24 Internal Audit Plan, completing 100% of planned projects, with only.

6.2.1.7 Financial Management and Reporting

The Audit and Performance Committee is satisfied with the content and quality of monthly (S71), quarterly (S52) and mid-year (S72) reports prepared and issued during the year under review in compliance with the statutory framework. The Audit and Performance Committee engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. The Committee has recommended that specific processes be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

6.2.2 PERFORMANCE MANAGEMENT

Part of the responsibilities of the Audit and Performance Committee includes the review of performance management. The Audit and Performance 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 and Performance Committee is satisfied that the performance report has been prepared in terms of the MFMA, MSA and the related Regulations.

6.2.3 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 and Performance Committee concurs and accepts the conclusions of both the Internal Audit and the Auditor-General on the matters they have raised during their 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 and Performance Committee:

Mr N Mchunu
Audit and Performance Committee Chairperson

ANNEXURE D: SIGNED AUDIT REPORT 2023-2024

REPORT OF THE AUDITOR-GENERAL TO KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON 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 6 to 85, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMsinga Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act No. 56 of 2003 (MFMA) and the Division of Revenue Act No. 5 of 2023 (Dora).

Basis for opinion

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

Emphasis of Matter

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

Material impairment - receivables

7. As disclosed in note 11 to the financial statements, the municipality recognised a provision for impairment on receivables of R19,08 million, (2022-23: R61,64 million) as the recoverability of these debts was considered doubtful.

Other Matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

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

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 7, forms part of our auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
15. I selected the following KPA presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

KPA	Page numbers	Purpose
Basic service delivery	89 - 101	Provision of basic services

16. I evaluated the reported performance information for the selected KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using

these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

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

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

19. I did not identify any material findings on the reported performance information for the KPA.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

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

22. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 88 to 108.

Basic service delivery

<i>Targets achieved: 88%</i> <i>Budget spent 100%</i>		
KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
Percentage of Upgrade of Pomeroy Internal Roads #2 (1 km) constructed and completed (the remaining 60% of the project scope) by 30/06/2024	100%	92%

Percentage constructed and completed at Pomeroy Multi-Purpose Community Centre (10% of the project scope) by 30/06/2024	10%	0%
Percentage of Pomeroy Taxi Rank constructed and completed (the remaining 63% of the project scope) by 30/06/2024	100%	92%
Percentage constructed and completed of Debedebeni Sports field (the remaining 90% of the project scope) by 30/06/2024	100%	90%

Material misstatements

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

REPORT ON COMPLIANCE WITH LEGISLATION

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
27. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

28. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected KPA presented in the annual performance report that have been specifically reported on in this auditor's report.
29. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. The other information I obtained prior to the date of this auditor's report are general information, the foreword by the mayor, the foreword by the municipal manager, governance report, as well as organisational development and performance, and the

oversight report and audit committee report are expected to be made available to us after 30 November 2024.

32. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
33. When I do receive and read the oversight report and audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Pietermaritzburg

10 December 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATION AND COUNCIL ATTENDANCE

TABLE 37: LIST OF UMSINGA LOCAL MUNICIPALITY COUNCIL 2021-2026

NO.	NAME OF COUNCILOR	EMAIL ADDRESS	WARD	DESIGNATION & PARTY
1.	Mayor: Cllr FJ Sikhakhane	mayor@umsinga.gov.za	07	The Mayor/PR/IFP
2.	Deputy Mayor: Cllr TB Mbatha	thenjiwe.mbatha@umsinga.gov.za	02	Deputy Mayor/WC/IFP
3.	The Speaker: Cllr SG Masimula	masimulasifundo3@gmail.com	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	ephraimfanisenimdluli@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
12.	Cllr H Jali	-	14	PR/ABC
13.	Cllr P Dladla	pheelani.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
19.	Cllr DM Ndlovu	Douglas.ndlovu@umsinga.gov.za	13	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 MJ Ndebele		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

NO.	NAME OF COUNCILOR	EMAIL ADDRESS	WARD	DESIGNATION & PARTY
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	snthemba.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

TABLE 38: ATTENDANCE REGISTER FOR COUNCIL MEMBERS

NAME OF COUNCILOR	DATE: Q1		DATE: Q2		DATE: Q3			DATE: Q4
	26/07/23	30/08/23	04/10/23	29/11/23	31/01/24	28/02/24	27/03/24	22/05/24
Mayor: Cllr FJ Sikhakhane	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor: Cllr TB Mbatha	✓	✓	✓	X	✓	X	✓	✓
The Speaker: Cllr SG Masimula	✓	✓	X	✓	✓	✓	X	✓
Cllr M Buthelezi	✓	✓	X	X	✓	✓	✓	✓
Cllr T Mntungwa	✓	✓	✓	✓	✓	✓	✓	✓
Cllr EM Mdluli	✓	✓	X	✓	✓	✓	X	✓
Cllr TM Ndlovu	X	✓	✓	✓	✓	✓	✓	✓
Cllr MW Sokhela	✓	✓	✓	X	✓	✓	✓	✓
Cllr BE Mvelase	✓	✓	✓	X	✓	✓	✓	✓

NAME OF COUNCILOR	DATE: Q1		DATE: Q2		DATE: Q3			DATE: Q4
	26/07/23	30/08/23	04/10/23	29/11/23	31/01/24	28/02/24	27/03/24	22/05/24
Cllr VS Ndlovu	✓	✓	✓	✓	x	x	✓	x
Cllr H Jali	✓	✓	✓	x	✓	✓	✓	✓
Cllr P Dladla	✓	✓	x	✓	✓	x	✓	x
Cllr SP Langa	X	✓	✓	x	✓	✓	✓	✓
Cllr GB Sikhakhane	✓	✓	✓	✓	✓	✓	✓	x
Cllr F Zuma	✓	✓	✓	✓	✓	✓	✓	✓
Cllr MS Khoza	✓	✓	✓	✓	✓	✓	✓	✓
Cllr M Ntshapha	✓	✓	✓	✓	✓	✓	✓	✓
Cllr DM Ndlovu	✓	x	✓	x	✓	✓	x	✓
Cllr Z Mchunu	✓	✓	✓	x	✓	✓	✓	✓
Cllr B Dumakude	✓	✓	✓		✓	✓	x	✓
Cllr MN Ndlovu	✓	✓	✓	✓	✓	✓	x	✓
Cllr MJ Ndebele	✓	✓	✓	✓	✓	✓	✓	x
Cllr LB Ntuli	X	x	✓	✓	✓	✓	✓	✓
Cllr JB Chonco	✓	✓	✓	✓	✓	✓	x	✓
Cllr TNN Sokhela	X	✓	✓	✓	✓	✓	✓	x
Cllr PAG Nkala	✓	✓	✓	✓	✓	✓	✓	✓
Cllr ME Ngobe	✓	✓	✓	✓	✓	✓	✓	✓
Cllr MMS Myeza	✓	✓	✓	✓	✓	✓	✓	✓
Cllr B Mthethwa	✓	x	✓	✓	✓	✓	✓	x
Cllr N Xaba	✓	✓	✓	✓	✓	✓	✓	✓
Cllr NM Ximba	✓	✓	✓	✓	✓	✓	x	✓
Cllr FF Ndlovu	✓	✓	✓	✓	✓	✓	✓	✓
Cllr ZE Shange	✓	✓	✓	✓	✓	✓	x	✓
Cllr TL Kunene	X	✓	✓	✓	x	✓	✓	x

NAME OF COUNCILOR	DATE: Q1		DATE: Q2		DATE: Q3			DATE: Q4
	26/07/23	30/08/23	04/10/23	29/11/23	31/01/24	28/02/24	27/03/24	22/05/24
Cllr SK Radebe	✓	✓	✓	✓	✓	✓	✓	✓
Cllr KJ Mkhize	✓	✓	✓	✓	✓	✓	✓	✓
Cllr TM Mabaso	X	✓	✓	X	✓	X	✓	X
Cllr S Zondi	✓	X	✓	✓	✓	✓	✓	X
Cllr ME Mkhize	✓	✓	X	X	✓	✓	✓	X
Cllr BP Ngcobo	✓	✓	✓	✓	✓	X	✓	✓
Cllr M Masikane	X	✓	✓	X	✓	✓	✓	✓

APPENDIX B: ATTENDANCE REGISTER FOR EXCO MEMBERS

NAME OF COUNCILOR	DATE: Q1			DATE: Q2			DATE: Q3			DATE: Q4		
	21/07/23	24/08/23	22/09/23	30/10/23	27/11/23	20/12/23	24/01/24	21/02/24	20/03/24	24/04/24	20/05/24	26/06/24
Mayor: Cllr FJ Sikhakhane	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor Cllr TB Mbatha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr BP Ngcobo	✓	✓	✓	✓	✓	X	✓	✓	✓	X	✓	✓
Cllr LB Ntuli	X	✓	✓	X	✓	✓	✓	X	✓	✓	✓	✓
Cllr PAG Nkala	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr N Xaba	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr TM Ndlovu	X	✓	✓	✓	X	X	✓	✓	X	✓	✓	✓
Cllr SK Radebe	X	✓	✓	✓	X	✓	✓	X	X	✓	X	X

APPENDIX C: COMMITTEE AND COMMITTEE'S PURPOSE

uMSINGA 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.

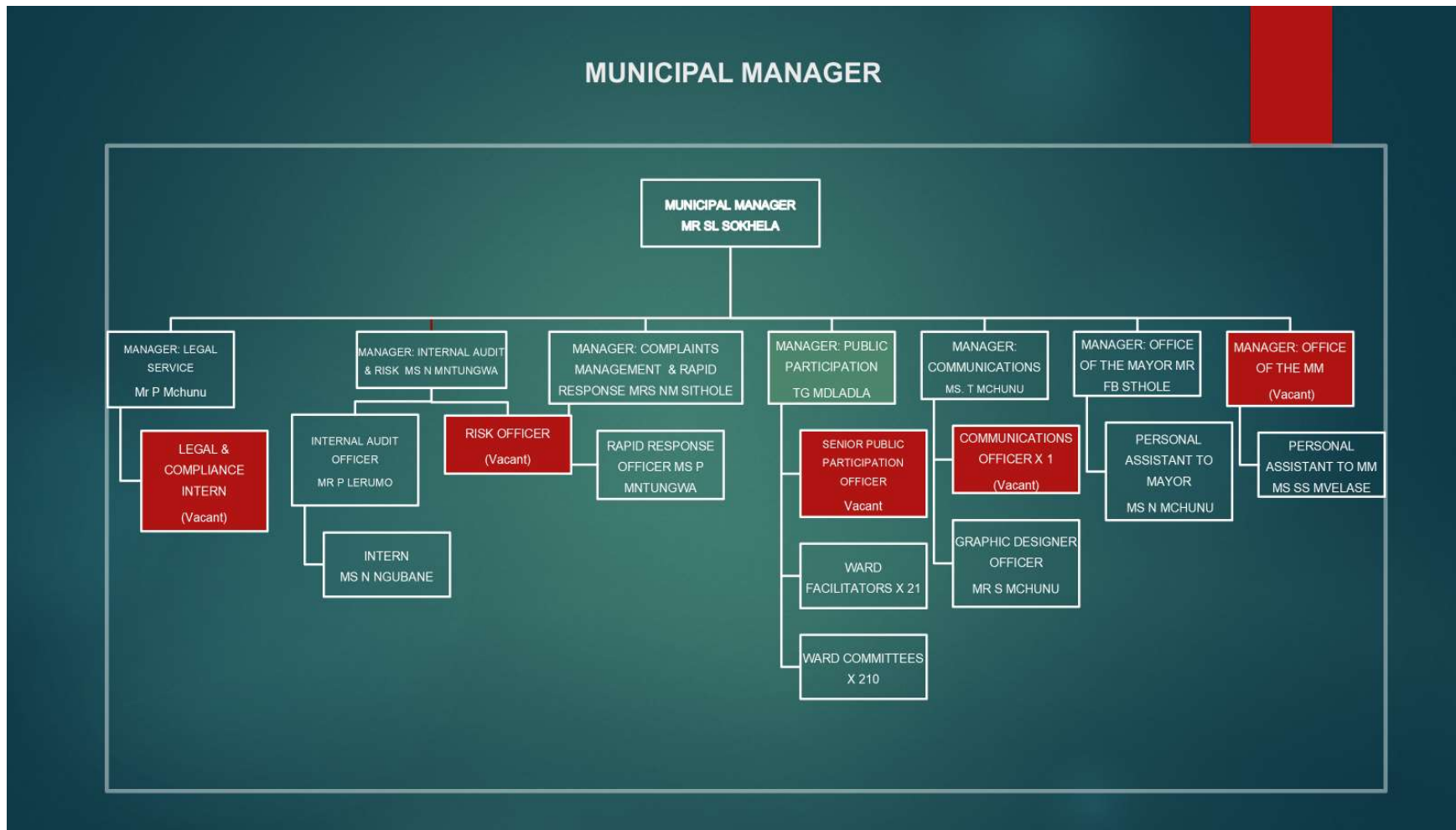
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

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.

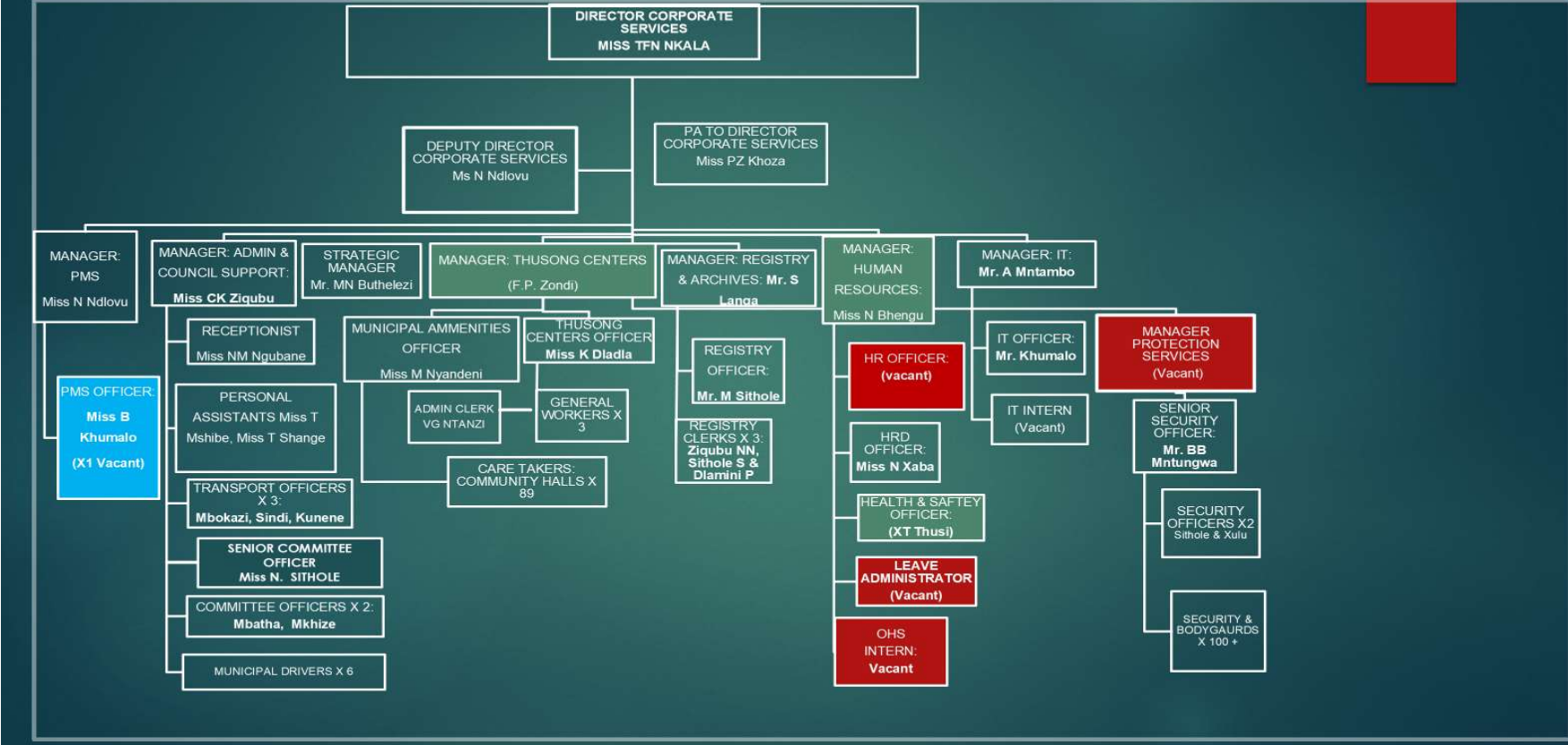
The primary functions of MPACs are the following:

- 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);

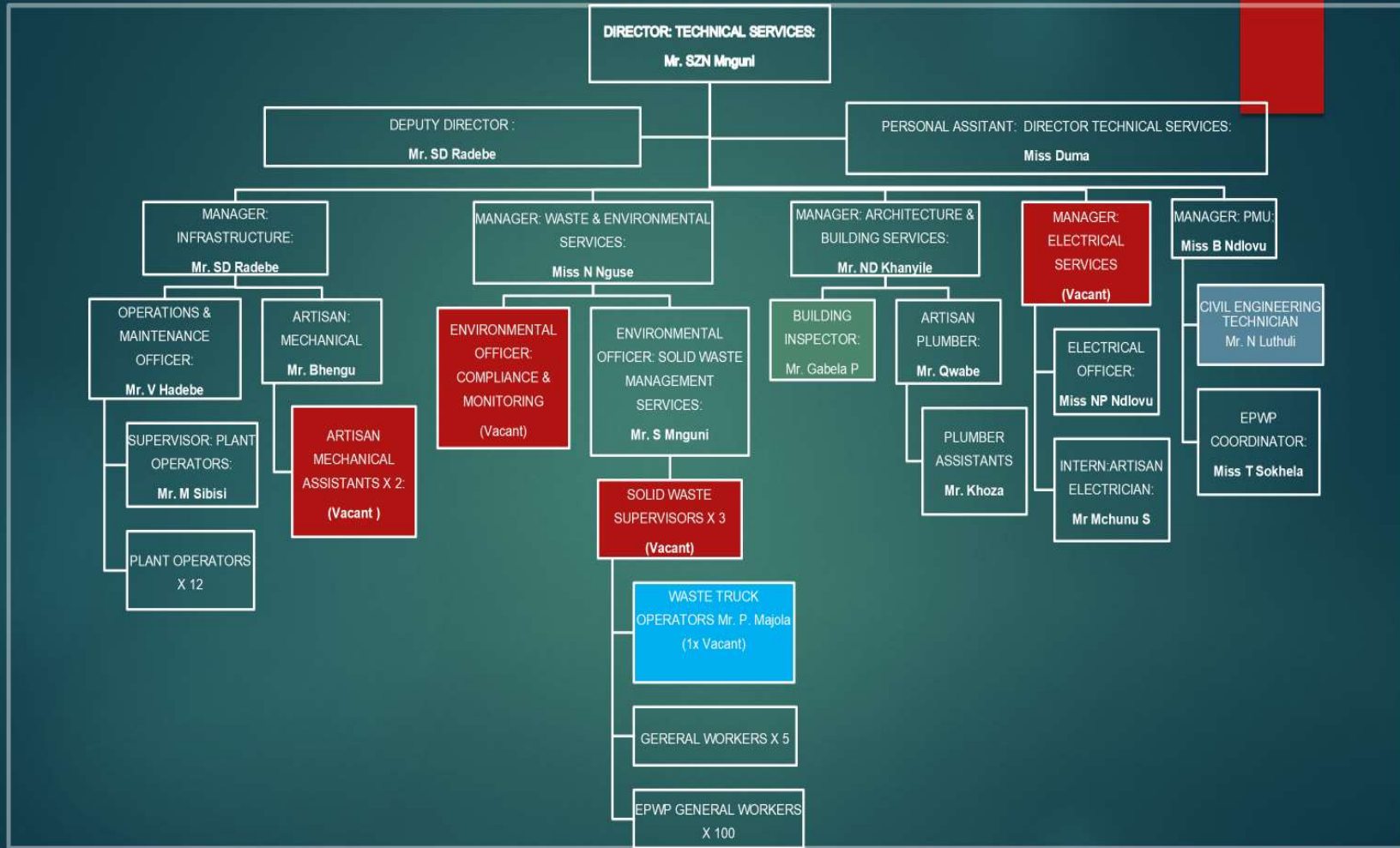
APPENDIX D: THIRD TIER ADMINISTRATIVE STRUCTURE

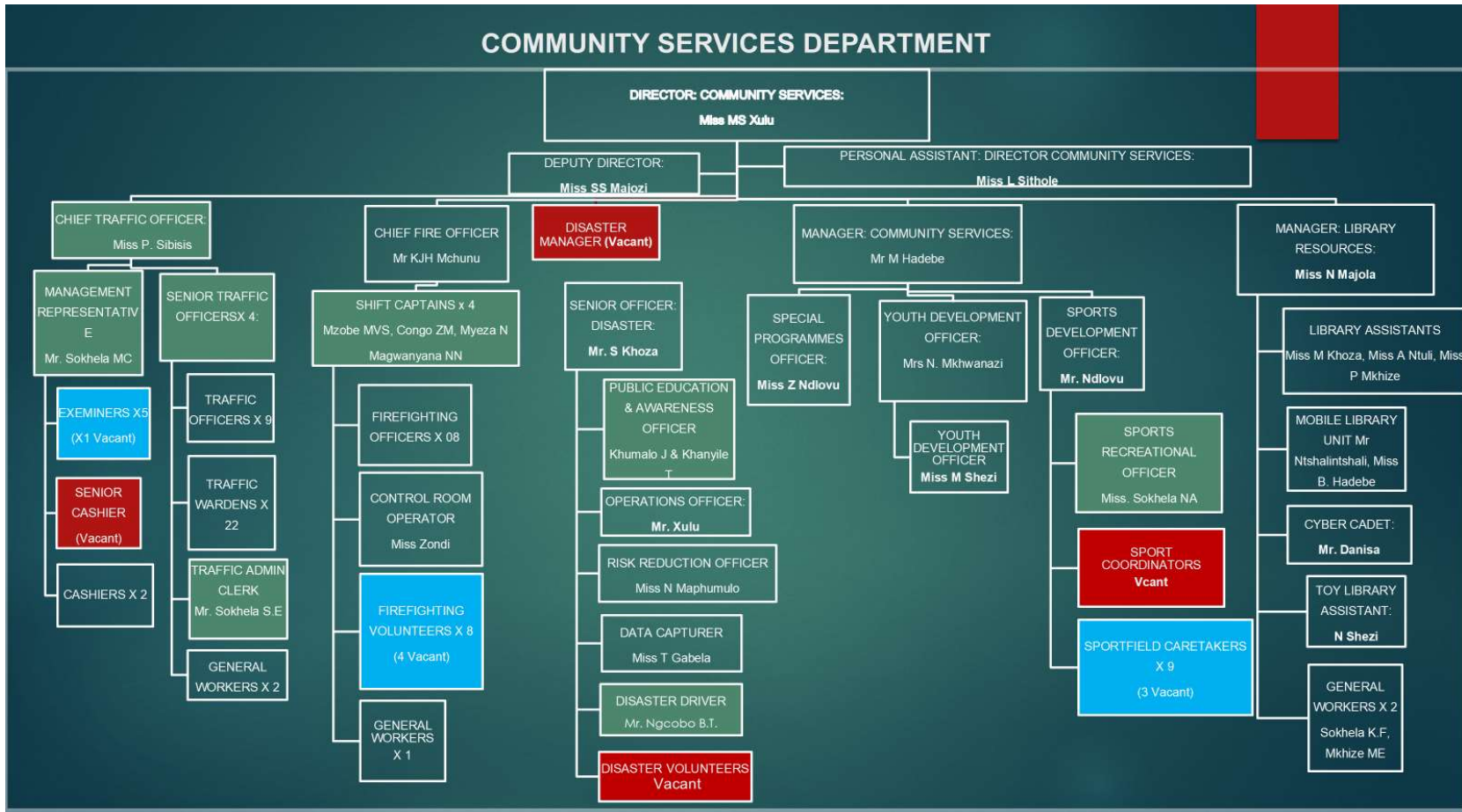


CORPORATE SERVICES DEPARTMENT

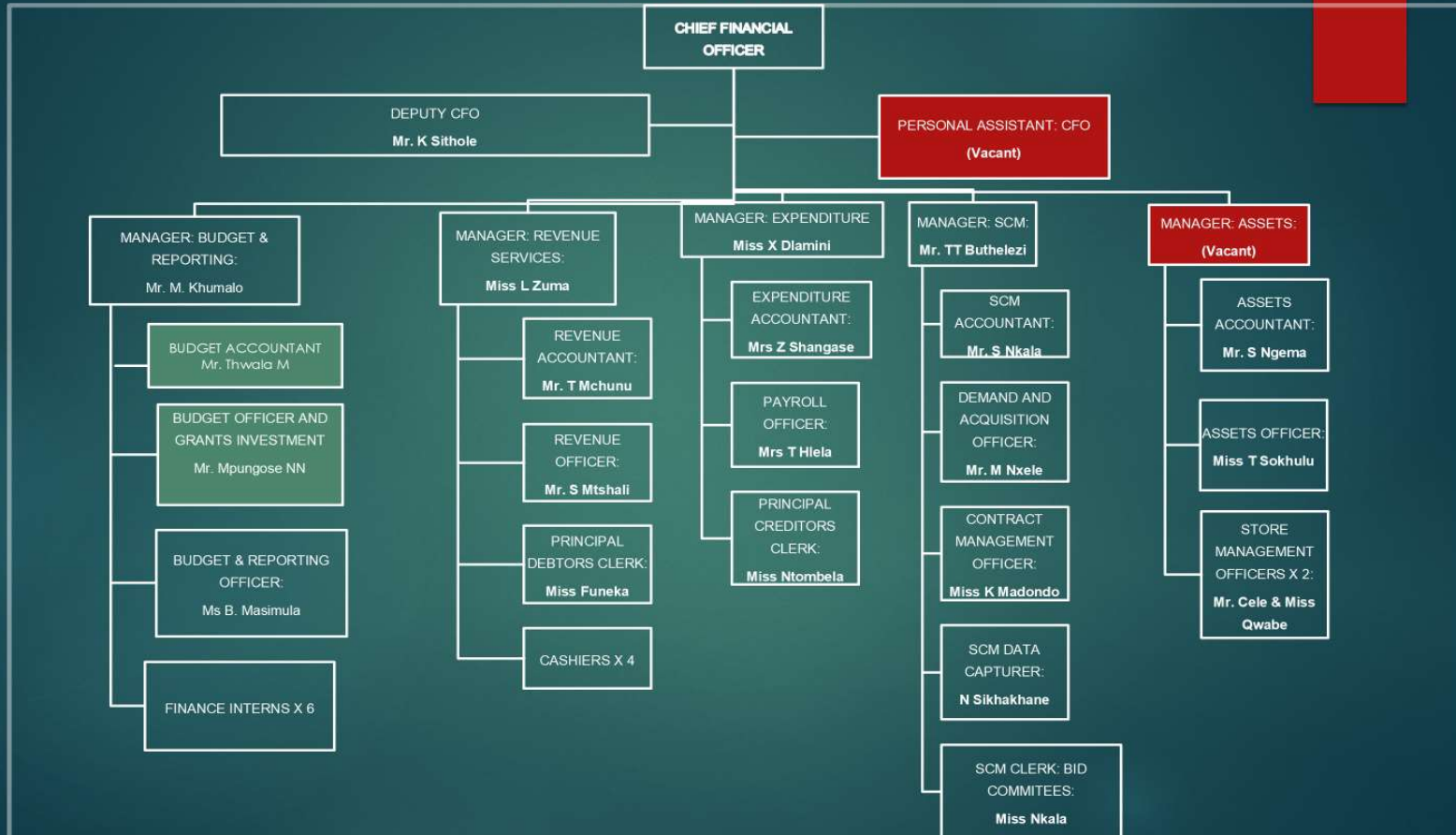


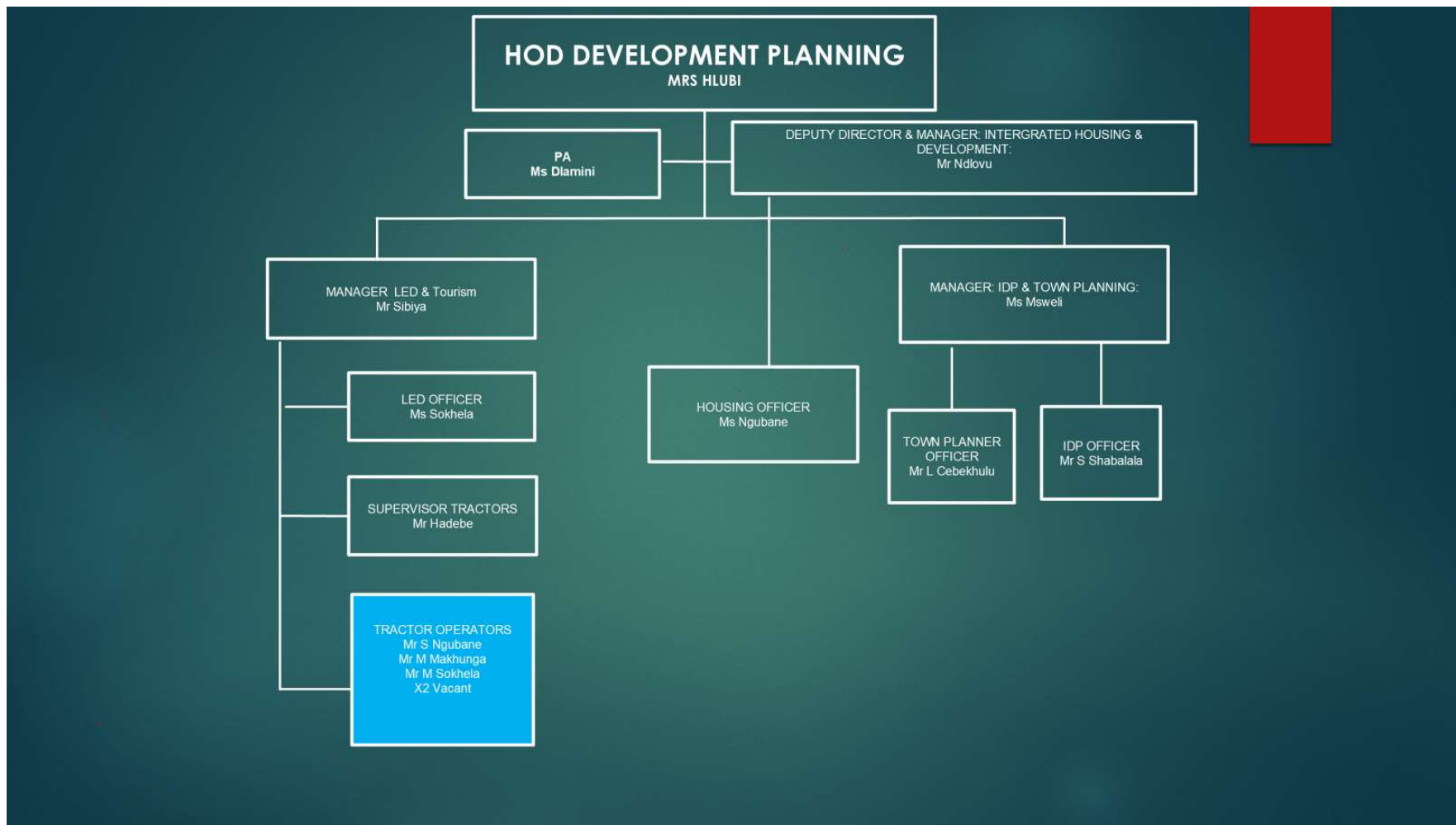
TECHNICAL SERVICES DEPARTMENT





FINANCE DEPARTMENT





APPENDIX E: WARD INFORMATION

WARD NO	SURNAMES	NAMES	GENDE R	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
WARD1	Buthelezi	Mbuso	M	Ward Councilor	Grade 12	No
	1.Sithole	Sphiwosakhe	M	YOUTH	12	No
	2.Miilo	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	
WARD2	Mbatha	Thenjiwe	F	Ward Councilor		
	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	
WARD3	Mdluli	EM	M	Ward Councilor		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

WARD NO	SURNAMES	NAMES	GENDE R	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
	7.Mvelase	Ottyv	M	BUSINESS	12	No
	8.Funeka	Edwin. M	M	MENS	11	No
	9.Khoza	Sphamandla	M	INTERFAITH	12	No
	10.Ngubane	Bongiwe	F	HEALTH	11	No
WARD4	Sokhela	Mhawukeleni	M	Ward Councilor	12	Yes
	1.Mtungwa	Mehlo .M	M	TRANSPORT	03	Yes
	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.Mtungwa	Phaphama	M	MENS	12	Yes
	7.Mtungwa	Celukuthula	M	YOUTH	12	Yes
	8.Benya	Dudzile N	F	BUSINESS	12	Yes
	9.Magubane	Nombuyisela	F	HEALTH	12	Yes
	10.Mbatha	Celani	F	WOMEN	10	Yes
WARD5	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	Mkhetheni	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.Buthelezi	Samson	M F	WIDOW&WIDOWERS	12	No
WARD6	Dladla	Phelelani	M	Ward Councillor	12	No
	1.Buthelezi	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

WARD NO	SURNAMES	NAMES	GENDE R	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER	
	9.Ngubane	Ziphetheni	F	WOMEN	10	Yes	
	10.Mtshali	Lishomane	M	SENIOR CITIZEN	03	Yes	
WARD7	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
	10.Ndlovu	Thembisile	F	EDUCATION	12+		No
WARD8	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
WARD9	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	

WARD NO	SURNAMES	NAMES	GENDE R	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
WARD10	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	
WARD11	Magubane	Siyanda	M	Ward Councilor	12	Yes
	Shelembe	Zangaliphi	F	MEN & TRAD	10	No
	Ximba	Nkosingiphile. 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
	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	
WARD12	Ntuli	Lungisani B	M	Ward Councilor	12	Yes
	Ndlovu	Nkosingiphile	F	FAITHBASED	11	Yes
	Zuma	Zandile	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
WARD13	Dlamini	Mpendulo	M	HEALTH	12	Yes
	Ndlovu	Duglas M	M	Ward councilor	12	Yes
	Mchunu	Dlelaphi	F	SENOIR CITIZEN	01	Yes

WARD NO	SURNAMES	NAMES	GENDE R	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
	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
WARD14	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
WARD15	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
	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
WARD16	Masimula	Sifundo	M	Ward Councilor	12	Yes
	Mabaso	Khayelihle	M	TRANSPORT		Yes
	Mntungwa	Mvimbeneni	M	SENIOR CITIZENS		Yes
	Khanyile	Sithunywa	M	DISABILITY		Yes

WARD NO	SURNAMES	NAMES	GENDE R	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
	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
WARD17	Ximba	Nkosikhona. M	M	Ward Councilor	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
WARD18	Ndlovu	France. F	M	Ward Councilor	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
	Buthlezi	Sizwe	M	MEN	12	No
	Ngcobo	Bongangani	F	WOMEN	11	No
	Dhldhla	Nomfundo	F	YOUTH	12	No
	Mbatha	Alson	M	DISABILITY	12	No
WARD19	Kunene	Templeton. L	M	Ward Councilor	12	Yes
	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

WARD NO	SURNAMES	NAMES	GENDE R	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
	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	Mtuseeni	M	YOUTH	12	No
WARD20	Mabaso	Thokozani. M	M	Ward Councilor	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
WARD21	Mkhize	Mzokhona. E	M	Ward Councilor	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 2024

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 2024, 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)	7	7
Mr Makhunga	7	7
Ms Shabalala	7	7
Mrs S. Khanyile (Chairperson – Audit Performance Committee)	7	7
Ms Mvelase	7	7

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 2022/23 financial period.

Financial Management and Reporting

The Audit Committee is satisfied with the content and quality of monthly (S71), quarterly (S52) and mid-year (S72) 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 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 2023 TO JUNE 2024

The annual declarations of interest forms were distributed to all employees in July 2023 to make their yearly submissions for the 2023/24 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 2023, 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.