2021/2022 FY ANNUAL REPORT

FOR

NONGOMA LOCAL MUNICIPALITY

LOT 103, Main Street
Nongoma, South Africa, 3950
Kwazulu-Natal

035 831 7500
info@nongoma.gov.za

nongomaLMOfficial nongoma _municipality NongomaLM www.nongoma.gov.za

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THE MAYOR'S FOREWORD

Greetings,

As it is the case with other municipalities, Nongoma municipality has prepared its 2021/22 Annual Report as per the legislative requirement.

The 2021/22 Annual Report is a narrative interpretation of the municipality 2021/22 Annual Performance Report (APR); a detailed articulation of all service delivery and community development activities implemented by the municipality between 01 July 2021 and 30 June 2022.

It has become a norm for the municipality to build a house for a destitute family, since it the previous financial year alone; the municipality handed over 2 houses to the destitute families. In the financial year under review, I solicited support from municipal officials for contribution towards ensuring that a destitute child-headed household in ward 13 was provided with a decent shelter.

After months of regular contributions, the house was subsequently completed and handed over to the beneficiaries. The official hand-over ceremony was conducted on the 3rd of September 2021. Such outreach programmes remain central to my thinking.

I am grateful to the current Nongoma Municipal Council, its predecessor, the management and all staff on their dedication in ensuring that Nongoma municipality provides much needed services to the community it serves.

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Cllr M.A Mncwango
His Worship, the Mayor

THE MUNICIPAL MANAGER'S REMARKS

Greetings;

Section 121 of the Local Government: Municipal Finance 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 this chapter. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipal entity under the municipality's sole or shared control in accordance with section 129"

In line with the above-indicated legislation; Nongoma LM has prepared its annual report for the year ending 30 June 2022. The purpose of the annual report is to:

- Provide a record of the activities of the Nongoma Council during the financial year.
- Provide a report on performance against the budget of the Nongoma Council for the financial year reported on.
- Promote accountability to the local community for the decision made throughout the year by the municipality or municipal entity.

The report is a narrative interpretation of the Annual Performance report tabled to council on 31st of August 2022. It covers the performance information from 01 July 2021 to 30 June 2022 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development and Plan (IDP) for 2021/22.

I would lie to express my gratitude to the Nongoma Municipal Council, in particular His Worship, the Mayor Cllr M.A Mncwango, Hon. Deputy Mayor, Hon. Speaker, the Executive Committee, and the Audit Committee members for their continuous support. Also, I would like to my gratitude to the Nongoma municipal employees, in particular the management, for their commitment.

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Mr. MM Zungu
Municipal Manager

1. MUNICIPAL POWERS AND FUNCTIONS

The Constitution of the Republic of South Africa Act 108 of 1996, precisely Schedule 4, Part B, read together with Section 152 thereof, and containing the objects of local government, vests the powers and functions of the Municipality. Meanwhile, municipal transformation and institutional development relates to a fundamental and significant change relating to the way the municipalities perform their functions, how resources are deployed and the institutional strategies which are implemented with a view to ensuring optimum results in service delivery to the community. It is envisaged that transformation and institutional development shall be seen to take place when the following is addressed as part of the Municipality's strategic planning and direction.

Municipal powers and functions are articulated in table 1 below. The highlighted functions are those that the Nongoma local municipality is currently performing.

Table 1: Municipal Powers and Functions

Zululand District Municipality and Local Municipalities		
DISTRICT MUNICIPAL FUNCTIONS	**SHARED FUNCTIONS DISTRICT AND LOCAL**	**LOCAL MUNICIPAL FUNCTIONS**
Portable Water Supply	Fire Fighting services	Air Pollution
Sanitation Services	Local Tourism	Building regulations (National Building Regulations)
Electricity Reticulation	Municipal Airports	Child Care Facilities
Municipal Health Services	Municipal Planning	Pontoons, Ferries, Jetties, Piers and Harbours
Regional Airport	Municipal Public Transport	Storm Water Management System In Built up areas
	Cemeteries, Funeral Parlours and Crematoria	Trading regulations
	Markets	Beaches and Amusement Facilities
	Municipal Abattoirs	Billboards and the Display of Advertisements in Public places
	Municipal Roads	Cleansing
	Refuse Removal, Refuse Dumps and Solid Waste	Control of Public Nuisances
		Facilities for the Accommodation, Care and Burial of Animals
		Fencing and Fences
		Licensing of Dogs
		Local amenities
		Local Sport Facilities
		Municipal Parks and Recreation
		Noise Pollution
		Pounds
		Public Places
		Street Trading
		Street Lighting
		Traffic and Parking

1.1. SUMMARY OF ANNUAL REPORT LEGISLATIVE FRAMEWORK

1.1.1. Background

In terms of section 121(1) of the MFMA, every municipality and every municipal entity must for each financial year prepare an annual report. In terms of section 127(2) of the MFMA, the Mayor of the Municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the Municipality's sole or shared control.

The following legislative requirements have been complied with:

1.1.2. MFMA Requirements

- **The Annual Financial Statement of the Municipality {section 121(3)(a)}**
- **The Auditor-General's Report {section 121(3)(b)**
- **The Annual Performance Report {section 121(3)(c') and section 121(3) (d)}**
  (Chapter 4, page 97)

1.1.3. Disclosures:-

- **Section 123 (1) (a) (ii) Allocations received from a municipal entity or another municipality**

- **Section 123 (1) (b) (i) Allocations made to a municipal entity or another municipality**

- **Section 123 (1) (b) (ii) Allocations made to any other organ of state**

- **Section 123 (1) (d) (i) The municipality has complied with allocation made to it by National Government**
  (YES)
- **Section 123 (1) (e) Reasons for non-compliance with grant conditions referred to above**
  (N/A)
- **Section 123 (1) (f) Delays or withholding of funds ….. DoRA**
  (NONE)
- **Section 123 (1) (a) Reasons for delay or withholding of funds … DoRA**
  (NONE)
- **Section 124 (1) (a) Salaries, allowances and benefits of political office-bearers and councillors of the municipality (financial and in-kind)**
- **In-kind benefits**

The Mayor, Deputy Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor, the Deputy Mayor and the speaker each have the use of separate Council owned vehicles for official duties. Each has 2 bodyguards.

– **Section 124 (1) (c) Arrears owed by individual councillors to the municipality or its municipal entity for rates and services which were at any time during the year outstanding for more than 90 days.**

  (None)

– **Section 124 (1) (c) Salaries, allowances and benefits of the municipal manager, CFO and every senior manager**

  Articulated in the Annual Financial Statements (AFS)

1.1.4. Municipal Systems Act Requirements

– **MSA s46 (1) (a) - (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year; MSA s46 (1) (a) – (ii) Current year's performance and targets as well as the prior year**

  (See page 103)

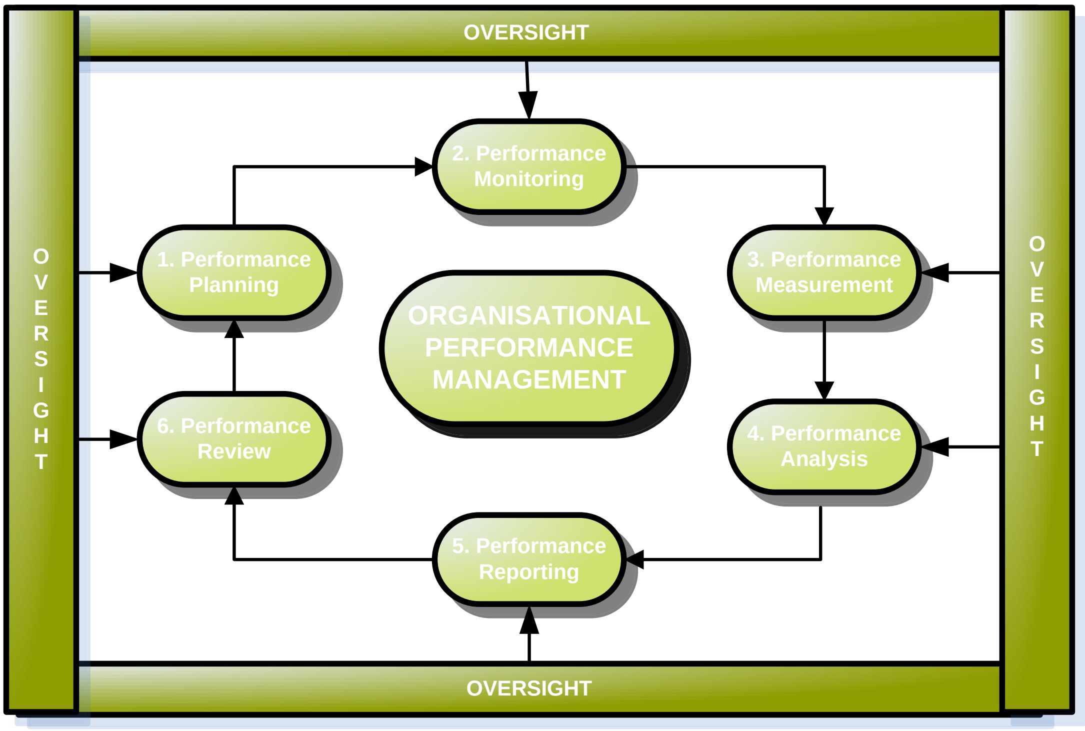
– **MSA s46 (1) (a) – (iii) Performance report measures that were taken or are to be taken to improve performance**

– **MSA s46 (1) (a) - Service delivery priorities and performance targets set for the next financial year**

  (See page 90)

1.2. PERFORMANCE MANAGEMENT PROCESS

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



The diagram provides for the cycle of performance management in the Nongoma Municipality to commence with performance planning followed by performance monitoring, performance measurement, performance analysis, performance reporting and lastly, performance review. The outcome of the performance review feeds back into the performance planning process. It is important to note that each of the stages in the cycle is underpinned by Council and community oversight over the performance of the Municipal Executive and Administration.

1.2.1. Performance Planning

The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore, constitutes the process of planning for performance.

1.2.2. Performance monitoring

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator as set out in the organizational scorecard (and a service delivery target contained in a SDBIP) continuously monitors current performance against targets set.

1.2.3. Performance measurement

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator.

1.2.4. Performance analysis

Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have not been met performance analysis requires that the reasons thereof should be examined and corrective action taken.

1.2.5. Performance reporting and review

The next two steps in the process of performance management namely, that of performance reporting and performance review will be dealt with at the same time. This section is further divided into three sections dealing with the requirements for in-year versus annual reporting and reviews respectively and lastly a summary is provided of the various reporting requirements.

In the 2019/2020 FY PMS was cascaded to all line Managers below Section 57/54 Managers. As such, Managers signed their individual Performance Management Plans in line with their respective job descriptions and the OPMS, and also their respective departmental SDBIPs.

1.2.6. In-year performance reporting and review

The submission of the scorecard to the Executive Committee for consideration and review of the performance of the Municipality as a whole is the next step in the process. The first such report is a major milestone in the implementation of any OPMS and it marks the beginning of what should become a regular event, namely using the performance report as a tool to assess and review the Municipality's performance and to make important political and management decisions on how the municipality can improve its performance.

As indicated earlier it is recommended that the organizational scorecard be submitted to the Executive Committee for consideration and review on a quarterly basis. The reporting should therefore take place in October (for the period July to end of September) January (for the period October to the end of December), April (for the period January to end of March) and July (for the period April to the end of June).

The review in January will coincide with the mid-year performance assessment as per Section 72 of the MFMA. This Section determines that the Accounting Officer must, by 25 January of each year, assess the performance of the municipality and report to the Executive Committee via the Mayor 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 whereby the leadership of an organization, after the performance of the organization has been measured and reported to it, reviews the results and decides on appropriate action to be taken. The Executive Committee, when reviewing the organisational scorecard submitted to it, will have to ensure that the targets committed to in the scorecard have been met, and where they have not, that satisfactory and sufficient reasons for this have been provided by senior management and that the sufficient and appropriate corrective action has been proposed to address the reasons for poor performance. If satisfied with the corrective action as proposed, these must be adopted as formal resolutions of Council and must be minuted and actioned accordingly.

Section 44(4) of the Municipal Structures Act, 1998 (Act 117 of 1998) as amended requires that the Executive Committee must report to Council on all its decisions taken. The outcome of the quarterly performance reviews by the Executive Committee must, in line with this requirement, be reported to the full Council for it to perform its oversight function over the performance of the Municipal Executive and Administration. In doing so Council must review the decisions taken and resolve whether it is satisfied with the corrective action adopted by the Executive Committee. If they are not, then the Executive Committee's recommendation must be amended accordingly and the amendments minuted and actioned.

1.2.7. Annual performance reporting and review

A comprehensive report on the performance of the Municipality also needs to be compiled on an annual basis. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA. In summary the MFMA requires that:

- All municipalities for each financial year compile an annual report, which report must include the municipal performance report
- The annual report be tabled within seven months after the end of the financial year
- The annual report must be made public immediately after it has been tabled and the local community must be invited to submit representations thereon
- The Municipal Council considers the annual report within nine months of the end of the financial year and adopts an oversight report containing the Council's comments on the annual report
- The oversight report as adopted must be made public
- The annual report as tabled and the Council's oversight report must be forwarded to the Auditor-General, the Provincial Treasury and the Department responsible for local government in the Province
- The annual report as tabled and the Council's oversight report must be submitted to the Provincial legislature.

It is important to note that the municipal performance report of a municipality is only one element of the annual report. To ensure that the annual report compilation, tabling and review process is completed in time to inform the next cycle of performance planning in accordance with the IDP compilation/review process, it is recommended that the annual performance report be compiled and completed as soon after the end of each financial year as possible, but ideally not later than two months after financial-year end.

The oversight report to be adopted provides the opportunity for the full Council to review the performance of the Municipality in line with its oversight role. The requirement that the annual report, once tabled, and the oversight report, be made public also provides a mechanism for the general public to review the performance of the Municipality in line with the community's oversight role.

In order to facilitate the oversight process, it is recommended that a municipal oversight committee be established consisting of a selected number of Councillors not serving on the Executive Committee. The Council should also consider, in line with oversight best practice, that the chairperson of the oversight committee be a member of an opposition party.

The Oversight Committee will be responsible for the detailed analysis and review of the annual report and the drafting of the oversight report. In doing so, the committee must establish mechanisms to receive and review representations made by the public on the annual report and also seek inputs from other Councillors and Council portfolio committees. Such mechanisms could involve all or any combination of the following:

- Producing a user-friendly citizens' report in addition to the annual report for public consumption. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.
- Using of various forms of media including radio, newspapers and billboards to convey the annual report.
- Inviting the public to submit comments on the annual report via telephone, fax and email.
- Holding public hearings in a variety of locations to obtain their input on the annual report.
- Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments.
- Debating the annual report at a meeting of the IDP Representative Forum
- Hosting a number of public meetings or roadshows at which the annual report could be discussed and input invited.
- Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public are invited to comment.
- Posting the annual report on the council website and inviting input.

It is further proposed that the oversight committee functions as a standing committee on municipal accounts (municipal scopa) or MPAC in the case of a municipality. As such the committee must examine:

- the financial statements of all executive organs of Council;
- any audit reports issued on those statements;
- any reports issued by the AG on the affairs of any municipal entity; and
- any other financial statements or reports referred to the committee by Council.
- any report on any of those financial statements or reports to Council;
- initiate any investigation in its area of competence; and
- perform any other oversight function assigned to it by resolution of Council.

As the oversight committee performs an oversight function on behalf of Council it is not a duplication of, and must not be confused with either the audit committee or the finance portfolio committee. The audit committee is an independent advisory body that advises Council and the

Executive on financial and risk matters and can act as an advisory body to the oversight committee. The Finance Portfolio committee deals with financial management issues such as budgetary, revenue and expenditure management and supply chain management.

Nongoma Municipality uses the Key Performance model. In the said model, all indicators are grouped together under the national key performance areas as per the Systems Act and the local key performance areas as per the municipal IDP. The said Model therefore, enables the Municipality to assess its performance based on the national and its own local key performance areas. The following are the six Key Performance Areas (KPAs) that are being used in the preferred performance management model:

- Institutional Transformation and Development
- Service Delivery and Infrastructure Development;
- Local Economic Development;
- Municipal Viability and Management;
- Good Governance and Public Participation; and
- Cross Cutting Interventions

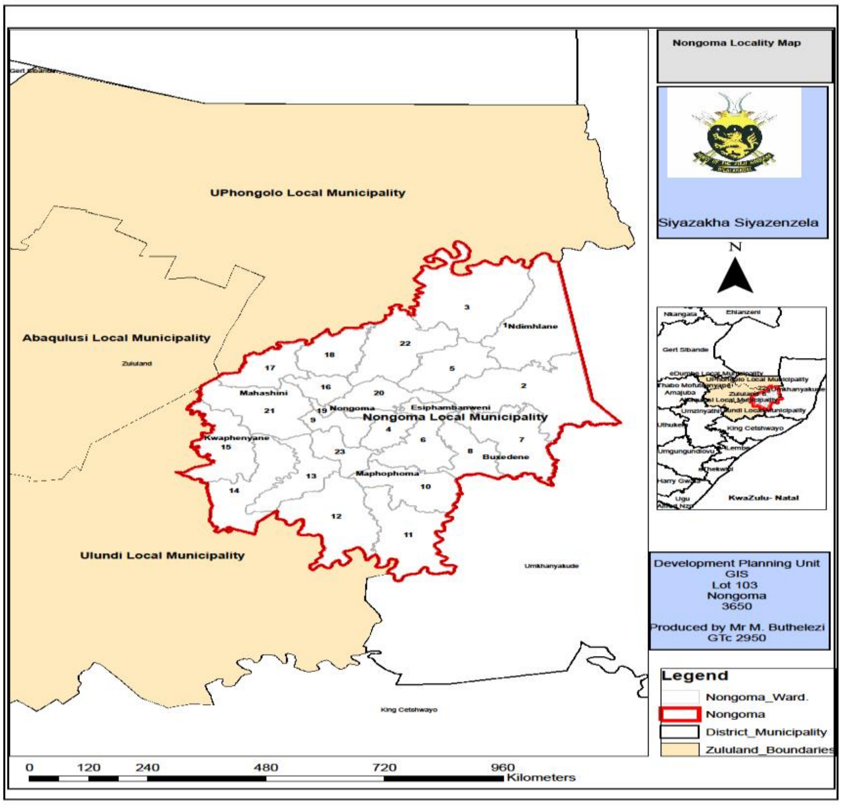
EXECUTIVE SUMMARY

CHAPTER 1: OVERVIEW OF THE MUNICIPALITY

Nongoma Local Municipality is one of the 5 local municipalities within Zululand District; and is located in the northeastern part of Zululand District in the KwaZulu-Natal province of South Africa **(**27°55′S 31°39′E**)**, it has two secondary corridors, which run from Ulundi to Pongola and from Hlabisa to Vryheid. At 2,185.5 km^2 and with a population totaling 211,893 (StatSa, Community Survey 2016); the municipality is Zululand's second largest municipality in terms of population and the second largest in terms of area size.

Nongoma municipality shares its name with the town of Nongoma, which serves as the seat of the municipality. It is the home of late King Goodwill Zwelithini, the hereditary traditional leader of the Zulu nation, hence it is popularly known as the seat of the Zulu monarch. The King's royal palaces are among the main tourist attractions in the region. The municipality has three tribal authorities, namely Mandlakazi, Usuthu and Matheni. The Map below indicates the spatial location of Nongoma municipality. The municipality shares its boundaries with uMkhanyakude's Big 5 Hlabisa and Jozini Local municipalities on the South and the East respectively; and then within the Zululand District it shares its borders with Uphongolo in the North, Abaqulusi (West) and uLundi (South) municipalities.

Map 1: Nongoma Locality Map (Nongoma SDF Stratus Quo report, 2019)



1.1. Brief Demographic Profile for Nongoma Local Municipality

1.1.1. Population

According to 2011 Statistics, Nongoma has a total population of 194 908. If compared with the 2001 statistics (198,443), it translates into a growth rate of -0, 18%. One would have expected the population growth rate to remain the same as in period 2001-2011 (-0.18%/year), thus anticipation the population of Nongoma to be about 192 125 in 2019. However, in terms of 2016 Community survey, the population of Nongoma had surpassed that mark, to 211 893, a growth rate of 1.90% per year.

In terms or racial characteristics; 99.5% of the people in the municipality are African Black, 0,10% are Coloured, with the other population groups making up the rest. Females make up 54.6% of the total population as compared to males (45.4%).

Figure 1: Population Groups in Nongoma LM (StatsSa, 2011)

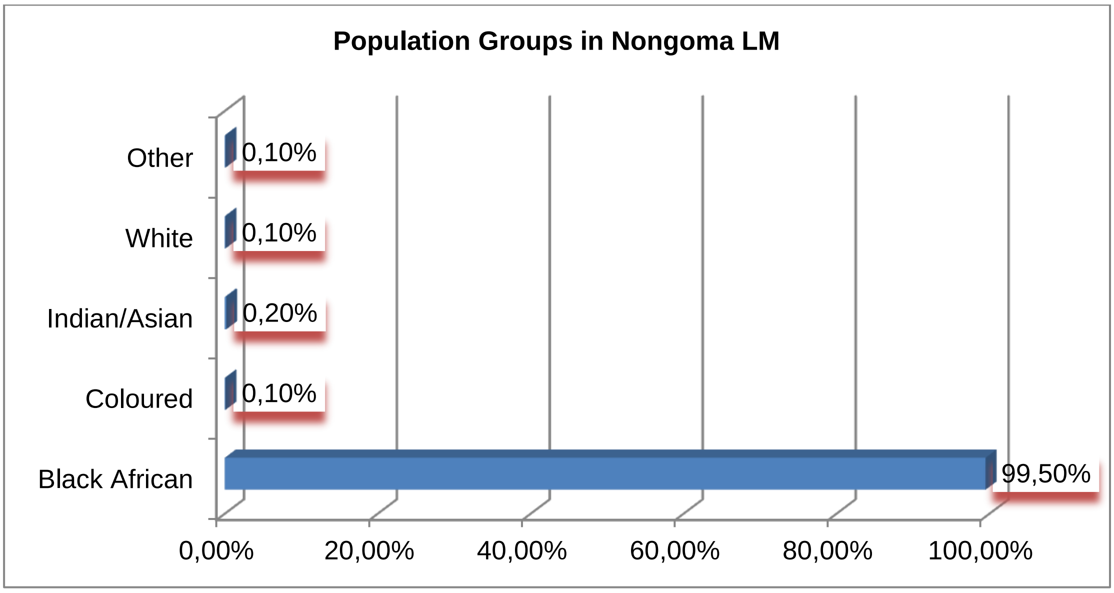
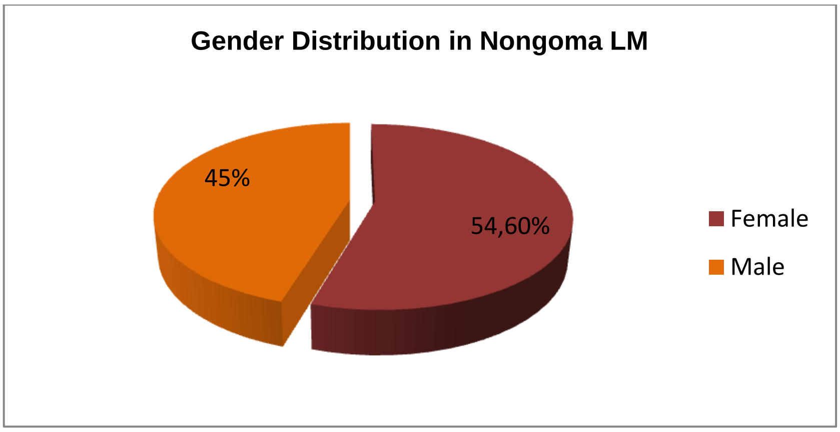


Figure 2: Gender Distribution in Nongoma LM (StatsSa, 2011)



CHAPTER 2: MUNICIPAL GOVERNANCE

Nongoma Municipality was established in terms of the Constitution Act, no 108 1996, the Demarcation act 27 of 1998 and Section 12 Notice issued in terms of the Local Government: Municipal Structures Act 117 of 1998. The municipality is organized into political and administrative structures.

2.1. POLITICAL STRUCTURE OF THE MUNICIPALITY

Subsequent to Local Government Elections of 02 November 2021, Nongoma Municipality inaugurated a new Council in its meeting held on 22 November 2021 in terms of Section 29(2) of the Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998), as amended.

Council of Nongoma composes of 45 Councillors made up of 23 Ward Councillors and 22 PR Councillors as follows:

- IFP: 19 Ward Councillors and 01 PR Councillor
- NFP: 04 Ward Councillors and 10 PR Councillors
- ANC: 08 PR Councillors
- EFF: 02 PR Councillors
- NAPF: 01 PR Councillor

Three (3) of the 45 Councillors are full time Office Bearers that include the Mayor, Deputy Mayor and the Speaker. Council of Nongoma is fully functional. It is chaired by the Speaker and its meetings sit at least once a quarter as per the approved annual schedule. Special Meetings are coordinated as and when necessary.

Three (3) Traditional Leaders partake in Council Meetings in terms of section 81 of the Municipal Structures Act, namely:

- Ematheni Traditional Council,
- OSuthu Traditional Council, and
- Mandlakazi Traditional Council.

As promulgated in section 79 and 80 of the Municipal Structures Act, 1998 (Act No. 117 of 1998), a municipal council may establish one or more committees necessary for the effective and efficient performance of its functions or the exercise of any of its powers. Section 79 committee reports directly to Council while a section 80 committee reports to the Executive Committee.

Nongoma Municipality has the following Council Committees that are functional: Executive Committee (EXCO), Municipal Public Accounts Committee (MPAC), Audit and Performance Committee and Portfolio Committees.

The portfolio committees for Nongoma municipality are arranged as follows:

Portfolio Committee	Chairperson of the Committee
Corporate Services	Cllr GS Nkosi
Finance Department (BTO)	Cllr MA Mncwango
Community Services	Cllr. TJ Nsele
Planning & Infrastructure Development	Cllr. JT Nkosi

2.1.1. LIST OF COUNCILLORS

Council is headed by the following full-time councilors:

POLITICAL STRUCTURE		
No.	DESIGNATION	FUNCTIONS
	 His worship, The Mayor: Cllr M.A Mncwango	The functions of the Mayor are set out in the Municipal Structures Act. The mayor is elected by the Municipal Council to co-ordinate the work of the Municipality. Functions include the following: Ceremonial: Must perform a ceremonial role as the council may determine. EXCO: Heads the municipal EXCO Determine the venue, time and date of meeting of the mayoral committee Strategy: Recommends to the council strategies, programmes and services to address priority needs through the integrated development plan. Performance Monitoring and Evaluation: Monitor the management of the municipality's administration in accordance with the directions of the municipal council.
2.	 Hon. Deputy Mayor Cllr GS Nkosi	The Deputy Mayor is a member of the Executive Committee of the municipal council and is elected when the executive committee is elected. The Deputy Mayor exercises the powers and performs the duties of the Mayor if the Mayor is absent or not available or if the office of the Mayor is vacant. The Mayor may delegate duties to the deputy mayor.

3.	 Hon. Speaker: Cllr. B.W Zulu	The Speaker of a municipal council- ▪ presides at meetings of the council; ▪ performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000): I.e. – must ensure that the council meets at least quarterly; – must maintain order during meetings; – must ensure compliance in the council and council committees with the Code of Conduct set out in Schedule 1 to 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.

The municipal council is made up of the following councilors:

 1. Cllr M.A Mncwango The Mayor	 2. Cllr G.S Nkosi The Deputy Mayor	 3. Cllr. BW Zulu Speaker
 4. Cllr J.T Nkosi Ward 18 Councillor EXCO Member	 5. Cllr. TJ Nsele Ward 10 Councillor EXCO Member	 6. Cllr K.M. Dladla PR Councillor
 7. Cllr N.M Mthembu PR Councillor	 8. Cllr B.H. Sithole PR Councillor	 9. Cllr. C.M Ndabandaba PR Councillor

 10. Cllr. N.M Mchunu PR Councillor	 11. Cllr. SM Mbatha (Chief Whip) Ward 14 Councillor	 12. Cllr. P.W Gumbi PR Councillor (MPAC Chair)
 13. Cllr F.M Shongwe Ward 1 Councillor	 14. Cllr. G.N Mthiyane Ward 2 Councillor	 15. Cllr. B.G Ndwandwe Ward 3 Councillor
 16. Cllr. N.M Manqele Ward 4 Councillor	 17. Cllr S.L Mbongwa Ward 5 Councillor	 18. Cllr S.A Mhlongo Ward 6 Councillor
 19. Cllr D.J Mtshali Ward 7 Councillor	 20. Cllr. M.P Nxumalo Ward 8 Councillor	 21. Cllr S.S.Z Dlamini Ward 9 Councillor
 22. Cllr N.S Ntshangase Ward 11 Councillor	 23. Cllr. TM Ndwandwe Ward 12 Councillor	 24. Cllr. MA Mtshali Ward 13 Councillor
 25. Cllr. Z.H Zungu Ward 16 Councillor	 26. Cllr S. Mbatha Ward 17 Councillor	 27. Cllr N.P Ndebele Ward 19 Councillor

 28. Cllr N. Msomi Ward 20 Councillor	 29. Cllr. B.L Buthelezi Ward 21 Councillor	 30. Cllr M.H Zulu Ward 22 Councillor
 31. Cllr. V.P Mpanza Ward 23 Councillor	 32. Cllr S,V Nxumalo PR Councillor	 33. Cllr G.N Xaba PR Councillor
 34. Cllr A.N Manqele PR Councillor	 35. Cllr N.F Zungu PR Councillor	 36. Cllr. T.J.C Mthimkhulu PR Councillor
 37. Cllr Cllr. S.M Zulu PR Councillor	 38. Cllr. LN Buthelezi PR Councillor	 39. Cllr. C.S.P Sithole PR Councillor
 40. Cllr. M.N Sokhela PR Councillor	 41. Cllr. L.N Mdluli PR Councillor	 42. Cllr. SC Ndwandwe PR Councillor
 43. Cllr M.E Ndwandwe PR Councillor	 44. Cllr ZN Sithole PR Councillor	 45. Cllr BA Mncwango PR Councillor

2.2. ADMINISTRATIVE STRUCTURE OF THE MUNICIPALITY

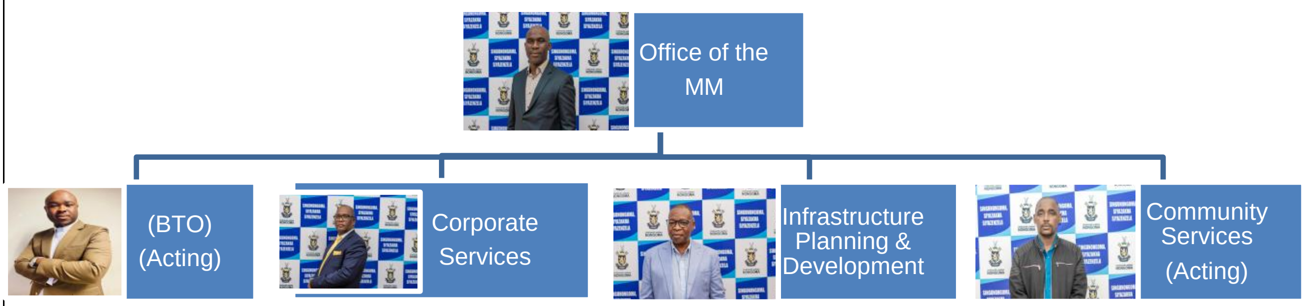
2.2.1. ADMINISTRATIVE STRUCTURE OF THE MUNICIPALITY

The municipal organizational structure is headed by the municipal manager who is supported by directors. The administrative structure consists of the following 4 departments and Units:

- Corporate Services
- Finance Department
- Community Services
- Planning and Infrastructure Development

Top Management Structure

Figure 3: Top Management Structure



2.2.1.1. Office of the Municipal Manager

The Office of the Manager is headed by the accounting officer, i.e. the Municipal Manager.

The Office has 5 Units:

- Risk Management & Compliance Unit
- Mayoral Support Unit
- Public Participation Unit
- IDP & PMS Unit
- Internal Audit Unit (Outsourced)

2.2.1.2. Corporate Services

The Corporate Services Department is the portal of entry and exit in the municipality. It provide support to all the departments within the municipality in the sense that it drives the organogram development, creation of posts and review, champion the recruitment process, conduct induction to new recruits, advise on employee placement, drives skills development programmes so that an employee is able to perform to his/her level best, provide advice to management on disciplinary processes, administer employee benefits and when all is done, issue an instruction to Finance to terminate an employee from the system.

The Department has 5 Units, which are:

- Human Resource Management Unit
- Human Resource Development
- Legal & Labour Relations
- Information Communication Technology (ICT)
- Administration & Auxiliary Services Unit

The functions under Corporate Services are as follows:

ASPECTS	FUNCTIONS
Human Resources Management	- Recruitment, induction, placement; - Skills Development and capacity building both internal and external; - Cllrs and Employee benefits administration; - Leave administration; - Labour relations; - Employment Equity
Legal Services	- Litigations - Labour issues - Contract Management (drafting)
Health and Wellness	- Occupational Health and Safety - Employee Assistance Programme
Information Communication Technology	- Electronic Records Management - Server Backup - IT Infrastructure Management - IT Support.
Administration and Auxiliary Services	- Records Management - Switchboard
Policies and Procedures	- Policy Administration - Policy Implementation - Legislative Compliance

2.2.1.3. Budget & Treasury Office/Finance Department

The BTO Department renders the following services through our Finance Department, to both our internal and external customers:

- Municipal expenditures
- Procurement of goods and services

- Revenue collection

The department has the following units:

- Supply Chain Management & Expenditure Control Unit
- Revenue Management
- Assets & Fleet Management
- Budget and Financial Planning Unit

2.2.1.4. Community Services Department

The Community Services Department is responsible for ensuring provision of an acceptable standard of Social Services, Emergency Services, and Environmental Management (inclusive of Waste, Open Space management, cemeteries) Services, Pound Management, Community Safety and Road Traffic Management as well as Sports, Arts and Cultural Services to the communities.

The Department's main responsibilities include the following:

- Provision of efficient and coordinated firefighting services
- Prevent or reduce the risk of disasters, mitigate the severity of disasters, cultivate emergency preparedness within the communities, and to rapidly and effectively respond to disasters and to promote post disaster recovery.
- Ensure access to waste collection service, and implementing the Waste Management plan.
- Protection and maintenance of sensitive, vulnerable areas and cultural heritage sites to sustainable levels;
- Proper management of Municipal community facilities including, sportfields and community halls;
- Public spaces and recreation centres, parks and facilities.
- Provision of Safety and Security in municipal area.
- Manages and monitors the implementation of crime prevention strategies thereby improving safety and security in communities;
- Manages the provision of efficient and coordinated community welfare services such as:
  - Day-care centres;

The department has the following units:

- Community Safety and Security Services Unit
- Disaster Management and Fire & Rescue
- Environmental Management Unit
- Libraries & Public Amenities Unit

2.2.1.5. Planning & Infrastructure Development

The department renders the following services:

- Local Economic Development
- Land Use Planning
- Environmental Service
- Project Management
- Roads and Storm Water Drainage Services
- Electricity Infrastructure development and maintenance

Based on the revised organogram, the department has 3 units as depicted below:

- Development Planning Unit
- LED/Tourism Unit
- Project Management Unit (PMU)

CHAPTER 3: PERFORMANCE HIGHLIGHTS

3.1. CORPORATE SERVICES

The Corporate Services department exists to render a comprehensive, integrated human resource and administration function to enhance service delivery and the welfare of all employees. To promote an effective Job Evaluation system that seeks to ensure that the jobs are properly graded. The Corporate Services is an integral part of the support structures of the Municipality.

It is the axil on which the various departments in the organisation rely on to carry out their various functions and roles. The Corporate Services department is strategically positioned to enable the Municipality to achieve its mandate. Without a strong-functioning Corporate Services division to support the organisation to carry out its mandate and mission, the organisation would collapse.

The Department of Corporate Services comprises the following Sections: -

- Human Resources Management Section
- Human Resources Development Section
- Administration Support Services
- ICT Services
- Legal & Labour Relations Section

This report is an articulation of the department's activities in the 2021/2022 financial year. The department had indicators that cut across all but one National Key Performance Indicators (KPIs). The department had as its main key performance areas; Municipal Transformation & Institutional Development and Good Governance & Public Participation.

Municipal Transformation & Institutional Development KPA recorded a tremendous improvement from the previous financial years, this was witnessed by new findings with regards to Human Resources activities performed during 2020/2021 AG report.

3.1.1. HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

These are two separate sections, but they are reporting on one Manager because of internal arrangements and are responsible for the following functions:

- Recruitment and Selection
- Employee Benefits
- Employment Equity Plan and Reporting
- Organisational Development
- Development and review of Human Resources Policies
- Individual Performance Management System
- Occupational Health and Safety
- Training and Development
- EPWP

3.1.2. RECRUITEMENT AND SELECTION

3.1.2.1. FILLING OF THE CRITICAL POSTS

It must be noted that the Municipality had once again failed to attract female candidates for the Senior Management Position despite a good-looking, Attraction and Retention policy in place. This implies that all critical posts in the Municipality are dominated by male incumbents.

The two HODs, Corporate Services and Planning & Infrastructure Development posts were filled as per the regulations on appointment of Senior Managers in August and September 2021 respectively. The Former Municipal Manager resigned in April 2022 and the post was filled in June 2022 after all processes of screening and reporting were followed accordingly.

The total number of posts filled in 2021/22 was 37, as follows:

Occupational Category	Position	No of posts	Department
Senior Managers	HoD- Corporates	1	Corporates and Planning
	HOD - PID	1	Planning & Infra & Dev
Middle Management	Manager ICT	1	Corporates Services
	Manager- Town Planning	1	Planning & infra. Dev
	Manager -Mayoral Support	1	OMM
	Manager – Human Resources	1	Corporates Services
Professionals	Superintendent – Licensing	1	Community Services
	Accountant & Administrator: Expenditure	2	Finance
	Human Resources, Dev Officer & IPMS Officer, ICT Officer	4	Corporates Services
	Sports Officer & Risk Compliance Officer	2	OMM
	LED Officer	1	Planning & Infra. Dev
	Librarian	1	Community Services
	Traffic Officers	3	Community Services
Semi-Skilled	Stores Controllers	2	Finance Department
	Pound Keeper	1	Community Services
	Cyber Cadet & Library Assistant	4	Community Services
Clerical/ Administrative	Receptionist	1	Corporates Services
	Executive Secretaries	4	OMM, Corporates Services
	Senior Clerk – IDP/PMS	1	OMM
Interns	Financial Interns	2	Finance Department
Elementary	General worker- Library KwaKhetha	1	Community Services

Currently, the Municipal staff complement sits at **263.**

3.1.2.2. EMPLOYEE EXPENDITURE & COMPENSATION

The municipality's intention is to meet or exceed labour market rates to attract required scarce skills and talent. The completion of the Job Evaluation exercise has allowed the municipality to have proper grading for posts. In order to curb salary disparities that has seen line managers earning more that the Senior Managers; the municipality resolved that all line managers that were appointed before the completion of the job evaluation process and that are, according to the job evaluation report, earning way above the grade they are on, would not receive the annual increment as per SALGBC Wage and Salary Collective Agreement.

In terms of administration of employees and councillors' pension funds, the status is as follows:

- GEPF (01)
- NJMPF (213)
- SALA (32), and
- MCPF (40) for Councillors.

Employer Expenditure in the financial year under review is as follows:

Description	Employer Contributions	Salaries
Salaries for Officials	R19 296 403	R90 932 358
Salaries for Councillors	R1 271 856	R13 537 973

3.1.2.3. LEAVE MANAGEMENT

The Employee Self Service (ESS) was introduced on 01 July 2021. Following the numerous challenges experienced on manual leave applications, it appears like all users are adapting and cooperating. The latest report in response to HRM Circular 12 of 2021 regarding Compulsory annual leave reflects that 85 leave transactions were fully processed accordingly.

3.1.2.4. EMPLOYMENT EQUITY PLAN, COORDINATION AND REPORTING

In terms of Section 19 of the Employment Equity Act, 55 of 1998, every employer conducts an analysis of the workforce profile to determine the degree of under- representation of the various groups in terms of race, gender and disability and per occupational level. The Municipality has the Committee in place that is targeted to meet once a quarter to provide the progress of the EEP and further report and provide the employer with recommendations in terms of Section 20 of the indicated Act.

There are no noteworthy changes in terms of EE, since there was no female representative in the top management. However, the new structure reserves few posts for people living with disability and the Municipality managed to appoint one (1) PWD in May 2022. Currently, Nongoma Local Municipality has two employees with EEA1 (PWD) out of 263, which amounts to 0.7%.

Therefore, this means that the employer needs to pay attention to comply with legislation. In terms of race statistics, its 99% black, 1% coloured, 0% white and 0% Indian.

The following table summarizes the demographic profile of employees.

Occupational Level	**Male**				**Female**				**PWD**		**Foreign National**		**Total**
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**M**	**F**	**M**	**F**	
Top Management	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3**
Middle Management	**10**	**0**	**0**	**0**	**5**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**15**
Professionals	**22**	**0**	**0**	**0**	**29**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**51**
Skilled Technical	**47**	**0**	**0**	**0**	**15**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**63**
Semi-Skilled	**16**	**1**	**0**	**0**	**24**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**42**
Unskilled	**38**	**0**	**0**	**0**	**51**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**89**
Grand Total	**135**	**2**			**124**	**1**				**1**			**263**

3.1.2.5. JOB EVELUATION IMPLEMENTATION

The Job Evaluation outcomes report compels the Municipality to implement T.A.S.K system as it comprises task grade for all posts submitted to JEU with organizational structure. The council adopted a Final Outcomes Report and Implementation Plan on 28 August 2021, and it was implemented with effect from 01 September 2021. All affected employees were notified and furnished with the report accordingly.

Furthermore, they were apprised on procedures of lodging appeal should they be dissatisfied with outcomes and were given a prescribed form that must be submitted within the period of 30 days from the date of notification of the results by the Municipal Manager.

3.1.3. REVIEW OF ORGANOGRAM

The Nongoma Municipal council adopted its reviewed organogram on 30 June 2022. The main aim was to ensure that it is fully aligned with new developed IDP and address the municipal response to the needs and challenges of the Municipality.

3.1.3.1. ORGANISATIONAL ANALYSIS AND UPDATES

The following changes and movements were implemented because of the reviewed organisational structure.

The list of new units in the adopted organisational structure is as follows:

DEPARTMENT	UNIT
Corporate Services	None
Financial Services	Financial Reporting Unit
Planning & Infrastructure Development Services	None
Community Services	Licensing Services

The list of movements in the adopted organisational structure is as follows:

INCUMBENT	MOVED FROM	MOVED TO
Groundsman Maintenance	Corporate Services	Planning & Infrastructure Development
Road Painters	Community Services	Planning & Infrastructure Development

The list of new posts in the organisational structure is as follows:

DEPARTMENT	POST
Office of the Municipal Manager (MM)	➢ Youth Officer ➢ Public Participation Clerks x 2
Corporate Services	➢ HRD Outreach Clerk ➢ Legal Clerk (PWD) ➢ Labour Relations Officer
Financial Services: Financial Reporting (New Section)	➢ Manager: Financial Reporting ➢ Accountant: Financial Reporting ➢ Administrator: Financial Reporting
Planning & Infrastructure Development	➢ Electrical Engineering Technician ➢ Town Planner ➢ Building Inspector
Community Services	➢ Senior Superintendent: Licensing Services ➢ Superintendent: Law Enforcement ➢ Officer: Community Safety & Security ➢ Chief: Licencing Clerk ➢ Leading Fire Officer x 2

The list of abolished posts in the new organisational Structure is as follows:

DEPARTMENT	POST
Office of the Municipal Manager (MM)	Manager: Office of the Municipal Manager
Corporate Services	None

Financial Services	None
Planning & Infrastructure Development	None
Community Services	None

There were also terminations, which ranged from:

- Resignations: 08
- Dismissal: 02
- Pensioned/retired: 0
- Deceased: 2
- Absconded - 2
- Contract Expired: 06

NAME	DEPARTMENT	ENGAGEMENT DATE	TERMINATION DATE	REASON	OCCUPATION
MT Buthelezi	Corporate	11/8/1999	7/3/2021	Deceased	Driver
ME Sithole	Comm. Services	9/1/2015	8/1/2021	Resigned	Manager: Community Services
CM Ndabandaba	OMM	9/1/2015	9/16/2021	Absconded	IDP/PMS Clerk
VW Nkwanyana	Treasury	10/1/2018	10/1/2021	Contr.exp.	Finance Intern
SG Nkosi	Treasury	10/1/2018	10/1/2021	Contr.exp.	Finance Intern
SM Ntanzi	Treasury	3/15/2021	10/1/2021	Contr.exp.	Finance Intern
NL Gcwensa	Comm. Services	9/1/2011	10/15/2021	Absconded	Refuse Removal
SN Ngubo	Corporate	9/1/2005	11/1/2021	Dismissed	Human Resources Manager
SSZ Dlamini	Comm. Services	12/31/2016	11/1/2021	Resigned	Public Participation Clerk
SS KB Mncwango	Comm. Services	11/1/2017	11/7/2021	Contr.exp.	Bodyguard
L Nene	Treasury	8/1/2020	11/7/2021	Contr.exp.	Finance Intern
B Mfeka	Comm. Services	12/1/2018	11/15/2021	Deceased	Bodyguard
MF Zulu	Comm. Services	11/1/2017	12/31/2021	Contr.exp.	Bodyguard
KS Gama	Comm. Services	3/1/2019	2/7/2022	Status cha	Bodyguard
NM Nzimakwe	Corporate	11/1/2020	3/9/2022	Dismissed	ICT helpdesk clerk
MC Gumbi	Corporate	9/1/2015	3/31/2022	Resigned	Manager ICT
MB Mnguni	OMM	6/1/2019	3/31/2022	Resigned	Municipal Manager
CB Ndlovu	Comm. Services	8/1/2019	3/31/2022	Contr.exp.	Bodyguard
BM Nxumalo	Comm. Services	9/3/2019	3/31/2022	Contr.exp.	Bodyguard
VM Vilakazi	Comm. Services	1/1/2021	3/31/2022	Contr.exp.	Bodyguard

3.1.4. HUMAN RESOURCE MANAGEMENT POLICIES

Corporate Service had as one of its Key Performance Indicators, development, and review of HR-related policies. The following HR policies were reviewed, tabled, and adopted by the council on 31 May 2022

- Recruitment and Selection
- Attraction and Retention
- Induction and Orientation
- Health and Safety
- Employment Equity
- Leave Policy
- Training and Development

- Employee Assistance Programme
- EPWP Policy
- Workplace Plan Covid-19 Policy
- Acting Policy
- Remuneration
- Car Allowance
- Rental Housing
- Individual Performance Management Policy

3.1.5. 2021/22 FY STAFF HEADCOUNT EXERCISE

The Headcount exercise was conducted on the 13th to the 17th of September 2021. It focused on the municipal administration, i.e the workforce, hence the targeted population was all municipal employees.

The exercise was two-folds, in that on one hand, it seek to establish and confirm the actual number of employees against the filled positions in the approved organogram; and on the other, to confirm and update the levels of qualifications among employees and also to evaluate the salary disparities among employees. It was for these reasons as part of the headcount, employees were required to bring the originals of identity document, highest qualifications, and the latest salary advices (pay slips).

3.1.6. SKILLS DEVELOPMENT PROGRAMME

In accordance of Skills Development Act 97 of 1998 and regulations, every legislative organization i.e employer with 50 plus members is obligated to prepare Workplace Skills Plan and submit to relevant SETA as the compliance for the purpose of training and development of workforce.

Nongoma Local Municipality is established under chapter 7 of the RSA Constitution, therefore it also has obligation to submit WSP to LGSETA on the 30th of April 2021, provided that WSP consultation has been conducted within the municipality, and it entails skills development programs that support the IDP objectives.

The consultation process was conducted through WSP profoma, requesting managers to interact with employees in populating training needs and the information was uploaded into LGSETA system (which is Remote Net) designed to develop and submit WSP online. It entails workforce demographic profile, individual employee and councilor’s profile, proposed training needs links to beneficiaries, budget and grants section, The WSP was be submitted on the 30th of April 2022. It was submitted with proof of consultation, i.e. HRD Committee meeting agenda, minutes and signed Stakeholder Authorization form generated from the system.

Most of the councillors have been undergoing through training on management, leaderships, etc. The municipal employees have continuously attended trainings that which are meant to improve their skills in their work places. However limitation of resources makes it difficult to implement the Workplace Skills Plan hence the there is a very high demand of the skills development for implement the Workplace Skills Plan hence the there is a very high demand of the skills development for the Politicians and officials.

As per requirement the Municipality is implementing the Employment Equity and Work Skills Plans and all reports are accordingly submitted to the Department of Labour.

The following highlights the implementation of the Workplace skills plan in the 2021/2022 financial year:

LEARNING PROGRAMME	TARGET BENEFICIARY	DURATION	NO. OF BENEFICIARY	SERVICE PROVIDER
Executive Secretaries Training	Employed	3 Days	6	Sanda Skills Training Solutions
Online Conditions of Service-Collective Agreement	Employed	1 day (zoom)	2	SALGA
Job Evaluation	Employed	2 weeks	1	SALGA & Deloitte
MFMP	Employed	6 Months	7	FACHS Business Consulting
Pay Day Training	Employed	2 Days	6	Pay Day
Payday HR Full Course	Employed	5 Days	2	Payday
Original Budgeting and Reporting Session	Employed	5 days	03	NLM
Traffic Officer Diploma	Employed	12 Months	04	NLM
Examiner Grade L	Employed	6 Months	01	NLM
KZN Road Incident Management Systems RRMS(SANRAL)	Employed	2 days	03	NLM
Cashiering and Supervisor Training	Employed	10 days	03	NLM
LGSETA (SDF Forum)	Employed	2 days	02	NLM
EPWP Reporting Systems	Employed	1 day	01	NLM

The following training interventions were conducted for councilors. It should be noted that due to the introduction of the new council regime, there was a need for training interventions to assist the newly-elected councilors to get to an understanding in term of their work as councilors.

LEARNING PROGRAMME	TARGET BENEFICIARY	DURATION	NO. OF BENEFICIARY	FUNDER
Induction	Councillors	2-days course	23	COGTA
MPAC	Councillors and Officials	2 days training	08	SALGA
MPAC Training Workshop	Councillors and Officials	2 days Training	07 + 02	COGTA
MEC Municipal Cluster Engagements	Councillors and Officials	1 day	07	COGTA
ICIP	Councillors	5 days	45	SALGA
Peer Learning Workshop	Councillors	1 day	01	COGTA
Sector Based Councillors Induction	Councillors	3 days	45	COGTA

3.1.7. IMPLEMENTATION OF EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The Expanded Public Works Programme (EPWP) is a South African Government initiated programme aimed at creating and enhancing work opportunities. It is a short-term programme and should not be implemented in isolation with other Government strategic job creation initiatives but be implemented as a supportive programme to existing projects and programmes.

To ensure effective implementation of the EPWP programme, Nongoma municipality adopted an EPWP policy that clearly outlined the objectives of the programme and how it would be institutionalized.

The main purpose of programme in the Nongoma Municipality is to improve job creation opportunities and skills levels through existing infrastructure and other projects identified by the Municipality. The programme specifically targets the unemployed in the Nongoma Municipal area with the overall outcome of enhancing skills levels and reducing poverty levels.

In the financial year under review, the municipality had an allocation of R2000 000.00, and a set target of 335 job opportunities. By the end of the financial year, 456 job opportunities had been created.

EPWP achievement per sector is herein indicated:

Sector	Target: Opportunities	Achieved: Opportunities	Target: Full-time Equivalent	Achieved: Full-time Equivalent	% Progress
Environment Culture	53	200	17	44	377% / 256%
Infrastructure	171	100	56	45	58% / 80%
Social Sector	111	163	42	49	147% / 117%
Total	335	463	116	149	138% / 128%

3.1.8. IMPLEMENTATION OF MAYORAL BURSARY AND REGISTRATION SCHEME

The issue of registration fees to universities is still challenge regardless of Free Education for all regulation, thus causes the increased number of protests in universities during registration season as the student representatives attempt to fight for student rights for education. It is therefore, municipality offers such scheme of registration fees to intervene in building capacity of career development in youth of Nongoma.

In responding to the National KPA which Institutional Development, Nongoma Municipality has committed yearly provision budget to fund first year students with universities registration fees. In the financial year under review, the municipality once again provided 60 beneficiaries with registration fees amounting to R5 000.00 per student.

The municipality also processed payment of tertiary tuition fees for the 4 out of 5 beneficiaries. The students are in their third year in terms of their studies, and the municipality has committed itself to annually provide them with the tuition fees until the completion of their studies. The students are provided an annual tuition of R25 000.00 each. One student took a gap year and as such his payment was withheld by the municipality.

3.1.9. EMPLOYEE ASSISTANCE PROGRAMME (EAP)

1. WELLNESS SUPPORT PROGRAMME: Employee HIV/AIDS Awareness Day

In line with the commemoration of the World AIDS day (01 December), the Municipality conducted its Employee HIV/AIDS Awareness Day on the 02nd of December 2021. This has become an annual phenomenon in the Municipality, and it was aimed at encouraging responsible behavior among the employees, while at the same time destigmatizing the myths around people infected with HIV/AIDS.

His Worship, the Mayor, made a keynote address. The proceedings culminated in the lighting of candles and making of a human AIDS ribbon as a symbol of remembrance of those that have perished through HIV/AIDS pandemic; and at the same time demonstrating support for those infected and affected by the pandemic. Testing and counselling on site were conducted by Department of Health (DOH)

3.1.10. COORDINATION OF HUMAN RESOURCE AND LABOUR RELATIONS MATTERS

Corporate Services is responsible for coordination of the following HR and LR engagements

- Human Resource Development Committee meetings
- Local Labour Forum (LLF) meetings
- Employment Equity Committee meetings, and
- Occupational Health & Safety Committee meetings

All these sub-committees are constituted as per guidelines from Collective Agreement and meetings are held in terms of their respective Terms of Reference. These meetings are targeted to sit once per quarter.

3.1.11. ADMIN SERVICES & OCCUPATIONAL HEALTH AND SAFETY (OHS)

1. OFFICE SPACE: ESTABLISHMENT OF THE NONGOMA DRIVERS LICENCE TESTING CENTRE (DLTC)

Office space remains a challenge in the Municipality, considering that there are some officials that share offices. The Municipality completed the renovation of the new building and moved the licensing section to occupy DLTC adjacent to the Nongoma LM main offices. The building provides a much-needed office space especially in the main building and some officials relocated to the vacated areas.

The establishment of the DLTC would save a lot of money for the people of Nongoma who have to travel as far as uLundi, Phongolo and Hlabisa for the drivers' and vehicle licensing services currently not offered in Nongoma municipality.

2. OCCUPATIONAL HEALTH AND SAFETY (OHS)

Although the National Government pronounced a relaxation on the Implementation of Disaster Management Act, the COVID-19 pandemic had a significant impact on the approaches to Occupational Health & Safety in every municipal workplace.

The advent of COVID-19, coupled with the introduction of various Ministerial Directives, imposes a paradigm shift and step change on the municipal OHS management approaches, system and attitude. This unique challenge is over and above statutory obligations generally set for municipalities as employers in terms of the Occupational Health and Safety Act, No. 85 of 1993 (the OHSA).

The OHS unit conducted 2 Occupational Health & Safety campaigns in the period under review.

3. PROCUREMENT OF PERSONAL PROTECTIVE EQUIPMENT (PPE)

Procurement of PPE in the Municipality rests with Corporate Services Department. Departments in need of PPE submit their respective specifications to Corporate Services. In the financial year under review, the Municipality had set aside a budget amounting to R800 000.00 for protective of various sections, Waste Management & Technical, Traffic Section, Disaster personnel, Office Cleaners and OHS Rep

3.1.12. IMPLEMENTATION OF THE INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

In the 2021/2022 FY, Corporate Services had targeted to have all Municipal officers sign their performance agreements. This process was met with many challenges, one being the fact that the human capacity was not there to drive the system. The department then appointed an IPMS Officer in November 2021.

At the end of the financial year under review, 81% of officers had signed their respective work plans. This is a considerable achievement for the Municipality as it is now sinking to all staff members that this is a system that is necessary.

There were numerous challenges in driving the system, one being the resistance from employees and key role players such as Supervisors and Managers. The department then went on to schedule workshops for all staff at clerical level to assist them in knowing what the system expects of them.

3.1.13. ADMINISTRATION & AUXILIARY SERVICES

The unit is responsible for coordination of council committee meetings, preparing of Council agendas Council Minutes and filing of all the Council committee records. It is also responsible for distribution of incoming & outgoing mails, manage telephone & printing services. The advent of COVID-19 coupled with the introduction of various Ministerial Directives imposed a paradigm shift on the sittings of council committee meetings. This has seen a shift from traditional face-to-face sittings to online platforms such as Zoom, Microsoft Team, Skype etc. As such the ICT has been an important feature in the coordination of not just council committee meetings, but also MANCO meetings and how the municipality communicated with its stakeholders.

1. COORDINATION OF COUNCIL COMMITTEE MEETINGS

All Council committees in the financial year under review were functional except for the second and third quarters during which there were local government elections as well as resultant squabbles among the councillors regarding the composition of Exco and Portfolio Committees respectively. Exco and Finance committees were never disturbed though, after local government elections as they continued to sit as per schedule. One must indicate though that from April to June 2022, the council committees reverted to normality as there was now consensus regarding the composition of committees.

Below is the table showing how many meetings each committee sat during the 2021/2022 financial year:

NAME OF COMMITTEE	PLANNED: MEETINGS	ACTUAL: MEETINGS	VARIANCE
Community Services	12	08	-04
Corporate Services	12	07	-05
Council	04	15	+11
Exco	12	11	-01
Finance	12	12	00
MPAC	04	03	-01
Planning & Infrastructure	12	07	-05

2. REGISTRY & RECORDS MANAGEMENT

2.1. Benchmarking of Records Management function with best practices and standards

One risk identified in terms of Corporate Services Risk Action Plan was inadequate storing, safekeeping and retrieving of Municipal records. The risk was rated critical and hd 3 action plans that seek to address it. Of the 3 action plans, one pertained to the need to benchmark Nongoma Records Management function with best practices and standards. It was decided that aBaQulusi municipality would be utilized when benchmarking due to it having a functional and well-coordinated Records Management function.

Subsequent to the benchmarking visit, a Records Management workshop for Management was arranged and conducted on the 20th of September 2021 and it was a resounding success. The end result for the workshop was the development a plan for the introduction of Electronic Records Management System for Nongoma Local Municipality.

The Department of Arts & Culture was engaged to take the lead in preparing the Management for the introduction of the electronic records management system. A workshop was proposed for Management and a budget proposal was made during the budget season, but unfortunately the Municipality could not afford to budget for electronic records management workshop due to stringent budgetary constraints. Since no budget was available for introduction of the system, it would be a futile exercise to workshop officials on something that is not yet in the plans of the municipality. Hence, the introduction of electronic records management had to be put on hold.

3.1.14. LEGAL SUPPORT SERVICES

The Legal Support Services Unit had a few employees' cases attended during the 2021/22 financial year. These cases can be categorized as follows:

- Labour relations Section:
- Number of charged employees – 6
- Number of employees who received Notices of Intention to Charge – 9
- Number of employees dismissed - 2
- Number of employees who resigned because of being charged - 2
- Number of withdrawn cases – 4
- Number of pending cases:
    - Internally -1
    - Externally – 2

- **Legal Services Management Section:**

The total number of cases attended to during the 2021/22 financial year was 14. Out of these cases, 06 have been successfully settled out of court and 08 are currently in court pending the court decision. As a cost containment measure, the Manager Legal Services had taken an initiative to represent the Municipality on certain matters.

3.2. OFFICE OF THE MUNICIPAL MANAGER

In line with the development of the new 5-year strategic agenda and the 2022/2023 IDP; Nongoma municipality has developed the Service Delivery Charter & Standards (SDC&S) and Service Delivery Improvement Plan (SDIP). These documents were adopted by the council together with the IDP on the 26th of May 2022. The municipality seeks, as part of ensuring the institutionalization of "Batho Pele" principles; to ensure that through the SDIP and SDC&S), the implementation of Batho Pele is attained.

3.2.1. BATHO PELE POLICY AND PROCEDURE MANUAL

In carrying out their duties, municipal officials as it is the case with any public servants are guided by the following Batho Pele principles:

1) **Consultation:** Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice regarding the services offered;
2) **Service Standards:** Citizens should be told what level and quality of public service they will receive so that they are aware of what to expect;
3) **Access:** All citizens have equal access to the services to which they are entitled;
4) **Courtesy:** Citizens should be treated with courtesy and consideration;
5) **Information:** Citizens should be given full, accurate information about the public services to which they are entitled;
6) **Openness and transparency:** Citizens should be told how national and provincial departments are run, how much they cost, and who is in charge;
7) **Redress:** If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response;
8) **Value for money:** Public services should be provided economically and efficiently in order to give citizens the best possible value for money;
9) **Encouraging Innovation and Rewarding Excellence:** Rewarding the staff who go an extra mile to make things happen and encourage partnership to with different sectors to improve service delivery. Embrace new innovative ways of doing things. ***This has seen the process of cascading Performance management to Managers below Section 54/56 Managers introduced as of the 1st of January 2019. While the municipality has set aside a budget portion for rewarding staff that performed exceptionally; rewarding of good and exceptional performance will only commence once performance management system has been cascaded to all municipal employees***

10) **Service Delivery Impact:** the Municipality shall measure and report regularly, using the sum total of all Batho Pele initiatives, the impact of the Batho Pele service delivery on the lives of the inhabitants of Nongoma Municipality.

11) **Leadership and Strategic Direction:** It is envisaged that Municipal leaders shall create an atmosphere that conducive for creativity by staff within the Municipality.

3.2.2. SERVICE DELIVERY IMPROVEMENT PLAN (SDIP)

The Service Delivery Improvement Plan (SDIP) is a tool to enhance the Municipality's daily operations to achieve better service delivery to its communities. The SDIP as a tool, as with any other rigorous reporting instrument would contribute towards measuring the improvement of the service delivery of Nongoma municipality, for it would point out the municipality's shortcomings and weaknesses.

In the 2021/2022 FY, Nongoma municipality had identified 3 planned standards as area of improvement. Those planned standards were:

1) Planned Standard #1: All critical vacant post filled by 30 June 2022: All critical vacant posts were filled in the 2021/2022 FY, resulting in a stable and functional top management.

2) Planned Standard #2: 100% spending of Capital Budget: 100% spending on MIG and INEP funding was achieved.

3) Planned Standard #3: Working towards Clean Audit: The municipality received Unqualified Audit finding, with only few matters.

The overall implementation of the SDIP as per the 8 planned standards is as follows:

	PLANNED STANDARD	PROGRESS REPORT ON IMPLEMNETATION
1	Working Towards Clean Audit	Already articulated above
2	100% spending of Capital Budget	
3	All critical vacant post filled by 30 June 2022	
4	Service delivery complaints are dealt with within two weeks of receiving the complaint.	On-going
5	Develop a Communication Strategy and review it annually	Communication strategy has been reviewed and adopted by the council.
6	The Municipality's strategic plan is reviewed annually	Strategic Planning session conducted on the 23rd to the 25th of March 2022
7	All service providers will be paid within 30 days of receipt of correct invoices. Where invoices do not comply with requirements, this will be communicated to the service provider within a week of submission	In the period over review all service providers have been paid within 30 days of the receipt of the invoices
8	To empower small and medium enterprises and co-operatives.	Target not achieved

3.2.3. SERVICE DELIVERY CHARTER AND STANDARDS

The municipality has revised its Service Delivery Charter and Standards in line with the recent configuration of the organizational structure. Through the Service Charter the municipality articulates the level and quality of services to be provided. As the municipality improves in its effort to provide services to the communities; any introduction of new services will be communicated and articulated in the Service Delivery Charter and Standard document.

As a tool of implementing the principles of Batho Pele; the main purpose of Nongoma Service Delivery Charter and Standards is to improve awareness of the availability and quality of the services offered by the municipality. It also provides guidance to service beneficiaries to claim their existing rights. This is in line with the principle that citizens have the right to expect high quality public services which meet their needs.

3.2.4. INTER-GOVERNMENTAL RELATION (IGR) COORDINATION

3.2.4.1. DISTRICT DEVELOPMENT MODEL (DDM)

The District Development Model (DDM) has introduced new IGR planning, budgeting and implementation paradigm and discipline (spatial targeting and budgeting towards common long term outcomes). Its introduction has resulted in all the traditional municipal IGR structures dying a natural death.

The DDM is an operational model for improving cooperative governance aimed at building a capable, ethical developmental state. The key overarching objective is to narrow the distance between people and government by focusing on the District Municipality as a center of joint planning, coordination, monitoring and evaluation of service delivery initiatives by all 3 spheres of government.

As the case with other district municipalities, Zululand DM as the main driver of the District Development model within the Zululand District established various DDM structures. The clusters were functional and were only derailed by the local government elections. However, as soon as new councils were inaugurated, the sitting of the DDM clusters were back on track.

The ZDM DDM structures are arranged as follows:

- **DISTRICT POLITICAL HUB:** The District Political Hub is chaired by the District Mayor, Ministerial Champion and MEC Champion. It comprises of Local Mayors, Speakers, Chair of District House of Traditional Leaders, and Support Teams of the

Ministerial Champion, District Mayor and MEC Champion. The purpose of the Political Hub is to oversee the approval, monitoring of the ONE PLAN & ONE BUDGET, promote greater accountability of government, ensure inclusion of community needs and account to province for the DDM functionality and impact.

- **DISTRICT TECHNICAL HUB**: Chaired by the District Municipal Manager and the Provincial HOD Champion, the structure sees representation from Local Municipalities and the Senior Managers, National/Provincial Sector Departments, District Cluster Chairs and other support structures. The purpose of the Technical Hub is to oversee the development and recommendation of the ONE PLAN and ONE BUDGET, ensure all 3 spheres of government are accountable & participating, ensure streamlined IGR structures, co-ordinate shared services and report to the Political Hub.

- **THE CLUSTER HUBS** are chaired by each of the Zululand DM General Managers. Representation includes Local House of Traditional Leader Portfolio Conveners, Sector Departments Representatives, OSS Chairs, Municipal and Departmental Entities. The purpose of the Cluster Hubs is to provide a platform for sector specific coordinated joint planning & oversight of approved DDM plans and sector advisory role to the DDM technical hub. The Cluster Hubs are arranged as follows:
  - Governance Cluster: The cluster is chaired by the ZDM's Ms MS Linda, HOD: Corporate Services and deputised by Mr. ME Sithole, HOD: Corporate Services form Nongoma Municipality
  - Economic Cluster: Chaired by ZDM's Mr S. Kheswa, Acting General Manager GSCID: The name of this Technical Cluster is "Governance, State Capacity and Institutional Development" (GSCID) also referred to as Governance Cluster
  - Security Cluster: The cluster is chaired by the ZDM's Mr WJ Jordaan, The Acting General Manager.
  - Social Cluster.

In ensuring optimum participation, the Nongoma municipality allocated its officials (at a management level) to different District Cluster Hubs. These officials report back to MANCO on their participation on the respective Hubs. One official, i.e HOD: Corporate Services has since been appointed as the Deputy Chair for the Governance Cluster Hub. The allocation of the Nongoma municipal officials in the Cluster Hubs is as follows:

CLUSTER HUB	OFFICIAL	POSITION
Governance Cluster	Mr. M.E Sithole	HOD: Corporate Service
	Mr. F.O Ntshangase	Manager: Human Resource
	Mr. GA Ndaba	Manager: IDP/PMS
Economic Cluster	Mr NFT Buthelezi	HOD: Planning & Infrastructure Dev
	Ms Mbali Khambule	Manager: Spatial Planning
	Mr. S.B Zulu	Manager: LED/Tourism
	Mr. S. Khumalo	Manager: PMU
Security Cluster	Mr IR Barnes	HOD: Community Services
	Prince P. Zulu	Manager: Safety & Security
	Mr. LB Mhlungu	Manager Risk & Compliance
Social Cluster	Mr IS Ndlela	Manager: Disaster Management
	Ms NP Zuli	Manager: Environment & Waste

Central to the success of the DDM is the full participation of the District family of municipalities. Recent reports suggested there had been poor participation by local municipalities at the cluster meetings. In light of the absence of any reports having been submitted to the office of the MM regarding participation to these meetings; it is therefore safe to say that Nongoma officials have not been fully participating as expected.

To ameliorate the situation, all the above-listed officials were served with a reminder memo of their responsibilities to participate and have meaningful contribution to the DDM, and that as appointed officials, they are expected to submit a report to the Acting Municipal Manager and make a presentation to MANCO regarding all their engagements in the above-indicated clusters.

The above-indicated DDM structures are functional. The sitting of the structure were briefly suspended during the course of the local government elections, since it affected mainly the Political Hub and therefore the elevation of issues from the clusters up to the Technical Hub. Subsequent to the councils inaugurations the confirmation of the political office bearers, specifically the mayors and the speakers whom are expected to be part of the Political Hub; all DDM structure were reconvened. All these structures have been functional since then.

3.2.5. COUNCIL COMMITTEES

As promulgated in section 79 and 80 of the Municipal Structures Act, 1998 (Act No. 117 of 1998), a municipal council may establish one or more committees necessary for the effective and efficient performance of its functions or the exercise of any of its powers. Section 79 committee reports directly to Council while a section 80 committee reports to the Executive Committee.

Nongoma Municipality has the following Council Committees that are functional: Executive Committee (EXCO), Municipal Public Accounts Committee (MPAC), Audit and Performance Committee and Portfolio Committees.

The portfolio committees for Nongoma municipality are arranged as follows:

Portfolio Committee	Chairperson of the Committee
Corporate Services	Cllr GS Nkosi
Finance Department (BTO)	Cllr MA Mncwango
Community Services	Cllr. TJ Nsele
Planning & Infrastructure Development	Cllr. JT Nkosi

While Council, EXCO and Finance portfolio committee have always been functional; the functionality of other portfolio committees was compromised at the beginning, i.e just after their formation. The non-functionality of the council committees was as a result of the impasse regarding the composition of EXCO and some councillors not recognising the chairpersons of portfolio committees. Finance portfolio was not affected since its chairpersonship was not disputed.

The situation has since improved, and all portfolio committees are deemed functional. While in terms of the schedule the Council sits quarterly; ad hoc meetings are arranged when a need arise. Extended MANCO of the municipality participates in the Council meetings.

- **Executive Committee (EXCO**): The EXCO of Nongoma is functional because it quorate despite pending court case regarding reduction from 9 to 7 members. It holds its meetings monthly in terms of an approved schedule and makes recommendations to Council. The accountability of EXCO to Council stands as a cardinal principle of good governance.

- **Troika:** The TROIKA is a meeting whose purpose is to ensure effective political management of the institution. The TROIKA is chaired by the Mayor. Members of the TOILKA include the Deputy Mayor, the Speaker and the Municipal Manager. The function of TROIKA includes:
  - Consider Council agenda;

- Ensure items brought to Council are competent;
- Facilitate for the political management of the Council meeting;
- Ensure smooth running of the council; and
- Facilitate a common understanding amongst the political offices on items before council.

Nongoma LM Troika sits fortnightly. Discussions and agenda for Troika is determined by discussions at Extended Manco.

Municipal Public Accounts Committee (MPAC): The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Municipal Structures Act, 1998. The MPAC of Nongoma is functional and chaired the Councillor from the opposition party, the NAPF. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. MPAC operates in terms of approved Terms of Reference and its meetings of the MPAC sit once a quarter.
The following are the members of the committee:

- Chairperson: Cllr PW Gumbi
- Member: Cllr TM Ndwandwe
- Member: Cllr MA Mtshali
- Member: Cllr NA Manqele
- Member: Cllr TJC Mthimkhulu
- Member: Cllr ME Ndwandwe
- Member: Cllr BA Mncwango

Audit/Performance Committee (APC): The municipality has a functional Audit/Performance Committee. A resolution has been taken that only senior managers and IDP/PMS Manager should participate in the audit/performance committee. Other line managers would only attend upon invitation. The following are the members of the committee:

- Mr. BEM Khuzwayo - Chairperson
- Mr. A Nxumalo - Member
- Mr. PDJ Dzanube - Member
- Mr. U Botshiwe - Member
- Ms. SP Dlungwane - Member

The objective of the committee is to assist the Executive Committee with its responsibility of safeguarding, maintaining effective and efficient internal controls, reviewing financial information and overseeing the preparation of the annual financial statements.

The committee operates in accordance with terms of reference authorized by the Council and the auditors have unrestricted access to the committee members. All Senior Managers attend APC Meetings. In addition, the Mayor, the Chairperson of Risk Management Committee, Internal Audit Team, MPAC Chair, COGTA Official and AG Official are standing invitees to APC Meetings. The Audit Committee tables 2 reports in a financial year at Council.

Internal audit: Internal Audit function has been outsourced. The service provider, as value add function, has prepared a risk-based internal audit plan and determine whether controls in place are adequate and effective to mitigate any risks that may threatened achievement of strategic and operational objectives. It has also review adequacy and effectiveness of internal controls.

It also ensures monitoring of compliance by means of checklist and report to any issues of non-compliance to the governance structures on the regular basis. i.e monthly to Manco and quarterly to Audit Committee.

The internal audit covered the following:

- Loss Control – Follow Up Review
- Receipting and Banking – Follow Up Review
- Human Resources and Payroll – Follow Up Review
- Asset Management – Follow Up Review
- Review of Revenue
- Review of Purchases and Payables
- Review of Division of Revenue Act (DoRA)
- Review of Tenders and Contracts

APC oversight on Internal Audit: APC oversees the performance of the internal audit. Nongoma Municipality has an outsourced internal audit function whose responsibility is to assess the effectiveness of risk management, control and governance processes and to provide insight and recommendations that can enhance these processes, particularly relating to effectiveness of operations, reliability of financial management and reporting; and compliance with laws and regulations. There is one municipal official, an Internal Auditor, whose duties are to coordinate the activities of both the internal audit and the APC.

Internal Audit operates in terms of the approved Internal Audit Charter and the approved Risk-Based Internal Audit Plan which composes of various reviews that include ITGCR, Credit Control and Debt Collection Review, Supply Chain Management Review, Budget Management, Bi-Annual Risk Management Review, IA Follow-up, AG Follow-up, Quarterly

Review of Performance Information, Revised SDBIP Review and Annual Financial Statements Review.

3.2.5.1. PARTICIPATION OF AMAKHOSI IN COUNCIL MEETINGS

Nongoma LM is made up of three (3) Traditional Councils that consistently participate not only in council meetings, but in the affairs of the municipality. These TCs are as follows:

- Ematheni Traditional Council,
- oSuthu Traditional Council, and
- Mandlakazi Traditional Council.

Based on the C.88 report, the traditional authorities have been full participating in all council meetings via their respective representatives.

3.2.6. FUNCTIONALITY OF MANAGEMENT STRUCTURES

There were 2 main Management structures in the municipality, i.e:

- Management Committee (MANCO) which comprised of the Heads of Departments, and also the IDP/PMS Manager and Internal Audit Manager. The committee was functional and sat every week on a Monday. The Committee was chaired by the Municipal Manager.
- Extended Management Committee (MANCO) which comprised of the Heads of Departments and all line Managers (including Assistant Managers) sat every Monday or Wednesday. This Committee was also chaired by the Municipal Manager.

1. IDP STEERING COMMITTEE

As a requirement towards the development of the IDP; an IDP Steering Committee must be formulated. The municipality formulated its Steering Committee just after the adoption by the council of the IDP Process plan. Membership of the Nongoma IDP Steering Committee was as follows:

- The Chairperson: Municipal Manager, initially it was Mr. MB Mnguni, whom after his resignation late in the financial year, the Acting Municipal Manager took over, i.e Mr MM Zungu.
- The Chief Financial Officer: Mr. MM Zungu. After assuming the acting municipal manager role; he was replaced by Mr. N. Shandu (Acting CFO).
- HOD: Corporate Services, Mr. ME Sithole
- HOD: Planning & Infrastructure Development services, Mr. NFT Buthelezi
- HOD: Community Services. Initially it was the Acting HOD, Mr G.A Ndaba, later replaced by Mr. K. Zulu (also acting HOD).
- IDP Manager: Mr. G.A Ndaba.

At an early stage, the Steering Committee would meet once a month and also on ad hoc basis. However, later towards the finalization stage of the IDP, i.e between March and May months; the committee met every Mondays.

2. BID COMMITTEES

The work of the Bid Committees is influenced by the procurement plan. The municipal 2021/2022 Procurement plan was in place and for it to be implemented, the bid committees had to be functional.

- Bid Specification Committee: The committee was functional and was composed of the following members:
  - Manager Revenue
  - Accountant SCM – Chairperson
  - Assistance Manager Skills Development
  - Technician
  - Manager Council Support
- Bid Evaluation Committee: The committee was functional and was made up of the following members:
  - Manager Expenditure- Chairperson
  - SCM Officer
  - Manager Waste Management
  - Manager Budget
  - PMU Manager
  - Asset Accountant
- Bid Adjudication Committee: The committee was functional and was made up of the following members:
  - SCM Manager
  - CFO- Chairperson
  - SM: Technical Services
  - SM: Corporate Services
  - Community Services Manager
  - Director: Community Services

3. RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) was established by the Nongoma Local Municipality in terms of section 62(1)(d) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) to assist the Municipal Manager to fulfil his duties on risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles. It is our policy that the Risk Management Committee also serves as Fraud Prevention Committee. RMC membership is composed of an external Chairperson who is a Chartered Accountant and Senior Management. Officials from Internal Audit, Legal Services, Operational Health & Safety and ICT also sit in quarterly meetings of the RMC as standing invitees.

Nongoma RMC is functional; it monitors the implementation of Risk Management Framework of the Municipality including Fraud Risk and report quarterly to Audit and Performance Committee. As part of its operations, RMC has reviewed and recommended to Council the approval of the following key documents:

- ✓ RMC Charter (Terms of Reference)
- ✓ Risk Management Policy
- ✓ Risk Management Strategy
- ✓ Risk Management Implementation Plan
- ✓ Fraud Prevention Policy
- ✓ Fraud Prevention Strategy and Plan
- ✓ Policy on the Acceptance of Grants, Gifts, Donations and Sponsorships
- ✓ Whistle Blowing Policy
- ✓ Conflict of Interest Policy

A dedicated Unit, Risk & Compliance Unit has been established within the office of the Municipal Manager to coordinate risk and compliance matters. At a departmental level, Risk Champions from each department have been designated. These designated officials are at a managerial level. Risk Champions act as change agents in the enterprise risk management process. A key part of the Risk Champion's responsibility involve escalating instances where the risk management efforts are stifled, such as when individuals try to block enterprise risk management initiatives.

The municipality has an Fraud Prevention Strategy and Fraud Prevention Policy in place, all of which were adopted by the council in December 2020. There is also a Whistle-Blowing Policy in place.

4. LOSS CONTROL MANAGEMENT COMMITTEE

The Loss Control Management Committee was established in the 2019/2020 FY. It comprises of the following members:

- CFO (Chairperson)
- HOD: Corporate Services (Deputy Chair)
- Manager: Expenditure
- Manager: Traffic & Protection Services
- Manager: Legal and Fleet
- Manager at the Office of the Municipal Manager

The committee considers and settles or repudiates claims for damages caused to the property of members of public arising against the municipality from time to time as well as consider and settle internal loss control issues as they arise.

5. NONGOMA DISCIPLINARY BOARD

Council of Nongoma appointed a Disciplinary Board as per the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. The Board is composed of external members that include Members of the Audit Committee, the Internal Auditor and an

Attorney from the appointed panel of legal service providers. It was provided with orientation workshop and operates in terms of the approved Terms of Reference.

3.2.6. COMMUNICATION/PUBLIC PARTICIPATION STRATEGY

The municipality has both the Public Participation Strategy and Communication Strategy. These documents were adopted by the council in the 2021/2022 FY.

In line with the public participation strategy, the municipality has utilised various avenues of engaging communities and ensuring that they participate in the affairs of the municipality. Platforms such as ward-based meeting, IDP-RF, IDP community meetings held in November, and IDP Road Shows conducted in May 2022 thus providing an opportunity for the municipality to engage the community it serves.

3.2.6.1. IDP CONSULTATIVE ENGAGEMENTS FOR 2021/2022 IDP

One of the mandates for Local Government is to give priority to the needs of the community. Communities are therefore given an opportunity to participate in the process of prioritizing their needs. Municipalities through the IDP/Budget process register the needs of its community and also set up programmes that would address these needs. Resources are then allocated to address needs that have been identified. The IDP Consultative meetings were conducted between September and October 2021. All wards were visited by the Mayor.

During the IDP process, participation is implemented during the assessment and planning phase to help gather relevant data to define development challenges and to identify vulnerable groups, map out root causes, and set priorities in a form of IDP Public Consultation Meetings. The Municipality undergone Community needs analysis or assessment, this exercise is done to ensures that a participatory process is followed when planning the Municipal areas development which will further ensure a sense of ownership on the communities side as they will be part of the decision making process when it comes service delivery.

3.2.6.2. 2022/2023 IDP/BUDGET ROADSHOWS

The IDP/Budget Roadshows for Nongoma took two forms, i.e on one hand there was a clustering of wards according to the Traditional Authorities they fall in, and on the other hand, a session which combined both contact session and social media platforms.

The municipality decided to take its IDP/Budget to the traditional Authorities. This was to enhance and deepen the participation of Traditional authorities in the affairs of the municipality. It was also based on the fact that wards exist in a Traditional Council area, and therefore all wards were clustered according to the traditional authorities within whom they fall; thus allowing traditional leaders to take lead in the proceedings.

The last session on the 13th of May was conducted live from the council chambers where there were attendees. It was also broadcast live on the local radio station (Nongoma FM). The session was also streamed live on the municipality’s Facebook page.

Other means of ensuring that comments and inputs were received from communities and stakeholders at large, a IDP email was created and share with stakeholders. 23 IDP documents were printed and submitted to all wards via ward committees. Two (2) IDP documents were place in the Nongoma Main library and uSuthu library; and the IDP document was placed on the municipal website.

3.2.7. SPECIAL PROGRAMME AND MAYORAL OUTREACH PROGRAMMES

3.2.7.1. DISABILITY FORUM LAUNCH AND GRADUATION CEREMONY MONTH

On the 2nd of June 2022, Nongoma municipality held a graduation ceremony for people living with disability, with an aim of youth empowerment this programme was initiated by the Department of Labour to educate qualifying leaners in the field of New Venture Creation (SMME) NQF level 2.

3.2.7.2. YOUTH SUMMIT: JOB PREPARATION AND SKILLS INFORMATION SHARING

Nongoma Local Municipality invited various stakeholders to participate in the youth summit event, with an aim to engage on issues that affect the development of the youth and the creation of dialogue between government, private sector and youth, this programme was held on the 30th of June 2022.

3.2.7.3. YOUTH DAY SOCCER TOURNAMENT

Nongoma Municipality in partnership with Nongoma sports club hosted a soccer tournament in commemoration of June 16, this event was scheduled to take place at ward 22 Zondwane area and ward 09 Lindizwe Sports Ground with the participation of various soccer clubs various wards

3.2.7.4. NONGOMA MAYORAL MASKANDI FESTIVAL

The social context and possible role of music in the history of mankind until today are discussed. It is emphasized that “amusia” (total lack of understanding of the meaning of music) is very infrequent in normal populations. It could be speculated that individuals who have lacked interest in music and have had poor ability to participate in musical activities have had less likelihood to survive than others. Music can have very strong effects in political and societal contexts.

A socially cohesive society is one which works towards the wellbeing of all its members, fights exclusion and marginalization, creates a sense of belonging, promotes trust and offers its members the opportunity of upward mobility. Social tensions in the wider community can also play out at the local level. The positive effects of music for human well-being and social bonding have long been acknowledged by scholars, particularly by ethnomusicologists and anthropologists.

Nongoma is considered to be the centre of the history and customs of the great Zulu nation. The area boasts rich history of the Zulu nation and has 6 royal households belonging to the late iSilo King Goodwill kaZwelithini. Musically, the area is home to the well-known late Maskandi singer Mpatheni '' Mfaz'omnyama" Khumalo. Maskandi music is the most listened music in Nongoma, and there are a number of Mfazomyama-inspired musicians who have emerged from the area. Some have gone to become households' names in South Africa. These include:

- STABHILITHI
- DUMAKAHLE
- MASHWABANA
- MAHOSHA

The purpose of Nongoma Maskandi music festival held on the 29th of October 2021 was two-folds; 1) to enhance social cohesion in Nongoma wherein maskandi music remains the main language for its population. This music remains the uniting force that cut across political differences, churches and gender differences, 2) to showcase the up and coming talent and encourage the youth to follow suit in as far as pursuing music career (specifically, maskandi) is concerned.

3.2.7.5. HOUSE HANDOVER TO THE DESTITUTE FAMILY

As part of his outreach programme, the mayor solicited support from the municipal official for contribution towards ensuring that a destitute child-headed household in ward 13 was provided with a decent shelter. After months of regular contributions, the house was subsequently completed and handed over to the beneficiaries. The official hand-over ceremony was conducted on the 3rd of September 2021.

The beneficiaries shared their joy and disbelief when they were handed over the keys to their newly-built and furnished house. The Mayor re-affirmed his dedication towards ensuring that the lives of the people of Nongoma become better, and that all that contributed towards building the house. He also reiterated that such an achievement

by Nongoma municipality is a victory and affirmation of the humans rights as conferred in the country's constitution.

It has become a norm for the municipality to build a house for a destitute family, since it the previous financial year alone; the municipality handed over 2 houses to the destitute families.

3.2.7.6. INTEGRATED DEVELOPMENT PLANNING (IDP) AND PERFORMANCE MANAGEMENT SYSTEM (PMS)

All compliance issues in relation to coordination of IDP, PMS and B2B were accordingly achieved during the period under review. The draft 2022/2023 IDP was tabled and submitted to COGTA within the stipulated timeframe, i.e March 2021 and within 10 days after it being approved by the council. The final 2022/2023 IDP was tabled to council on the 26th of May 2022 and was submitted to COGTA within 10 days after it being adopted by the council.

The Organisational SDBIP 2022/23FY was approved by the Mayor on the 22nd of June 2022. That was within 28 days as per the legislative requirements.

All quarterly Performance reports were submitted to Internal Audit for review purpose and were tabled to all council committee culminating into them being tabled at Council meetings for approval.

3.2.7.7. BACK-TO-BASICS

Circular 88 reporting integrates the Back-to-Basics reporting and its integration into municipal management system (PMS) would intensify service delivery. Circular 88 reporting is still based on similar pillars as the Back-to-Basics, those are:

- Building Capable Local Government Institutions;
- Putting people first
- Improve basic service delivery and infrastructure development;
- Good Governance and;
- Sound Financial Management; and

Nongoma municipality has already begun integrating some elements of the Circular 88 reporting, wherein the Back-to-basic principles have formed the basis for the development of the strategic objectives and strategies to address matters identified in the analysis section of the IDP document. Most Back-to-basics indicators form part and have been integrated into the municipal SDBIPs (Organizational and Departmental)

The municipality complied with the reporting requirement in terms of the Circular 88/Back-2-Basics reporting. All quarterly reports were submitted to KZN COGTA.

3.3. PLANNING & INFRASTRUCTURE DEVELOPMENT SERVICES

Central to the core functions of Planning & Infrastructure Development Services is the planning and implementation of service delivery and infrastructure projects. The department renders the following services:

- Local Economic Development
- Land Use Planning
- Project Management
- Roads and Storm Water Drainage Services
- Electricity Infrastructure development

Based on the revised organogram, the department has 3 units as depicted below:

- Development Planning Unit
- LED/Tourism Unit
- Project Management Unit (PMU)

Through this department, the municipality is able to create EPWP job opportunities while providing the much-needed basic services to its communities.

3.3.1. Capital Projects

1. MUNICIPAL INFRASTRUCTURE GRANT (MIG) Projects

There was a slight increase in the MIG allocation for the municipality in the financial year under review. The municipality received R37 495 000, a slight increase compared to the R31 670 000 allocation for the 2020/2021 FY.

The municipality had 10 MIG-funded projects in 2021/2022 FY. Seven (7) of those were roll-over projects that could not be concluded in the 2020/2021 FY; and seven (3) were new projects. The roll-over projects were multi-year projects, and the status of each is herein articulated:

PROJECT NAME	WARD	ANNUAL TARGET	ACTUAL
Nongoma side-walks	19	100% Completion by 30 June 2022	100%
Storm Water in Town	19	100% Completion by 30 June 2022	97%
White City Road Phase 1	20	80% Completion by 30 June 2022	39%
Deleni Road	19	60% Completion by 30 June 2022	81%
Red Hill Road	9	50% Completion by 30 June 2022	2%
Town streetlights Phase 1	19	50% Completion by 30 June 2022	100%
Nongoma Black Top Phase 1	19	20% Completion by 30 June 2022	45%

One implementer responsible for the construction of White City road had to be terminated at the end of quarter 3, and the projected halted, as a result of poor performance. The project has been deferred to the next financial year and a new implementer has already been appointed and was on site by the end of the financial year. It should be noted that in as much the project would rollover to the next financial year, the new implementer will have his own milestones and therefore new targets.

The status of the three new projects as at the end of the financial year is as follows:

PROJECT NAME	WARD	ANNUAL TARGET	ACTUAL
Emanzimakhulu Community Hall & Crèche		40% Completion by 30 June 2021	41%
Installation of Town street lights Phase 2		20% Completion by 30 June 2021	Design stage
Emaye Community Hall		90% Completion by 30 June 2021	90%

The successful installation of Construction and installation of 5 (22 metres long) High masts at Redhill, Bus Rank, White City, Police Station and oPhalule areas provided much needed relief for the community in that there had been reports of a number of criminal incidents associated with darkness, wherein most targets were retail workers travelling to and from work during early and late hours.

In the next financial year, the municipality will proceed with the installation of solar street lights along Nongoma town streets (11 km)., Thus, further ensuring safety of the road users.

Most MIG projects were focused on improving the Nongoma town, and one project, i.e. the Nongoma Blacktop & Drainage, which seek to ensure betterment of and taring of parking in from of the shops along the main road and construction of drainage in Nongoma town was implemented.

While the project was at 20% at the end of the financial year under review, its implementation had a huge visible impact in Nongoma town, for it not only ensured beautification, it also served as a response to climate change, i.e. mitigation project that would reduce the impact of flooding should it occur In Nongoma town.

The Nongoma sidewalk project which was fully completed (100%) at the end of the financial year provided safety for the pedestrians in Nongoma town in that it ensure that they do not get caught up in the traffic and possible get knocked down by vehicles.

As part of ensuring access to community facilities, the eMaye community hall was at 90% completion at the end of the financial year under review. The project with a R1 199 999.00 MIG allocated budget, included

construction of a community hall, including ablution facilities. The project had been budget for had been provided for the project

2. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

INEP funding to municipalities is coordinated by Department of Energy and is implemented through its implementing agencies such as ESKOM, municipalities and Non-grid service providers.

In the financial year under review, the municipality had R17 082 000 INEP funding, a significant improvement compared to the previous financial year, which was R8 400 000.

In the financial year under review, the municipality initially, had 8 electrification projects. However, three projects had to be deferred to the next financial year during the Mid-Term review as they could not take off due to cash-flow issues. These projects are:

1) Mandlakazi Electrification Extension 1
2) Mandlakazi Electrification Extension 2
3) Matheni Electrification

The status of the other 5 electrification projects is herein articulated:

PROJECT NAME	LOCATION	STATUS	ON/OFF TARGET
Mcakwini Electrification Project Phase 2	Ward 01	100% complete	ON TARGET
Mcakwini Electrification Project Phase 3		78% complete	ON TARGET
Ebuhleni Electrification phase 2	Ward 20	100% complete	ON TARGET
Ebuhleni Electrification phase 3	Ward 20	99% complete	ON TARGET
OSUTHU Electrification		95%	ON TARGET

3.3.2. HUMAN SETTLEMENT

Human settlement is a sub-unit under development planning. Activities undertaken by this unit are as follows:

- Successfully coordinated Housing Forums – reporting status and progress of Housing projects.
- Reviewing Housing Sector Plan to incorporate ward 22 and ward 23.
- Continuously engaging and following up on Housing projects currently under construction and liaising with the Department of Human Settlement on the progress of planned / pipeline projects.

The progress of each project is detailed as follows:

NAME OF PROJECT	LOCATION / WARD	STATUS OR PROGRESS.	IMPLENTING AGENT
1. NKUKHWINI RURAL (3000 UNITS	**WARD 1**	The project underperformed during the previous financial years from 2016, however the IA battling to recover the work lost and the project is expected to be completed end of January 2022 as per current Extension of Time.	**MFUMBATHI PROJECTS**
2. ZIDWADWENI RURAL HOUSING PROJECT (1200 UNITS)	**WARD 5**	The project is underperformed trying to be recovering as per the revised development programme and contract will be lapsed in November 2021 for the current EOT. There submitted the request of Extension of Time for the 5[the] time to the Municipality.	**GO –BIG CONSTRUCTION AND PROJECTS**
3. KHOKHWANENI RURAL HOUSING PROJECT (3000 UNITS)	**WARD 4 , 6**	The project is completed Phase 1 of 300 Units, the Contract of Phase 2 is already signed. The project is on good track, and it is in line with the development programme and no EOT requested to date.	**ISUNDU TRADING**
4. MPUNZANA HOUSING PROJECTS (1800 UNITS)	**Ward 21**	The project is completed Phase 1 of 300 Units, the DoHS busy prepared the contract of the Second phase. The current EOT lapsed end of February 2022 to accommodate the last invoices.	**CHUSHISANANI MZANSI TRADING**
5. NKUNZANA RURAL HOUSING PROJECT (1800 UNITS)	**WARD 18**	The IA has added resources by appointing a service provider who is going to install VIP's while other teams are focusing on Aprons to meet the deadline of the current EOT.	**ZAMOKUHLE DEVELOPMENTS**
6. SIYAZAMA (1000 UNITS)	**Ward 15**	The Project Steering Committee of the newly take over contractor has been workshopped and the Service Provider has commenced with the construction on sites.	**FEZEKA BUSINESS**
7. MHAMBUMA RURAL HOUSING PROJECT (1000 UNITS)	**WARD 15**	The project is to commence with phase 1 of 300 units in the third quarter of 2021/2022 financial year and currently busy with site establishment and the consultative meeting with communities.	**SIYAHAMBA SODWA CONSULTANTS**
8. VUNA RURAL HOUSING PROJECT(2000 UNITS)	**Ward 14**	The project is abandoned by the IA and is behind the development programme by 65 units in different milestones. The construction has resumed as the contract has been re-instated and extended for the period of 8 months. The project is being closely monitored.	**MAKHAYO CONSTRUCTION AND SUPPLIERS**

3.3.3. LOCAL ECONOMIC DEVELOPMENT & TOURISM

3.3.3.1. EASE OF DOING BUSINESS IN NONGOMA

One of the proposed actions in the LED strategy is for the municipality to work closely with the Zululand Chamber of Business. The Chamber has since served as a body that co-ordinate issues and concerns amongst the business sectors. As such regular meetings outside of the LED/Tourism Forum are conducted to entrench communication channels between the municipality and businesses.

Issuing of business licences in Nongoma municipality is very efficient; thus, making it easy for business operators to abide by the legal requirements of operating businesses. There are however some threats and constraints making it difficult for one to open a business in the Nongoma. Since Nongoma municipality has one main economic hub, i.e. Nongoma town, unavailability of land and tedious process for land acquisition is a major stumbling block.

1. Business Licences & Registration of Pty (Ltd) and Cooperatives

In the period under review, the municipality through its LED/Tourism unit, and in an effort to ensure that all business outlets are in compliance with the business Act of 71 of 1991; renewed 35 businesses licences and recorded 39 new applications.

54 PTY Companies and 21 Primary Cooperatives were also registered. The newly-registered PTY companies and Cooperatives we mentored and assisted in terms of business compliance documents with SARS, BBBEE, CIDB.

2. Automated Systems Informal Trader's Permits

The municipality through its LED unit has a mandate to make ensure that all the informal traders within its jurisdiction are in compliance in terms of having their trading permit renewed after every 3 years. In the period under review, the municipality recorded and issued 410 informal economy permits to the complying informal traders.

3.3.3.2. TRAINING/CAPACITY BUILDING FACILITATION

1. Customised e-learning course for cooperatives (Services SETA)

On the 3rd to 4th of February 2022, Services Seta together with the municipal LED Section hosted training for Cooperatives at Nongoma Municipality, focusing on cooperative development. Services SETA deployed 2 trucks that were set up as mobile offices. These trucks were equipped with the necessary devices and network connectivity required to access the online content.

2. Automated Business Licensing & Information Management System

The Business Act No. 71 of 1991 provides that: Certain businesses must have a Business Licence, and in the process of business licence application, the municipality may issue or refuse a business licence application.

The municipality has up to 21 days to process the application. On the 14th of March 2022, LED Unit together with EDTEA (Formal and Informal Economy) conducted a workshop on automated business licence and information management system with competency units which are needed to process a business licence.

3.3.3.3. BUSINESS LICENCE COMPLIANCE INSPECTION

1. Nongoma Business Compliance Inspections

On a quarterly basis, the municipal LED/Tourism unit conducted business compliance inspections. The inspections were unannounced and surprised visits to business premises. The LED unit invited District Environmental Health unit, SAPS, Disaster & Fire Unit and OHS Unit to partake in the exercise. Through these visits, illicit trade and trading of illicit goods were dealt with; so were non-compliance in terms of health & safety and fire service Act.

3.3.3.4. SMME'S/COOPERATIVES MENTORSHIP

1. Bululwane Irrigation Scheme

The Bululwane Project in Ward 15 has begun bearing the fruits, in that reliable market has been secured for the product produced from the scheme. This in a form of wholesalers within Nongoma wholesales, the main being Browns Cash and Carry and the municipality is facilitating talks with the Jwayelani Butchery and Cash & Carry to buy the fresh produce locally in support of local businesses.



2. NLM Tractor Mechanization Program

The Zululand District Municipality has donated two Tractors to Nongoma Municipality to help Agricultural Projects for mechanisation. These tractors provide a much needed tools by small businesses/ Agri-Cooperatives. The tractors are also utilised for supporting subsistence farmers who grow crops for their own consumption.

3. EyaBaThembu Piggery Sign Board

Proper advertisement of the business is central in ensuring sustainability of the business and attracting customers. The municipality assisted the EYABATHEMBU Piggery Cooperative from Holinyoka, ward 23 with the acquisition of their business sign board. This was made possible through the National Movement of Rural women that funded the acquisition of the sign board.

4. Maphophoma Milling


On its effort to ensure the resuscitation of the Maphophoma milling, the municipal LED unit took the initiative to visit Maphophoma milling in ward 10, to assess the issues faced by the cooperative and to devise means to deal with those issues. Maphophoma Milling has all the necessary equipment to use in production of maize. The municipality facilitated a stakeholder engagement with Bululwane irrigation scheme to establish an alignment with the Maphophoma Milling.

3.3.3.5. POVERTY ALLEVIATION, WARD BASE DISTRIBUTION PROJECTS Poverty Alleviation is one of the six key priority areas for Nongoma municipality; and it is the municipality's intention to eradicate poverty through food security and job creation. As such, every financial year the municipality sets aside a budget toward poverty alleviation projects.

In the month of October the municipality started a process of handing-over Poverty Alleviation Agrarian Projects in all wards. The process was led by His Worship, the Mayor, supported by councillors.

- Hundred and forty five (145) individuals benefited with:
- Fencing material (Treated Poles, Gates)
- Seeds and seedlings
- Hoes and Handles
- Watering Cans Broilers, Chicken Cage sawdust,
- Feeds and containers
- Wheelbarrows and cement




3.3.3.6. TOURISM FACILITATION AND PROMOTION

1. Community Tourism Organisation (CTO)

The (CTO) is a non-profit organization recognized by Nongoma Local Municipality and KZN Department of Economic Development, Tourism and Environmental Affairs. The aim of the CTO is to promote tourism in Nongoma.

The municipality has for the past financial years been supporting the local CTO with fund thus enabling it to coordinate its activities. In the financial year under review the municipality transferred a sum of R110 000.00 to the CTO.

2. Tourism Establishments visits

The municipality through its Tourism Office, together with the Nongoma CTO initiated an inspection visit to all tourism establishments within Nongoma. The inspection visit covered restaurants, lodges, B&Bs, heritage sites etc and was aimed at ensuring compliance and responding to and addressing various guests reviews on the establishments. While the visit was aimed at

inspecting all tourism products around Nongoma, it also focused on the following:

- Condition of each establishment: number of rooms, state of the rooms, bedding etc.
- Safety and Health issues: overall security, covid-19 and overall health compliance and availability of sanitizers, fire extinguishers etc.
- Business registration e.g., CTO registration, EDTEA, Business licence etc.
- Tourism Grading

3.3.3.7. LED/TOURISM GOVERNANCE SYSTEM COORDINATION

1. LED/Tourism Forum

The LED Unit has a mandate to coordinate LED/Tourism Forum meetings that should sit quarterly in terms of the ToRs, to discuss all the projects progress from various departments. Indeed, all quarterly meetings were successfully conducted in the financial year under review. The focus of the LED/Tourism forum meeting was to:

- Monitor all LED and Tourism projects for the purpose of developing Nongoma economy:
- Identify progress and challenges with the implementation of such initiatives.
- Share ideas, programmes, through cooperative governance approach;

All stakeholders get opportunity to present their project progress for discussion and engagement where there are bottlenecks.

2. AGRI Business Forum Meeting

Agri-Business forum was another forum facilitated by the municipal LED/Tourism unit, and 4 quarterly meetings were successfully conducted in the financial year under review.

The forum coordinates the development of small scale farmers into co-operatives that would take advantage of transformative commercial opportunities within the district. Through the forum, Small-scale farmers are exposed and take advantage of the opportunities provided by information communication technology for agriculture to grow from being subsistence to commercial farmers.

3.3.4. SPATIAL PLANNING AND LANDUSE MANAGEMENT

3.3.4.1. NONGOMA NODAL PLAN

Nongoma appointed a service provider to undertake the development of Nongoma Nodal Plan as per SDBIP.

The project deliverables were closely monitored by Development planning to ensure the alignment with other Municipal plans. The project findings were as follows:

- Within the town of Nongoma, there are quite several buildings that are two noticeable unmaintained buildings.
- There are a few more buildings of this nature around the town centre.
- People leave buildings unmaintained for various reasons, to some extent become abandoned.

The similar situation occurred in Nongoma with regards to a building which was previously used as Telkom Offices.

As they became abandoned opportunities of loitering around and the buying and selling of illegal narcotics persists, as shown on one of the images. This causes unnecessary pollution, and a bleak and unattractive town centre.

3.3.4.2. NONGOMA CLIMATE CHANGE STRATEGY

Nongoma Municipality, after realising that climate change is possibly the greatest environmental challenge facing the world this century, took a constructive direction to develop a Climate Change Response Strategy (CCRS).

The service provider was appointed as per SDBIP for the development of Climate Change for Nongoma. The project progress was closely monitored by Development Planning unit to ensure alignment and integration with other municipal plans.

The project was introduced to all three Tribal Authorities, Matheni Tribal Authority, Mandlakazi Tribal Authority, and Usuthu Tribal Authority as the main stakeholders, and their view were incorporated to the final strategy.

While the strategy was tabled to council for adoption, the council resolved for the withdrawal of the item, and for a thorough councillor workshop. As such the CCRS could not be adopted as planned. It will be tabled to council in the 1st quarter of the 2022/23FY.

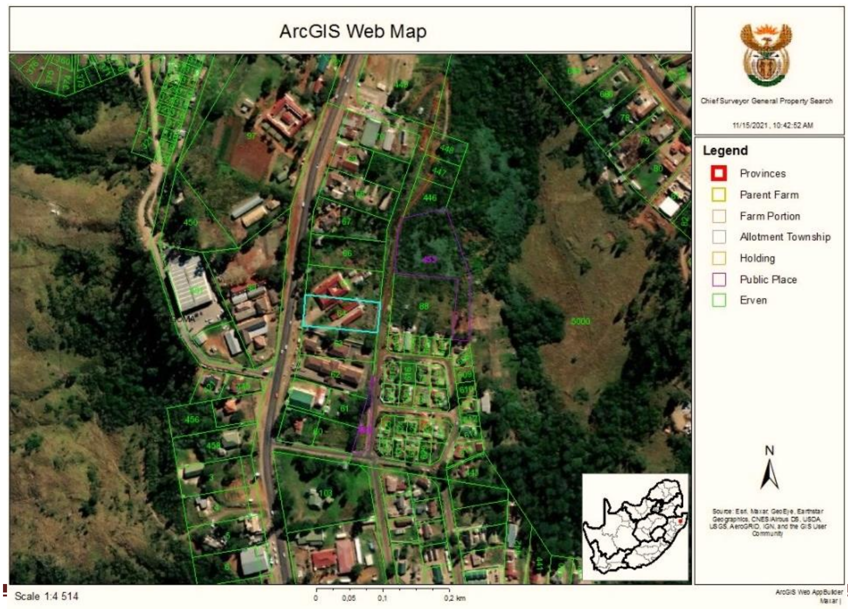
3.3.4.3. NONGOMA STRATEGIC ENVERONEMENTAL ASSESMENT

A call was made for municipalities to compile Strategic Environmental Assessments (SEA) as a core component of their Integrated Development Plans (IDPs), Strategic Development Frameworks (SDF) in terms of Section 26(e) of the Local Government: Municipal Systems Act, 2000, (Act 32 of 2000) and the Local Government: Municipal Planning and Performance Management Regulations 2001) as well as Spatial Planning and Land Use Management Act No 16 of 2013.

The Nongoma Local Municipality (NLM) has commissioned the Timothy-Inzuzo Joint Venture to develop a Strategic Environmental Assessment for its area of its jurisdiction. The Municipality intention was to use the SEA as a management tool at a strategic level to ensure environmental issues were considered in implementation of policies, By-laws, plans and physical development as a way of complying with the WSSD Sustainable Development.

As with the CCRS, The SEA was tabled to council for adoption, the council resolved for the withdrawal of the item, and for a thorough councillor workshop. As such it could not be adopted as planned. It will be tabled to council in the 1st quarter of the 2022/23FY.

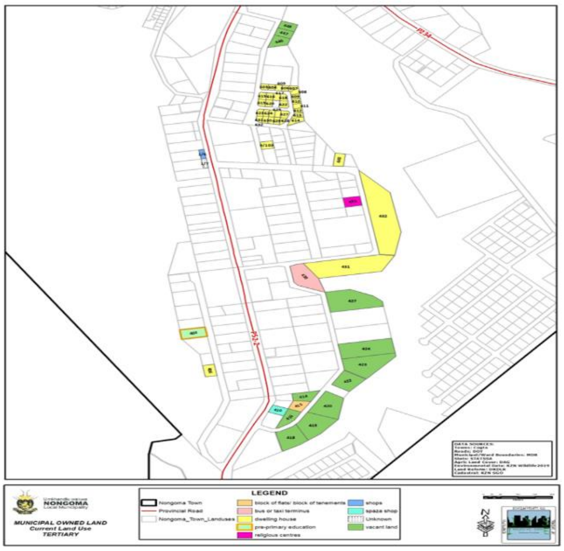
3.3.4.5. NONGOMA LAND AUDIT



Nongoma municipality appointed a service provider – Inzuzo Yesizwe in September 2021 to undertake a detail study on the issue of land ownership Following are the findings:

Land ownership within Nongoma is diverse but the dominant owner within ERF 5000 is the Province of Government of KwaZulu Natal.

Most of the sites within Nongoma are registered and designated with a particular zoning. As depicted by the map



- The town of Nongoma is characterised by the mixture of land uses that ranges from single dwelling, shops, businesses, large scale retail (shopping mall) workshops and industrial activities.
- Most of the properties within the central business district of the municipality seems to be registered and well designated with the suitable zoning.
- Most of the municipal owned land is currently used for residential purposes, educational as well worship.
- The town has several vacant sites and the majority of these are municipal owned.
- State-owned land is currently being used for government administrative offices e.g., Agricultural District Office, Social Development District Office, Health Offices etc.

3.3.4.6. IMPLEMENTATION OF SPLUMA

1. JOINT MUNICIPALI PLANNING TRIBUNAL (JMPT)

In terms of Chapter 6 Section 35 (1) of SPLUMA, A municipality must determine land use and development applications within its municipal area, establish a Municipal Planning Tribunal (MPT). Nongoma Municipality is part of the Zululand Joint Municipal Planning tribunal, a formal structure established to determine and consider the applications as prescribed in the Spatial Planning and Land Use Management Act – SPLUMA.

A municipality must, to determine land use and land development applications within its municipal area, categorize development applications to be considered by an official and those to be referred to the Municipal Planning Tribunal. According to Schedule 2 of the Nongoma Spatial Planning and Land Use Management By-laws, the by-laws make provision for the categorization of applications as required by the SPLUMA.

The Following applications were submitted to the Zululand JMPT and were approved:

- Special consent application for the construction of Masum Hardware at Esiphambanweni (January 2021)

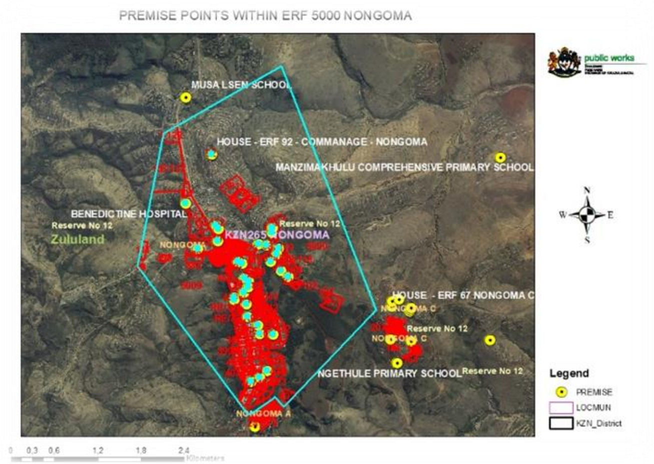
- Special consent application to construct a warehouse and Residential flats on remainder of erf 102- Nongoma town (September 2021)
- Special Consent , Wisdom gate primary school – Nongoma Town (November 2021)

3.3.4.7. ERF 5000 REPORT

The municipality appointed the conveyancer, Nxumalo and Partners, to register Erf 5000 under the name of the municipality. Nxumalo and Partners was instructed to present the progress report to Nongoma Council regarding Erf 5000 registration by end of September 2021. Nxumalo and Partners advised the Municipality to urgently conduct Land Audit within the boundary of Erf 5000. Subsequently, the consultant to conduct land audit was outsourced. The consultant submitted the draft report herein for perusal and after all comments obtained, the report was submitted for council adoption.

In a process of registering Erf 5000 under the name of the municipality, Nxumalo and Partners received a list of 37 properties from Human Settlements encapsulating sites to be excluded from the transfer to the municipality.

The Claimant of erf 5000 is Nongoma Commonage and Mnxuswa community Trust. It was reported that the land claim has proceeded and there are two court orders affecting the progress of the transfer. Department of Human Settlement indicated that there were not aware of the Court Orders



Nxumalo and Partners advised that requested the entire court file to understand the merits of the matter pending at Court. Recent contact with Mr Nxumalo and Partners office gave the municipality indication that they were able to liaise with one law firm (Cox & Partners) on Monday , 14th March 2022, a Law firm who agreed to assist with the matter. A notice to Place as Attorneys of Record was done.

Cox & Partners sent all the Court pleadings to Nongoma for records. Nxumalo and Partners reported that they are indeed proceeding with this matter and shall be furnishing the municipality with further reports thereto. A meeting was attended in May 2021 between

Nongoma municipality, the appointed Nxumalo and Partners and Advocate to provide information that will assist in preparation for a case.

3.3.4.8. BUILDING INPECTORATE

In the period under review, Nongoma adopted a Building Regulation and Building Standard By laws and the following duties were executed in terms of the by law. In terms of administration, assessment and approval of various building plans applications; five building plans were received assessed and approved by Building control

1) Sub 3 lot 103 , Nongoma – proposed granny flats
2) Lot 697 , Africa's restaurant Lot 697 ,
3) Gallitos restaurant
4) Lot 411 – Hardware
5) Lot 6 – Student accommodation

3.4. COMMUNITY SERVICES DEPARTMENT

3.4.1. INTRODUCTION

Throughout the financial year, the department operated under the stewardship of two (2) acting Heads of Department, one in the 1st three (3) quarters and the other on the last quarter. The HOD for Community Services has been serving a suspension for the duration of the financial year.

At the beginning of the financial year, the department was called Community & Social Services. However, subsequent to the review of the organogram as adopted by the council in May 2021, the department's name was changed to Community Services Department. While the department had indicators on all national Key Performance Indicators (KPIs); its main indicators were Basic Service Delivery and Infrastructure Development, Local Economic Development & Social Development, and also Cross-cutting Interventions which mainly focused on Disaster Management issues.

In terms of Municipal Transformation & Institutional Development KPA; the department performed exceptionally well during the financial year under review. There was constant reporting in terms of the quarterly SDBIP performances, with reports submitted quarterly to the Accounting Officer and tabled to Community & Social, Services portfolio committees.

The department also performed well in the Good Governance & Public Participation KPA, wherein portfolio committee meetings were conducted accordingly. The presence of Covid-19 which had started in the previous financial year affected some of the indicators in this KPA. While Waste Management Forums meetings continued to be held unabated; Disaster Advisory Forum meetings had to be infused within the Nongoma Joint Operation Committee (JOC) engagements whose sole purpose was to report on issues around coivid-19 in the municipal area of jurisdiction and the coordinate the fight against the scourge.

3.4.2. WASTE MANAGEMENT: INTENSIFYING EFFORTS IN ENSURING AND KEEPING NONGOMA CLEAN

3.4.2.1. WEEKLY WASTE CLEAN-UP CAMPAIGNS

Nongoma town has been identified as one the dirtiest municipality in the Zululand District. Illegal dumping and litter are rife in the town. Perpetrators of illegal dumping include Individuals, households, waste transporters, businesses/industries, builders and demolishers.

In order to ameliorate the negative impact associated with littering and waste dumping, the unit has resolved to conduct on a weekly basis (mostly, on Wednesdays and Fridays), clean-up in areas/spots seen as problematic in terms of them being the attraction for dumbing and littering.

As a result, in the period under review, the municipality has conducted 16 waste management clean-up in the Nongoma town.

3.4.2.2. WASTE AWARENESS CAMPAIGNS

While the clean-ups are conducted on a weekly basis and the state of cleanliness in the town improved; these clean-up does not deal with a problem at source, i.e the attitude of the perpetrators of littering. This implied that a lot was needed to be done to deal with attitude change and sensitize people on the disadvantages of littering.

On the 5th of April 2022, Nongoma municipality conducted a successful waste awareness campaign. The campaign was sponsored by Aquelle through an agent called Khula Clean-up. This campaign was the culmination of the mayor's effort in ensuring the Nongoma municipality become a clean town which the residents would be proud of. The honourable mayor had initiated the campaign by engaging Khula Clean-up agent.

The municipality has since resolved to conduct the waste management campaigns on a quarterly basis. This would complement the weekly clean-ups that are conducted through community services department.

3.4.2.3. DECLARING WAR ON ILLEGAL BILLBOARDS, SIGNAGE AND POSTERS

On the 10th March 2022; Planning Unit in conjunction with Waste Management and Traffic Units embarked on a drive of removing all illegal billboards, signage and poster within the Nongoma town. This included the political posters, some of which had been erected during the national and the recently-held local government elections.

The illegal billboards, signage and posters contribute to aesthetically unpleasant appearance of the Nongoma town; which is compounded by widespread littering. Local businesses and traders have since been advised to follow proper municipal procedures when erecting billboards, signage and posters.

Since the removal of the illegal billboards, signage and posters and regular waste clean-up drives; the town has improved in terms of cleanliness.

3.4.2.4. REHABILITATION OF NONGOMA WASTE DISPOSAL SITE

The municipality is in a process of rehabilitating its current waste disposal site, since the extended usage period in term of the license requires that the site should be closed in the next 5 years. The municipality is exploring the possibility of establishing a recycling centre on the rehabilitated waste disposal site, and or also establishing a recreational facility through the municipality's Open Space Management.

Department of Economic Development, Tourism and Environmental Affairs (EDTEA) donated 40 trees to the municipality. The trees were then planted as part of rehabilitation process of the waste disposal site. As it stands, about 20% of the waste disposal site has been closed off and is being rehabilitated.

3.4.2.5. CLEANEST MUNICIPALITY COMPETITION

With all the efforts towards ensuring a clean Nongoma town, it was not a surprise for the municipality to be among recipients of the EDTEA-facilitated Cleanest Municipality

competition. The municipality received R800 000.00 for being the 2nd municipality in the Cleanest Municipality competition "Rural Municipality category"; the municipality committed to utilized the price money towards procurement of the waste compact truck. An additional budget has been provided from within the municipal coffers as a top-up to ensure that the truck is indeed procured.

3.4.3. PUBLIC SAFETY AND TRAFFIC & LICENSING SERVICES

3.4.3.1. OPENING ON THE NONGOMA DRIVERS LICENCE AND TESTING CENTRE (DLTC)

For years people of Nongoma have been subjected to travelling distances to towns such as uLundi, Pongola, Hlabisa, Mtubatuba and Melmoth in order for them to access drivers licence and testing services.

In ensuring that communities have access to these services, the municipality renovated and reconfigured its old building adjacent to the municipal main offices. The DLTC was therefore officially opened on the 06th of April 2022. The municipality had been offering services limited to learners' application and drivers licence renewals among the few. Towards the end of May 2022, the municipality would also be offering the following services:

- Registering of motor vehicles (new or used cars)
- Renewal/replacement of motor vehicle licence disc
- Change of ownership
- Deregistering motor vehicle that has been declared permanently unfit on a public road or permanently demolished

- Changing of ownership
- Change of address
- Duplicate documents
- Vehicle roadworthy

A budget has been provided and a service provider has been appointed to construct a testing ground. It is therefore envisaged that by the mid 2022/2023 FY, the DLTC would be offering all related services once the testing ground has been completed.

3.4.3.2. ROAD SAFETY AWARENESS CAMPAIGN/ROADBLOCK

The municipality has made it a norm that twice in a financial year it conducts Road Safety campaigns. The 1st campaign was conducted just before Christmas festive seasons in December 2021 and the 2nd just before the Easter holidays in April 2022. The timing for the campaigns was influence by the fact that most people tend to be mobile during these periods, and there are a lot of reported road accidents around these times.

3.4.3.3. ROAD SAFETY AWARENESS CAMPAIGN FOR CHRISTMAS FESTIVE SEASONS

Festive season activities in South Africa are associated with year-end celebrations, economic industry slowdowns and year-end closures, increased traffic volumes and increased road crash incidents - the large proportion of road crash victims usually being pedestrians and passengers as a result of lack or even non-use of safety belts and jaywalking.

The Nongoma Road Safety Awareness Campaign is a municipal programme that aims to prioritize and promote safer road usage during the high peak season on South African roads. The campaign is conducted twice a year, i.e. before December festive season and also during Easter holidays. The objective of the campaign is not only to ensure smooth flows of traffic, but also to prevent negligent and reckless driving which could result in road crashes, injuries and fatalities.

The campaign was two-folds, on one hand, it focused on campaigning (sending out message of safety on the roads during the holidays), on the other hand, it focused on law-enforcement which includes addressing the following traffic and licensing related issues:

- Checking for un-roadworthy vehicles
- Checking for expired Drivers licence and PrPD
- Checking for expired motor vehicle licences
- Overload of passenger vehicles

3.4.3.4. ROAD SAFETY AWARENESS CAMPAIGN FOR EASTER HOLIDAYS

Easter holidays are synonymous with increased recreational activity and festivities as locals,

visitors; tourists traverse the length and breadth of the Nongoma over this short period of time. These holidays demand traffic officers on the roads to curb road carnage and wastage of human lives.

During this period, the main road R66, Hlabisa & Vryheid R618 road are always expected to have large volume of traffic. Motor vehicle accidents resulting in fatality to pedestrians and motorists is a concern for Nongoma local municipality. It is for this reason that proper planning is always in place to ensure effective law enforcement, traffic control and road safety for communities.

On the 13th of April 2022, Nongoma municipality conducted a Road Safety Awareness Campaign. The campaign was two-folds, on one hand, it focused on campaigning (sending out message of safety on the roads during the holidays), on the other hand, law-enforcement which includes addressing the following traffic and licensing related issues:

- Checking for un-roadworthy vehicles
- Checking for expired Drivers licence and PrPD
- Checking for expired motor vehicle licences
- Overload of passenger vehicles

The campaign was led by the municipal TROIKA, I,e the honorable Mayor, his Deputy and the Speaker. They were also joined by the chairperson of the Community Services Portfolio Committee.

3.4.4. DISASTER MANAGEMENT

Disaster Management is coordinated within Community Service through a unit called Disaster and Fire & Rescue Services Unit. The unit is the primary unit for disaster management in the municipal area, and a lead agent towards the implementation of disaster management policies and legislation. The unit also drives the integration and coordination of municipal disaster management activities and priorities in order to ensure that national and provincial objectives are achieved.

3.4.4.1. Disaster Management Capacity Building programmes and Awareness Campaigns

In the period under review, the municipality intensified its capacity building programmes, and as such, conducted the following programmes:

- Disaster Management Capacity Building and Awareness campaign Programme to be conducted in 3 Traditional Authorities
- Quarterly Fire Safety Inspections Drive were conducted in public and business institution
- 50 school Disaster Management Awareness Campaigns were conducted
- Mainstreaming of Disaster Management through Warrooms

3.5. FINANCE DEPARTMENT

3.5.1. Introduction and Background

The Finance Department has the responsibility to develop and implement sound business processes and sound and effective internal and financial controls systems. Further, it is committed to its mandate to provide a comprehensive financial management support and guidance to the Council and the directorates of the Municipality. The directorate supports the Integrated Development Plan of Council by striving to provide a stable and sustainable financial environment that enables Council to deliver essential services to the community of Nongoma. The Finance Department is made up of the following independent and yet complimentary components:

3.5.2. Expenditure Management Section

- The municipality paid most of its service providers on the 15th and 30th of the month to meet the requirement of paying within 30 days during the year as required by the legislation i.e. Municipal Finance Management Act.
- The expenditure section has maintained an effective system of expenditure control, accounting and information system which recognises expenditure when it is incurred, account for creditors of the municipality and account for payments made by the municipality.
- The expenditure is fully functional with all positions filled.

3.5.3. Revenue Management Section

Nongoma Municipality does not have a huge revenue base which becomes a challenge for a municipality in terms of service delivery to the community. The revenue section issued monthly bills for municipal taxes and other municipal services rendered to communities around town in terms of an approved council credit control policy. The municipality appointed a Debt Collector in order to improve collection rate in future.

3.5.4. Supply Chain Management Section

Supply Chain Management unit is a support function for all business units within the council to ensure provision of efficient, transparent, fair, equitable and cost-effective procurement services, thus assisting the business units to implement their service delivery;

- The Supply Chain Manager has been appointed;
- Bid committees were functional during the term, however there is room for improvement in terms of turnaround time for sitting and awarding of bids;
- There is only one person dedicated to contract management; however there is room for improvement, although this section has improved in its operations since treasury conducted training.

3.5.5. Budget and Reporting Section

- The process leading to the approval of the budget was in line with the approved budget process plan. The Budget was adopted within the MFMA legislated timeframes and the approved budget was informed by the Long-Term Financial Plan (LTFP). All relevant budgets related policies are in place.
- The annual and the adjustment budgets for 2021/2022 financial year were prepared, approved by council and submitted to relevant authorities on time and in terms of the MFMA and Municipal Budget and Reporting Regulation.
- The section 71 reports were submitted to Provincial, National and other relevant funders as required by DORA.
- The Mid-year budget and performance assessment report (S72) was prepared, tabled to council and submitted to relevant treasuries accordingly.
- All other legislated reporting was achieved.

3.5.6. Statement of Financial Performance

The following Table shows a summary of the statement of financial performance:

	2022	2021 (Restated)
Revenue	242 362 000	339 940 302
Expenditure	253 779 000	327 740 536
Operating Surplus	**-11 417 000**	**12 199 766**
Gain/(Loss) on disposal of assets		
Actuarial gain/ (Loss)	1 352 000	585 783
Surplus for the year	**-10 065 000**	**11 613 983**

Grants:
The municipality has received all the grants as gazetted in the DORA and the unspent portion is reflected on the table below.

Name of the Grant	Organ of state	Unspent Balance - 01 July 2022	Receipts	Expenditure	Revenue recognised	Unspent balance - 30 June 2022
Finance Management Grant	National Treasury		1 920 000	1 920 000	1 920 000	
Municipal Infrastructure Grant	Department of Cooperative Go.		33 521 000	33 521 000	33 521 000	
Integrated National Electrification Program Grant	Department of Energy		17 082 000	17 082 000	17 082 000	
Expanded Public Works Program	National Treasury		1 868 000	1 868 000	1 868 000	
Library Grant	Department of Arts & Culture		935 000	935 000	935 000	
Kwakhetha Modular Library	Department of Arts & Culture	238 359	682 000	682 000	470 228	450 130
Cyber Cadet	Department of Arts & Culture		242 000	242 000	242 000	
Osuthu modular Library	Department of Arts & Culture		682 000	682 000	682 000	
Equitable Share	National Treasury		170 818 000	170 818 000	170 818 000	
TOTAL GRANTS		**238 359**	**227 750 000**	**227 750 000**	**227 538 228**	**450 130**

3.5.7. Asset Management

The municipality has ensured that all previous year fixed asset errors are addressed with the assistance of CCG SYSTEMS which was appointed to compile the 2021/22 Asset Register. Their terms of reference included the following:

- Physical verification of all movable assets
- Physical verification of infrastructure (immovable) assets
- Reviewing of assets under construction (AUC), analysis of 2021/22 capital expenditure and WIP completed during the 2021/22 financial year
- Unbundling of infrastructure assets acquired (WIP completed) as required by GRAP17
- Reviewing of remaining useful lives (RUL) of infrastructure and movables assets
- Identification and review of possible impairment of infrastructure and movable assets
- Performing the depreciation charge calculation for 2020/21 financial year
- Providing journals, disclosure notes and annexures in the annual financial statements and accounting policies
- Responding to all relevant GRAP asset audit queries
- The net movement in the carrying amount of Property Plant and Equipment.

The municipality has a GRAP compliant asset register. All assets have been recorded, barcoded and verified.

3.5.8. Spending Against Capital Budget

3.5.8.1. Capital Expenditure

The municipality has spent 100% on capital expenditure in 2021/22 financial year and the Municipal Infrastructure Grant which forms part of capital expenditure was fully spent and so was the Integrated National Electrification Program Grant.

3.5.8.2. Sources of Finance

The capital expenditure for 2021/22 was funded from transfers from National Government, and internally generated funds.

3.5.8.3. Capital Spending on 5 Largest Projects

The municipality was able to spend all the MIG and INEP allocation during 2021/22 financial year on the following 5 large projects:

- Nongoma Stormwater Management
- White city road upgrade
- Street light in town
- Usuthu Electrification Extension 1 and 2
- Mandlakazi Electrification Extension 1 and 2
- Mcakwini /Nkukhwini / Ebuhleni

3.5.9. Cashflow management and investment

3.5.9.1. CASHFLOW

The municipality, during 2021/22, was able to maintain its cash flow position and completed its year end an unfavourable balance. The table below shows bank balances of all municipal bank accounts as at 30 June 2022.

Account Description	Account Number	Balance 2022 June 30	Balance 2021 June 30
FNB Cheque	531 5327 8884	-12 532 396	14 526 425
FNB Cheque licencing	622 0376 1962	90	79 256
FNB cheque MIG	622 0222 6751	45	15 370
FNB call account	613 15000 549	0	0
FNB cheque account	623 7063 9373	0	0
FNB Cheque account	623 7306 3222	224	1 062
FNB Cheque Account	623 7063 8573	113	114
FNB 7 day notice deposit account	744 2706 5468	258	19 093
TOTAL		**-12 170 914**	**8 323 860**

3.5.9.2. Borrowing and Investment

The municipality has no borrowings for 2021/22 financial year. The municipality had the following short-term investments:

Short-term investment:

Bank Account Details	June 2022
FNB MIG account – 62202226751	R45
FNB Money Market account- 62373063222	R224
FNB FMG account – 62370638573	R113
FNB Licensing account – 622 0376 1962	R90
FNB 7 Day Money deposit	R258
Total	**R730 000**

3.5.10. Other Financial Matters

3.5.10.1. Supply Chain Management

Supply chain reports have been submitted monthly and quarterly to council and will be submitted annually together with the Annual Financial statements.

GRAP Compliance:

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

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statement
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 9 Revenue from Exchange Transactions
- GRAP 13 Leases
- GRAP 14 Events After the Reporting Date
- GRAP 17 Property Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 25 Employee Benefits
- GRAP 26 Impairment of Cash-generating assets
- GRAP 31 Intangible Assets
- GRAP 104 Financial Instruments

3.5.11. MSCOA Implementation

MSCOA is part of the National Treasury's ongoing budget and reporting reforms. MSCOA-ready means that municipalities are able to capture all their financial transactions against a predefined classification framework. MSCOA regulation has not only been a financial reform, but an entire overhaul of municipal business processes.

Since not only financial and budget oriented practitioners are involved, implementation has required organisational change across the entire municipality and integration of accounting systems. Consequently, implementation has involved system conversion and/or re-implementation, with all the associated challenges and risks.

Due to various stakeholders involved, integration is no small feat. Unforeseen challenges emerge over time that can only be brought to the fore through the process of retrospection. Nongoma Municipality successfully implemented MSCOA regulations on 1 July 2017. The municipality did not change the financial system but rather it was updated to ensure that the system is compatible with MSCOA segments. The system in use by the municipality is pastel evolution.

The municipality's financial system is seamlessly integrated with all other sub-systems except the payroll for which the municipality is using flat file to export information from the payroll to pastel evolution.

3.6. SERVICE DELIVERY TARGETS AMD PRIORITIES FOR 2021/2022 FY

The following KPAs inform the OPMS of the Municipality:

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

PRIORITIES:

The following are the key priority areas of Nongoma Local Municipality:

1. Poverty Alleviation
2. Food Security
3. Skills Development
4. Revenue enhancement

5. Spatial planning and development.
6. Good Governance and Clean Administration.

KEY OUTCOMES FOR THE NONGOMA LOCAL MUNICIPALITY:

1. Eradication of poverty through food security and job creation
2. Unlock economic sectors within the municipality that have potential for growth and attraction of potential investors
3. Economic activeness of Small Medium and Micro Enterprises (SMMEs), Cooperatives and Emerging Contractors
4. Social development (youth, women, senior citizens, people living with disability) in sports, in the economy and skills development.
5. Embrace the principles of good corporate governance and accountable and disciplined administration.
6. Health and safety for all residents of Nongoma
7. Efficient and effective spatial planning and development, and disaster management
8. Efficient and effective safeguarding and proper management of municipal assets
9. Effective and efficient communication within the institution, and to all stakeholders including community in line with Batho Pele principles
10. Practice sound, fraud and corrupt-free financial management practices for long-term sustainability of the municipality.

STRATEGIC OBJECTIVES, STRATEGIES AND TARGETS:

The following section reflects strategic objective, strategies and targets:

A. Municipal Transformation and Institutional Development					
GOAL	**OBJECTIVE**	**STRATEGY**	**KPI NO**	**KPI**	**TARGET**
Improved institutional efficiency and effectiveness	**A1. To ensure implementation of functional performance management**	**A1.1. Development and Implementation of Performance Management System (PMS)**	**A1.1.1**	Date of approval 2022/2023 Performance Management Policy Framework to Council	Council-approved Performance Management Policy Framework tabled to Council by 30 June 2022
			A 1.1.2	Date of approval the 2022/2023 Organisational SDBIP for approval	Council-approved 2022/2023 Organisational SDBIP by 30 June 2022
			A1.1.3	Number of S54/S56 Performance Assessment Reviews conducted	2 Performance Assessment Reviews conducted by 30 June 2022
			A 1.1.4	Number of quarterly Organisational SDBIP reports tabled to council	4 Quarterly Organisational SDBIP reports tabled to council by 30 June 2022
		A1.2. Ensure cascading of Performance Management System (PMS) to all municipal officials	**A1.2.1**	% of municipal officials with signed Performance plans	100% of municipal officials to have signed their performance plans by 30 September 2021
Human Resource Management & Development	**A2. To provide and promote institutional and organisational development and capacity building**	**A2.1. Review and Implementation and monitoring of Human Resources Strategy**	**A 2.1.1**	Date of adoption of Nongoma Human Resource Strategy	Nongoma Human Resource Strategy adopted by Council by 30 June 2022
			A 2.1.2	Number of HRD Strategy Functionality assessment tabled to Council	2 HRD Strategy Functionality Assessment reports tabled to Council by 30 June 2022
		A2.2. Review and implementation of Workplace Skills Plan	**A2.2.1**	Date of submission of Nongoma Workplace Skills Plan to LGSETA	Nongoma Workplace Skills Plan submitted to LGSETA by 30 April 2022
			A2.2.2	Percentage of budget spent on implementing WSP	100% of Municipality's budget allocated for WSP spent on implementation by 30 June 2022
		A2.3. Review and implementation of Employment Equity Plan	**A2.3.1**	Date of submission of Nongoma Employment Equity Report to Department of Labour	Nongoma Employment Equity Report submitted to Department of Labour by 15 January 2022
Information Communication Technology (ITC)	**A3. To ensure an improved Information, Communication Technology (ICT) System in the municipality**	**A3.1. Develop Implement and monitor ICT Governance Framework**	**A3.1.1**	Number of ICT Framework functionality assessment reports tabled to EXCO	2 ICT Framework functionality assessment reports tabled to EXCO by 30 June 2022
			A3.1.2	Number of ICT Steering Committee meetings conducted	4 ICT Steering Committee meetings conducted by 30 June 2022

B. Basic Service Delivery and Infrastructure Development					
GOAL	**OBJECTIVE**	**STRATEGY**	**KPI NO**	**KPI**	**TARGET**
	B1. To provide high quality infrastructure network to support	**B1.1. Monitor implementation and expenditure on MIG-funded projects**	**B1.1.1**	% Completion of Storm Water in Town	100% completion Storm Water in Town by 30 September 2021

Improved basic service delivery and infrastructural development and Social facilities	**improved quality of life and economic growth**		**B1.1.2**	% Completion of White City Road Phase 1	100% completion White City Road Phase 1 by 30 September 2021
			B1.1.3	% Completion of Deleni Road	100% completion Deleni Road Phase 1 by 30 June 2022
			B1.1.4	% Completion of Red Hill Road	100% completion of Red Hill Road by 30 June 2022
			B1.1.5	% Installation of Town streetlights Phase 1	100% completion of Town Street lights by 30 June 2022
			B1.1.6	% Completion of Nongoma Black Top Phase 1	100% completion Nongoma Black Top Phase 1 by 30 June 2022
			B1.1.7	% Completion of Ezimpakaneni Community Hall	100% Completion of Ezimpakaneni Community Hall by 30 June 2022
		B1.2. Monitor implementation and expenditure on INEP-funded projects	**B1.2.1**	% Completion of Mcakwini Electrification-Phase 3	100% Completion of Mcakwini Electrification-Phase 3 by 30 June 2022
			B1.2.2	% Completion of Ebuhleni electrification phase 3	100 % Completion of Ebuhleni electrification phase 3
			B1.2.3	% Completion of Mandlakazi Electrification Extension 1	100% completion of Mandlakazi Electrification Extension 1 Project by 30 June 2022
			B1.2.4	% Completion of Mandlakazi Electrification extension 2	100% completion of Mandlakazi Electrification extension 2 Project by 30 June 2022
			B1.2.5	% Completion of Dabhasi Electrification Project	100% completion of Dabhasi Electrification Project by 30 June 2022
			B1.2.6	% Completion of Matheni Electrification Extension Project	100% completion of Matheni Electrification Extension Project by 30 June 2022
			B1.2.7	% Completion of Usuthu extension Project	100% completion of Usuthu Extension Electrification Project by 30 June 2022
	B2. Ensure continuous operations and maintenance of the existing infrastructure to ensure functionality	**B2.1. Monitor the Implementation of the Municipal Consolidated Infrastructure Plan**	**B2.1.1**	Number of report on the Implementation of the Municipal Consolidated Infrastructure Plan tabled to EXCO	2 reports on the Implementation of the Municipal Consolidated Infrastructure Plan tabled to EXCO by 30 June 2022
		B2.2. Monitor the Implementation of Operations and Maintenance Plan	**B2.2.1**	Number of Operations & Maintenance reports tabled to EXCO	2 Operations & Maintenance reports tabled to EXCO by 30 June 2022
	B3. Improving sustainable human settlement	**B3.1. Monitor the implementation of Human Settlement projects in Nongoma municipality**	**B3.1.1**	Number of reports on the implementation of Human Settlement projects, tabled to EXCO	2 reports on the implementation of Human Settlement projects, tabled to Council by 30 June 2022

	B4. Improved basic service delivery, infrastructure development and social facilities	**B4.1. Provision of access to refuse removal**	**B4.1.1**	Number of households with access to refuse removal	540 households with access to refuse removal by 30 June 2022
C. Local Economic Development & Social Development					
GOAL	**OBJECTIVE**	**STRATEGY**	**KPI NO**	**KPI**	**TARGET**
Improved inclusive economic growth and community development	C1. To create an enabling environment for economic growth and job creation	**C.1.1 Develop and promote Tourism potential of Nongoma municipality**	**C1.1.1**	Date of transfer of the Grant Fund to Nongoma Community Tourism Organisation (CTO)	Grant Transfer to Nongoma Community Tourism Organisation (CTO) by 30 September 2021
		C.1.2 Implement LED Strategy	**C1.2.1**	Number of reports on the implementation of the LED Strategy tabled to EXCO	2 reports on the implementation of LED strategy tabled to EXCO by 30 June 2022
		C1.3. Promote job creation	**C1.3.1**	Number of jobs created through Expanded Public Works programme (EPWP)	335 job opportunities created through Expanded Public Works programme (EPWP) by 30 June 2022
	C2. To improve the quality of lives for people within Nongoma municipality	**C2.1. Develop, Implement and monitor special programmes**	**C2.1.1**	Date of conducting Children & Elderly Event	Children & Elderly event conducted by 31 Dec 2021
			C2.1.2	Number of Disability Forum conducted	2 Disability Forums conducted by 30 June 2022
			C2.1.3	Number of Women Council meetings conducted	2 Women Council meetings conducted by 30 June 2022
			C2.1.4	Number of LAC/OSS meetings conducted	4 LAC/OSS meetings conducted by 30 June 2022
		C2.2. Develop, implement and monitor poverty alleviation programmes	**C2.2.1**	Number of poverty alleviation projects implemented	21 poverty alleviation projects implemented by 30 June 2022
		C2.3. Promote healthy and safety environment	**C2.3.1**	Number of Road Safety Campaigns conducted	2 road safety campaigns conducted by 30 June 2022
			C2.3.2	Number of Occupational Health & Safety Campaigns conducted	2 Health & Safety Campaigns conducted by 30 June 2022
			C2.3.3	Number of Arts & Culture programmes conducted	2 Arts & Culture programmes conducted by 30 June 2022
		C2.4 Promote and enhance culture of learning among children & youth	**C2.4.1**	Number of Youth beneficiaries awarded with Mayoral Tertiary institution registration fee	20 beneficiaries awarded with Mayoral Tertiary Registration fee by 31 March 2022
			C2.4.2	Date of payment of the annual fee for the 5 beneficiaries of Nongoma Mayoral Full bursary scheme	Payment of the annual fee for the 5 beneficiaries of Nongoma Mayoral Full bursary scheme processed by 31 March 2022
			C2.4.3	Date of conducting Nongoma Mayoral Matric Excellence Award Ceremony	Nongoma Mayoral Excellence Award Ceremony conducted by 31 March 2022
			C2.4.4	Number of youth beneficiaries	10 youth beneficiaries provided with drivers licence

				provided with Drivers' Licence assistance	assistance by 30 June 2022
D. Financial Viability and Management					
GOAL	**OBJECTIVE**	**STRATEGY**	**KPI NO**	**KPI**	**TARGET**
Improved Financial viability and sustainability	D1.To ensure sound financial viability and management	**D1.1. Implementation of revenue enhancement strategy**	**D1.1.1**	Number of policies tabled to Council in compliance with MFMA Section 64(2)(a)	3 policies tabled to Council for approval by 31 May 2022
			D1.1.2	Ratio in compliance with MFMA Section 64(2)(a)	Outstanding Service Debtors to Service Revenue ratio maintained at less than 30 percent throughout the 2021/2022 FY
			D1.1.3	Ratio in compliance with MFMA Section 65(2)(e)	More than 1 Debt coverage Ratio maintained throughout the 2021/2022 FY
		D1.2. Develop, implement and monitor standard operating procedures related to expenditure management	**D1.2.1**	Date of compliance with MFMA Section 65(2)(c)	Cash and Accounts Payable Management Policy approved by Council by 31 May 2022
			D1.2.2	Ratio compliance with MFMA Section 65(2)(e)	More than 1 Cost Coverage Ratio maintained throughout the 2021/2022 FY
		D1.3. Develop a credible budget and report in accordance with the provisions of the MFMA	**D1.3.1**	Date of adoption of Budget	2022/2023 MTREF adopted by Council by 31 May 2022
			D1.3.2	Number of reports submitted to Mayor in compliance with MFMA Sec.71	12 MFMA Sec.71 reports submitted to Mayor by 30 June 2022
			D1.3.3	Number of reports tabled to council, in compliance with MFMA Sec.52(d) & 66	4 of MFMA Sec.52(d) & 66 reports tabled to council by 30 June 2022
			D1.3.4	Date of submission of the Nongoma Mid-year budget and performance assessment report to the Mayor	Nongoma Mid-year Budget and Performance Assessment report submitted to the Mayor by 25 January 2022
		D1.4. Effective Implementation of Supply Chain Management Regulations	**D1.4.1**	Number of reports on the implementation of Supply Chain Management Policy, tabled to EXCO by 30 June 2022	4 reports on the implementation of Supply Chain Management Policy, submitted to EXCO by 30 June 2022
			D1.4.2	Number of reports tabled to council in compliance with MFMA Sec.116(2)(d)	4 MFMA Sec.116 (2)(d) reports tabled to council by 30 June 2022
		D1.5. Monitor implementation of audit action plan on regular basis	**D1.5.1**	Percentage compliance with MFMA Section 131(1)	100% of 2019/2020 Auditor General Findings raised against the municipality resolved by 30 Nov 2021
		D1.6. Monitor spending on conditional grants	**D1.6.1**	Percentage compliance with DORA Section 21 - Unspent Conditional Grants	100% of MIG grant cash backed throughout 2021/2022 financial year.
		D1.7. 2020/2021 Budget implementation	**D1.7.1**	Percentage compliance with MFMA Section 69(1)(a)	Maintain > 95% spending on operating Adjusted budget by 30 June 2022
			D.1.7.2	Percentage compliance with MFMA Section 69(1)(b)	Maintain >95% implementation of Service Charges Revenue Budget evenly throughout 2021/2022

GOAL	OBJECTIVE	STRATEGY	KPI NO	KPI	TARGET
					financial year.
	D2. Effectively Implement asset management regulation	**D2.1. Implementation, monitoring and adherence to asset management policies and regulations.**	**D2.1.1**	Number of Asset Management reports submitted to Accounting Officer	2 Asset Management reports submitted to the Accounting Officer by 30 June 2022
E. Good Governance & Public Participation					
GOAL	**OBJECTIVE**	**STRATEGY**	**KPI NO**	**KPI**	**TARGET**
Responsive, Transparent participatory and accountable municipal governance	**E1. To integrate Risk Management, Compliance processes into the performance management system of the organisation.**	**E1.1. Development and monitor Risk Management register in line with the municipal strategic document (IDP) implementation**	**E1.1.1**	Number of Risk Management Reports submitted to Accounting Officer	2 Risk Management Reports submitted to Accounting Officer by 30 June 2022
			E1.1.2	Number of Risk Management Committee meetings held	4 Risk Management Committee meetings held by 30 June 2022
	E2. To ensure Institutional accountability and transparency	**E2.1. Implementation of internal audit systems**	**E2.1.1**	Number of Audit Action Plan reports tabled to Audit Committee	4 Audit Action reports tabled to the Audit Committee by 30 June 2022
		E2.2. Implementation of Back to Basics Action Plan	**E2.2.1**	Number of Circular 88 indicators reports submitted to COGTA	4 Circular 88 indicators reports submitted to COGTA to COGTA by 30 June 2022
		E2.3. Ensure Complaint Reporting and Publication	**E2.3.1**	Date of publication of 2022/2023 Annual Budget & IDP	2022/2023 FY Annual Budget & IDP publicised by 30 June 2022
	E3. To promote effective public participation in the affairs of the municipality	**E3.1. implementation Public Participation Framework**	**E3.1.1**	Number of reports on the implementation of Public Participation Framework submitted to the Accounting Officer	2 reports on the implementation of Public Participation Framework submitted to the Accounting Officer by 30 June 2022
		E3.2. Implementation of the Communication Strategy	**E3.2.1**	Number of reports on the implementation of Communication Strategy submitted to the Accounting Officer	2 reports on the implementation of Communication strategy submitted to the Accounting Officer by 30 June 2022
		E3.3. Strengthening the functionality of ward	**E3.3.1**	Number of Ward Committee Functionality reports submitted to the Accounting Officer	2 Ward Committee Functionality reports submitted to the Accounting Officer by 30 June 2022
			E3.3.2	Date of Development of Nongoma Ward-Based Plans	Nongoma Ward-Based plans developed by 31 March 2022
F. Cross-cutting Issues					
GOAL	**OBJECTIVE**	**STRATEGY**	**KPI NO**	**KPI**	**TARGET**

Improve spatial equity and environmental sustainability	**F1. To provide strategic planning support across the organization, i.e. IDP**	**F1.1. Development of a credible Integrated Development Planning (IDP)**	**F1.1**	Date of adopting the 2022/2023 IDP Process plan	Council-adopted 2022/2023 IDP Process Plan by 31 August 2021
			F1.2	Date of adopting of an 2022/2023 IDP document	Council-adopted 2022/2023 IDP by 30 June 2022
	F2. To promote a functionally structured urban and rural spatial development pattern guided by identified nodes and corridors through an effective land use management system	**F2.1 Implementation and Enforcement of SPLUMA-related programmes**	**F2.1.1**	Number of SPLUMA applications reports tabled to Joint Municipal Planning Tribunal(JMPT)	2 SPLUMA applications reports tabled to JMPT by 30 June 2022
		F2.2 Maintain and improve the environmental integrity of Nongoma municipal area of jurisdiction	**F2.2.1**	Date of adoption of Environmental Management Tools (Climate Change Response Plan and SEA)	Environmental Management Tools (Climate Change Response Plan and SEA) adopted by the council by 30 September 2021
	F3. To ensure functional and responsive Disaster Management services	**F3.1. Implementation of Disaster Management Plan**	**F3.1.1**	Number of reports on the implementation of Disaster Management Plan tabled to Council	2 reports on Disaster Management Plan implementation tabled to council by 30 June 2022

CHAPTER 4: ANNUAL PERFORMANCE REPORT

Nongoma Local Municipality developed its Performance Management Framework that describes and presents how the municipal cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be undertaken, organised and be managed including determining roles of different role players. The framework is reviewed annually.

This section will indicate, in more detail, the performance of the Municipality for the financial year and makes reference to the supporting documentation, including the Municipal Scorecard. The performance reporting of the Municipality in this section is done in line with the 6 national KPA's and is the focus of the MSA Section 46 requirements and therefore reflects the performance of the Municipality for the financial year, comparisons to performance of the previous financial year and measures taken to improve performance.

This report covers the performance information from 01 July 2021 to 30 June 2022 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development and Plan (IDP) for 2021/22 FY.

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.

It should be noted that the financial year under review coincided with the political regime change in the municipality as a result of the November local government elections. The implementation of the SDBIP was somehow interrupted after the confirmation of the new council since there was an impasse regarding the composition of council committee, which in turn, affected the sitting of some council committees. The most affected, were items that needed to go through portfolio committees before being tabled to EXCO and Council.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area.

4.1. PERFORMANCE ACHIEVEMENTS ON KEY PERFORMANCE AREAS:

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that translates the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality are implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

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 next 12 months; and

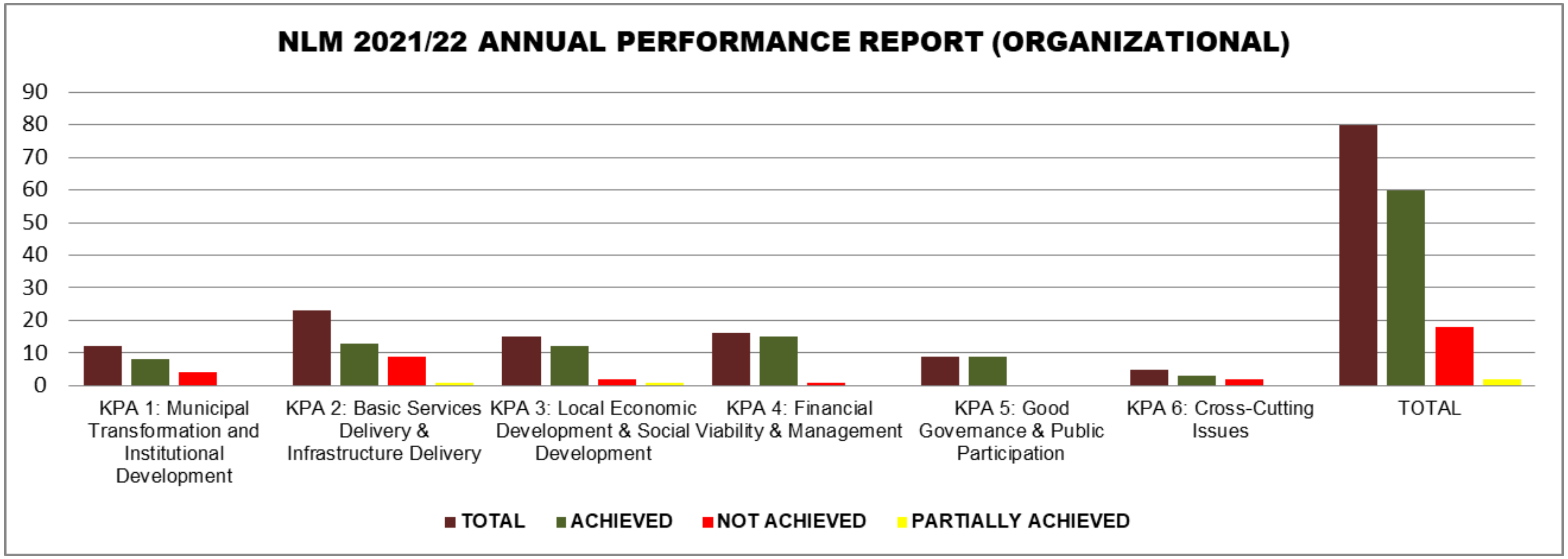
The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes. The SDBIPs were prepared as described in the paragraphs below and approved by the Mayor.

Performance under each National Key Performance Area is depicted as follows:

4.1.1. ORGANISATIONAL SCORECARD (TOP LAYER SDBIP)

KEY PERFORMANCE AREAS	TOTAL	ACHIEVED	NOT ACHIEVED	PARTIALLY ACHIEVED
KPA 1: Municipal Transformation and Institutional Development	12	08	04	00
KPA 2: Basic Service Delivery & Infrastructure Development	23	13	09	01
KPA 3: Local Economic Development & Social Development	15	12	02	01
KPA 4: Financial Viability & Management	16	15	01	00
KPA 5: Good Governance & Public Participation	09	09	00	00
KPA 6: Cross-Cutting Issues	05	03	02	00
TOTAL	80	60	18	02

4.1.2. PERFORMANCE ON KEY PERFORMANCE AREAS



4.2. ORGANISATIONAL PERFORMANCE COMPARISON WITH PREVIOUS YEAR

PREVIOUS YEAR 2020/21						CURRENT YEAR 2021/22				
KPA	Total KPIs	KPIs Achieved	KPIs not achieved	KPIs partially achieved	% achievement	Total KPIs	KPIs Achieved	KPIs not achieved	KPIs partially achieved	% achievement
Total	81	62	17	02	78%	80	60	18	2	75%

The organisational scorecard gives further details on Key Performance Indicators.

GENERAL KEY PERFORMANCE INDICATORS

Regulation 10 of the Municipal Planning and Performance Regulation has set prescribed General Key Performance Indicators as stated in section 43 of the Municipal Systems Acts. Below is the list of the six (6) General Key Performance Indicators applicable to Nongoma Local Municipality:

No.	Key Performance Indicator	Comparison with the previous Financial Year				Reason for Variance	Corrective Measure
		2021/2022 FY Target	2021/2022 FY Actual	2020/2021 FY Target	2020/2021 FY Actual		
(a)	The percentage of households with access to basic level of:						
i.	Water					District Function	
ii.	Sanitation					District Function	
iii.	Electricity					Eskom Function	
iv.	Solid Waste Removal	2 wards (Ward 19 & 20) to be have access to weekly refuse removal throughout the financial year	3 wards (Ward9, 19 & 20) had access to weekly refuse removal throughout the financial year	2 wards (Ward 19 & 20) to be have access to weekly refuse removal throughout the financial year	2 wards (Ward 19 & 20) had access to weekly refuse removal throughout the year	N/A	N/A
		Access to daily refuse removal for Nongoma Town	Nongoma CBD had access to daily refuse removal throughout the financial year	Access to daily refuse removal for Nongoma Town	Nongoma Town had access to daily refuse removal throughout the financial year	N/A	N/A
(b)	The percentage of households earning less than R1100 per month with access to free basic services	100%	51%	100%	51%	Indigent register which could be a source document for households earning less than R1100 is outdated	Update the indigent register by 30 September 2022
(c)	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	100%	100%	100%	100%	N/A	N/A
(d)	The number of jobs created through municipality's local, economic development initiatives including capital projects	335	346	333	472	N/A	N/A
(e)	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	0	1	0	There were not vacancies at Senior Management level	N/A

(f)	The percentage of a municipality's budget actually spent on implementing its workplace skills plan	100%	88%	100%	169%	Q4 actual remained static in terms of the expenditure report. This is due to the municipality's inability to process related invoices from April due to financial difficulties	The true reflection will only be achieved once invoices are settled in Q1 of the 2022/23 FY

4.3. ASSESSMENT OF SERVICE PROVIDERS:

Section 46 of the Municipal Systems Act require

A municipality must prepare for each financial year a performance report reflecting—

(a) the performance of the Municipality and each external service provider during that financial year;

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement/Contract. It is currently being done by user department levels. Service providers who fail to perform are to be reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order. The following are the service providers engaged in each department/business unit during the 2020/21 financial year.

The table below seeks to serve that purpose:

DEPARTMENT: FINANCE

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

NAME OF EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TARGET		ASSESSMENT OF SERVICE PROVIDER'S PERFORMANCE i.e. (GOOD/SATISFACTORY/POOR)		CORRECTIVE MEASURE IN CASE OF UNDUE PERFORMANCE
		2020/21FY	2021/22FY	2020/21FY	2021/22FY	
Madhlopha	Collection outstanding debts on behalf of municipality	Collection outstanding debts on behalf of municipality		Good	Good	N/A
BPG Mass	Valuation roll services			Good	Good	N/A
Indwe Risk Services	Provision of insurance services	Provision of insurance services		Good	Good	N/A
Camelsa Consulting Group System	Providing Financial system, Financial Accounting, Project management and asset register	Provision of financial system support (mSCOA Compliance)		Good	Good	N/A
Inkazimulo	Preparations of Annual Financial Statements and Fixed Asset Register	Preparations and completion of Annual Financial Statements and Fixed Asset Register		Good	Good	N/A
Pay Day Software Systems (Pty)Ltd	Payroll and HR services	Provision of payroll and HR management support which include introduction of new modules to enhance working conditions (paper less)		Good	Good	N/A
Bonakude Consultants	Internal Auditor (rotation)	Provision of internal audit services		Good	Good	N/A
Ntshidi and Associates	Values added tax services Recovery	Achieved		Good	Good	N/A
Mnotho consulting	Internal Auditor	Provision of internal audit services		Good	Good	N/A
Zawadi media	Advertising	Advertising of employment adverts and compliance notices		Good	Good	N/A
E-ticket net	Travel agent	Accommodation and		Good	Good	N/A

		traveling booking			
Nongoma Lodge and inn	Local accommodation	Accommodation and meeting/workshop venue provision	Good	Good	N/A
Harvey world travel	Travel Agent	Accommodation and traveling booking	Good	Good	N/A

DEPARTMENT: COMMUNITY SERVICES

NAME OF EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TARGET		ASSESSMENT OF SERVICE PROVIDER'S PERFORMANCE i.e. (GOOD/SATISFACTORY/ POOR)		CORRECTIVE MEASURE IN CASE OF UNDUE PERFORMANCE
		2020/21FY	2021/22FY	2020/21FY	2021/22FY	
uBHALULE PROJECTS	Cleaning and maintenance services	Cleaning of town over week ends. Grass and alien plants cutting in town and surroundings.		Good	Good	N/A
AROS PROCTETION	Security guards for municipal properties	24 hours services		Good	Good	N/A
Mzomasi Trading	Rendering services at the Municipal dumpsite	Provision of dumping site services		Good	Good	N/A

DEPARTMENT: CORPORATE SERVICES

NAME OF EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TARGET		ASSESSMENT OF SERVICE PROVIDER'S PERFORMANCE i.e. (GOOD/SATISFACTORY/ POOR)		CORRECTIVE MEASURE IN CASE OF UNDUE PERFORMANCE
		2020/21FY	2021/22FY	2020/21FY	2021/22FY	
Lembede & Associates Attorneys	Rendering of legal services			Good	Good	N/A
Emalangeni Technologies	Provision of internet and telephones services.	100 MB of internet and telephones via fibre connectivity with microwave		Good	Good	N/A

		backup			
Yuretek	Provision of printing machines and telecommunications	Fully functional printers and maintenance	Good	Good	N/A
Mzansi Wethu	Email and Website hosting, development and maintenance	Fully functional emails and updating of necessary content on the website	Good	Good	N/A

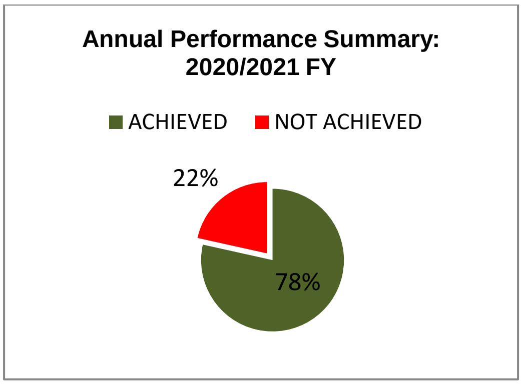
DEPARTMENT: PLANNING AND INFRASTRUCTURE DEVELOPMENT

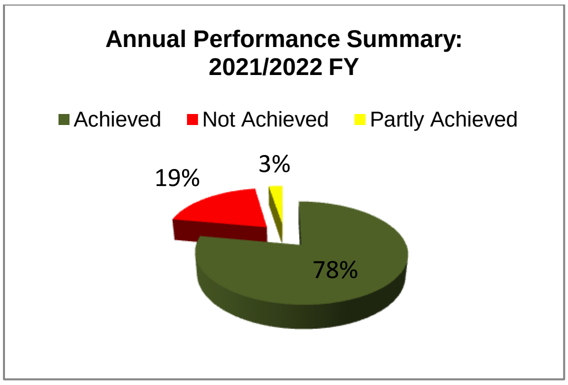
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TARGET		ASSESSMENT OF SERVICE PROVIDER'S PERFORMANCE i.e. (GOOD/ SATISFACTORY/POOR/VERY POOR)		CORRECTIVE MEASURE IN CASE OF UNDUE PERFORMANCE
		2020/21FY	2021/22FY	2020/21FY	2021/22FY	
UDAH Construction	CONTRACTOR (Deleni Roads Phase 1)	N/A	80%	N/A	P	None performance letters issued to the contractor
The Legacy Finances	CONTRACTOR (Emaye Community)	N/A	100%	N/A	G	N/A
The Legacy Finances	CONTRACTOR (Emanzimakhulu Community Hall & Creche)	N/A	90%	N/A	S	N/A
BI INFRASTRUCTURE	CIVIL ENGINEERING CONSULTING SERVICES	N/A	100%	N/A	S	N/A
Shantis Electrical PTY (LTD)	CONTRACTOR (Streetlights/High mast lights Phase 1)	37%	100%	P	P	Contract Terminated
BTMN Engineers	ELECTRICAL ENGINEERING CONSULTING SERVICES	N/A	100%	N/A	S	N/A
TPZ CONSULTING	CIVIL ENGINEERING CONSULTING SERVICES	N/A	100%	N/A	G	N/A
MGM EMN Services	CONTRACTOR (Mcakwini Electrification Phase 2-Ward 1)	70%	100%	S	S	N/A
MGM EMN Services	CONTRACTOR (Mcakwini Electrification Phase 3-Ward 1)	N/A	70%	N/A	S	N/A
MAHLAHLA CONSULTANTS	CIVIL ENGINEERING CONSULTING SERVICES	N/A	100%	N/A	S	N/A
AFRICOAST JBFE PROJECT MANAGERS	CIVIL ENGINEERING CONSULTING SERVICES	N/A	100%	N/A	S	N/A
VANGISA PROJECTS	ELECTRICAL ENGINEERING	N/A	100%	N/A	G	N/A

EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TARGET		ASSESSMENT OF SERVICE PROVIDER'S PERFORMANCE i.e. (GOOD/ SATISFACTORY/POOR/VERY POOR)		CORRECTIVE MEASURE IN CASE OF UNDUE PERFORMANCE
	CONSULTING SERVICES					
Xoli M Projects	CONTRACTOR (Nongoma Sidewalks)	100%	100%	G	G	N/A
Qhubekela Phambili Development	CONTRACTOR (Nongoma Blacktop & Drainage System Phase 1)	N/A	30%	N/A	G	N/A
Mela Okuhle Trading	CONTRACTOR (Nongoma Town Stormwater)	80%	100%	P	G	N/A
Veritas Engineering & Project Management	CONTRACTOR (Ebuhleni Electrification Phase 3-Ward 2)	N/A	50%	G	G	N/A
Mhlonipheni Trading Enterprises	CONTRACTOR (White City Roads)	80%	100%	P	P	Contract Terminated
MINATHI CONSULTING	CIVIL ENGINEERING CONSULTING SERVICES	N/A	100%	N/A	G	N/A
Siyabonga Umenzi Consulting	CIVIL ENGINEERING CONSULTING SERVICES	N/A	100%	N/A	G	N/A
Keep Running General Trading	CONTRACTOR (Red Hill Road)	N/A	10%	N/A	S	N/A
Esinovayo Trading	CONTRACTOR (Usuthu Electrification Phase 1-Ward 17)	N/A	30%	N/A	G	N/A

5. KEY AREAS TO NOTE ON PERFORMANCE OF NONGOMA MUNICIPALITY:

While the financial year under review had fewer key performance indicators compared to the previous financial year, there has been no improvement in terms of the overall performance. The municipality maintained the 78% achievement it had from the previous financial year.





The municipality excelled in terms of Good Governance & Public Participation KPA, where it achieved 100%. This is reflective of the 2021/2022 COGTA IDP Assessment, wherein the municipality was rated one of the best performing municipalities in the province with a 100% achievement.

While the municipality's performance around Good Governance and Public Participation; the municipality remains disquiet at its performance on Basic Service Delivery & Infrastructure Development and Local Economic Development KPAs. Failure to perform well on these KPAs suggests that the municipality is falling short of core mandate.

With regard to Basic Services Delivery and Infrastructure Development KPA, three electrification projects had to be deferred to the next financial year during the Mid-Term review as they could not take off due to supply chain-related issues, and had to be removed during the mid-term review. One implementer responsible for the construction of White City road had to be terminated at the end of quarter 2, and the projected halted, as a result of poor performance. The project has been deferred to the next financial year and a new implementer has already been appointed.

It should be noted as well that most targets that were not achieved include indicators that should have been tabled at council committees and also council. Such indicators account for 53%, i.e. eight out of fifteen, of the total population of unachieved targets, and could have contributed towards an overall 80% achievement, had they all been achieved. This therefore indicates a lack of consideration and monitoring of the SDBIPs both at organisational and departmental levels.

While the IDP/PMS Unit will regularly sensitize departments on indicators and targets that need to be tabled at council committees and council. The responsibility remains with the Heads of Departments, and the matter will be closely monitored at Top MANCO throughout the financial year. This would help ameliorate the situation by ensuring that all targets that need tabling to council committees and council are accordingly achieved.

5. LIST OF ANNEXURES

Annexure A – Annual Financial Statements for the year ended 30 June 2022

Annexure B – Auditor General's Report (2021/2022 FY)

Annexure C: Audit Action Plan

Annexure D: Audit Committee Report

Annexure E: Oversight Report

ANNEXURE A: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 JUNE 2022

Nongoma Local Municipality
(Registration number KZN265)
Annual Financial Statements
for the year ended 30 June 2022

General Information

Legal form of entity	Low Capacity Municipality (Local Government)
Nature of business and principal activities	Service Delivery
The following is included in the scope of operation	Service Delivery: Rates, waste management and general services.
	Main business operations: Local government activities, planning and promotion of the integrated development plan, land, economic and environmental development.
	The mandate of the municipality is in terms of section 152 of the Constitution of South Africa
Mayor	Cllr M.A. Mncwango
Deputy Mayor	Cllr G.S Nkosi
Speaker	Cllr B.W .Zulu
Exco Members	Cllr N.M. Mthembu
	Cllr T.J Nsele
	Cllr J.T. Nkosi
	Cllr M.C. Ndabandaba
	Cllr K.M. Dladla
MPAC Chairperson	Cllr.P.W. Gumbi
MPAC Members	Cllr T.M. Ndwandwe
	Cllr M.A. Mtshali
	Cllr N.A. Manqele
	Cllr T.J.C Mthimkhulu
	Cllr M.E. Ndwandwe
	Cllr B.A. Mncwango
Chief Whip	Cllr S.S.P Mbatha
Ordinary Councillors	Cllr M.N. Sokhela
	Cllr C.S.P. Sithole
	Cllr F.M. Shongwe
	Cllr G.N. Mthiyane
	Cllr B.G. Ndwandwe
	Cllr S.L. Mbongwa
	Cllr S.A. Mhlongo
	Cllr D.J Mtshali
	Cllr M.P. Nxumalo
	Cllr S.S.Z. Dlamini
	Cllr N.S. Ntshangase
	Cllr T.M. Ndwandwe
	Cllr Z.H. Zungu
	Cllr N.Msomi
	Cllr N.P. Ndebele
	Cllr B.S Buthelezi
	Cllr B.L. Buthelezi
	Cllr M.H. Zulu
	Cllr V.P Mpanza
Out Going Councillors	Cllr A.N. Xulu
	Cllr B.J. Ntshangase
	Cllr R.Z. Buthelezi
	Cllr A.N. Ndabandaba

General Information

	Cllr S.A. Hlongwane Cllr N.P. Mlambo Cllr E.M. Masango Cllr D.P Cebekhulu Cllr P.M. Xhakaza Cllr J.Z. Zungu Cllr N.P Mbatha Cllr M.N. Mkhwanazi Cllr M.E. Nkosi Cllr E. Shiba Cllr J.T. Dlamini Cllr M.S. Hadebe Cllr N.B. Nhleko Cllr B.G. Ntombela Cclr S.C. Ngcobo Cllr S.M. Mbatha Cllr T.N. Mthethwa Cllr M.D. Ndwandwe llr Z.S. Hlongwa Cllr Sp Nhleko Cllr K.M. Mtshali
Grading of local authority	3
Acting Chief Finance Officer (CFO)	Mr N Shandu
Accounting Officer	Mr MM Zungu
Telephone	035 831 7500
Business address	Lot 103 Main Street Nongoma 3950
Postal address	P O Box 84 Nongoma 3950
Bankers	First National Bank
Auditors	Auditor General South Africa Registered Auditors
Attorneys	Nxumalo & Partners Shepstone & Wylie Lembede & Associates Dludlu Attorneys
Website	www.nongoma.gov.za

Index

The Reports and Statements set out below comprise the Annual Financial Statements presented to the Provincial legislature:

COID	Compensation for Occupational Injuries and Diseases
UIF	Unemployment Insurance Fund
GRAP	Generally Recognised Accounting Practice
FMG	Financial Management Grant
AGSA	Auditor General South Africa
INEP	Intergrated National Electrification Program
LG SETA	Local Government Sector Education and Training Authority
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SARS	South African Revenue Services
PAYE	Pay As You Earn

Accounting Officer's Responsibilities and Approval

The Accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the Annual Financial Statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and 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 sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

I also certify that salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office as disclosed in the Annual Financial Statements below are within the upper limits of the framework envisaged in Section 219 of the Constitution, read in conjunction with the 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 7, which have been prepared on the going concern basis, were approved by the on 31 August 2022 and were signed on its behalf by:

Mr MM Zungu
Accounting officer

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	6&8	5 843 839	5 913 651
Receivables from non-exchange transactions	7&8	38 131 979	31 428 935
VAT receivable	9	9 816 036	6 639 668
Cash and cash equivalents	10	-	14 663 019
		53 791 854	**58 645 273**
Non-Current Assets			
Property, plant and equipment	3	358 498 371	349 581 379
Intangible assets	4	29 092	43 416
		358 527 463	**349 624 795**
Total Assets		**412 319 317**	**408 270 068**
Liabilities			
Current Liabilities			
Finance lease obligation	11	786 527	815 589
Operating lease liability	5	81 633	77 602
Payables from exchange transactions	14	66 887 932	67 285 746
Unspent conditional grants and receipts	12	450 131	238 360
Provisions	13	179 067	774 766
Bank overdraft	10	12 155 850	-
		80 541 140	**69 192 063**
Non-Current Liabilities			
Finance lease obligation	11	2 607 873	3 387 597
Provisions	13	14 948 785	11 245 446
		17 556 658	**14 633 043**
Total Liabilities		**98 097 798**	**83 825 106**
Net Assets		**314 221 519**	**324 444 962**
Accumulated surplus		314 221 519	324 444 962
Total Net Assets		**314 221 519**	**324 444 962**

* See Note 42 & 41

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods		27 036	13 168
Service charges	15	1 996 450	1 923 868
Rental of facilities and equipment	16	170 859	174 923
Interest income from long outstanding debtors	20	2 138 199	4 104 635
Licences and permits	18	1 007 661	838 861
Commissions received	19	80 311	90 492
Insurance Refund	19	-	63 377
Interest received - investment	21	410 075	706 290
Total revenue from exchange transactions		**5 830 591**	**7 915 614**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	22	27 352 097	25 510 632
Transfer revenue			
Government grants & subsidies	23	211 362 031	232 941 791
Public contributions and donations	24	4 217 496	-
Fines, Penalties and Forfeits	17	706 500	469 721
Total revenue from non-exchange transactions		**243 638 124**	**258 922 144**
Total revenue		**249 468 715**	**266 837 758**
Expenditure			
Employee related costs	25	(110 228 761)	(103 430 044)
Remuneration of councillors	26	(14 809 828)	(14 050 506)
Depreciation and amortisation	27	(24 450 378)	(21 093 897)
Finance costs	29	(3 416 355)	(896 910)
Lease rentals on operating lease	31	(599 638)	(976 780)
Debt Impairment	30	(694 191)	(9 968 422)
Contracted services	33	(49 792 319)	(48 112 198)
Free basic electricity	32	(106 629)	(113 451)
General Expenses	34	(55 941 290)	(58 969 952)
Total expenditure		**(260 039 389)**	**(257 612 160)**
Operating (deficit) surplus		**(10 570 674)**	**9 225 598**
Loss on disposal of assets and liabilities		(1 623 327)	-
Actuarial gains/losses		(97 000)	(585 783)
Impairment loss	28	(2 169 808)	(65 457)
Reversal of accrual		4 237 367	-
		347 232	**(651 240)**
(Deficit) surplus for the year		**(10 223 442)**	**8 574 358**

* See Note 42 & 41

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	317 220 698	317 220 698
Adjustments		
Correction of errors	(1 350 094)	(1 350 094)
Balance at 01 July 2020 as restated*	**315 870 604**	**315 870 604**
Changes in net assets		
Deficit for the year	8 574 358	8 574 358
Total changes	8 574 358	8 574 358
Restated* Balance at 01 July 2021	**324 444 961**	**324 444 961**
Changes in net assets		
Surplus for the year	(10 223 442)	(10 223 442)
Total changes	(10 223 442)	(10 223 442)
Balance at 30 June 2022	**314 221 519**	**314 221 519**

Note 41

* See Note 42 & 41

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		24 931 204	30 713 402
Grants		211 360 082	232 941 791
Interest income		410 075	706 290
Refunds Received		-	63 377
Rental income received (Rental of Billboards and Hall Hire)		205 875	174 923
Licence and permits		1 007 661	838 861
Fines, penalties and other receipts		193 637	469 721
Sale of goods		27 036	13 168
		238 135 570	265 921 533
Payments			
Employee costs		(125 038 590)	(119 415 694)
Suppliers		(107 628 653)	(104 193 462)
Finance costs		(376 089)	(896 910)
		(233 043 332)	(224 506 066)
Net cash flows from operating activities	36	**5 092 238**	**41 415 467**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(31 112 042)	(38 852 203)
Proceeds from sale of property, plant and equipment	3	9 721	-
Net cash flows from investing activities		**(31 102 321)**	**(38 852 203)**
Cash flows from financing activities			
Finance lease liability movements		(808 786)	3 771 770
Net increase/(decrease) in cash and cash equivalents		**(26 818 869)**	**6 335 034**
Cash and cash equivalents at the beginning of the year		14 663 019	8 327 985
Cash and cash equivalents at the end of the year	10	**(12 155 850)**	**14 663 019**

The accounting policies on pages 14 to 36 and the notes on pages 37 to 72 form an integral part of the annual financial statements.

* See Note 42 & 41

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	1 233 000	2 964 000	**4 197 000**	27 036	**(4 169 964)**	Note 50
Service charges	1 920 000	-	**1 920 000**	1 996 450	**76 450**	
Rental of facilities and equipment	305 000	(163 000)	**142 000**	170 859	**28 859**	Note 50
Interest income from long outstanding debtors	2 986 000	(1 093 000)	**1 893 000**	2 138 199	**245 199**	Note 50
Licences and permits	2 901 000	(871 000)	**2 030 000**	1 007 661	**(1 022 339)**	Note 50
Commissions received	-	-	**-**	80 311	**80 311**	
Interest received - investment	700 000	(350 000)	**350 000**	410 075	**60 075**	Note 50
Total revenue from exchange transactions	**10 045 000**	**487 000**	**10 532 000**	**5 830 591**	**(4 701 409)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	27 830 000	-	**27 830 000**	27 352 097	**(477 903)**	
Transfer revenue						
Government grants & subsidies	210 668 000	-	**210 668 000**	211 362 031	**694 031**	
Public contributions and donations	-	-	**-**	4 217 496	**4 217 496**	
Fines, Penalties and Forfeits	377 000	68 000	**445 000**	706 500	**261 500**	Note 50
Total revenue from non-exchange transactions	**238 875 000**	**68 000**	**238 943 000**	**243 638 124**	**4 695 124**	
Total revenue	**248 920 000**	**555 000**	**249 475 000**	**249 468 715**	**(6 285)**	
Expenditure						
Employee related costs	(105 922 000)	-	**(105 922 000)**	(110 228 761)	**(4 306 761)**	
Remuneration of councillors	(16 895 000)	2 300 000	**(14 595 000)**	(14 809 828)	**(214 828)**	
Depreciation and amortisation	(21 819 000)	12 889 000	**(8 930 000)**	(24 450 378)	**(15 520 378)**	Note 50
Impairment loss/ Reversal of impairments	-	-	**-**	(2 169 808)	**(2 169 808)**	
Finance costs	(900 000)	100 000	**(800 000)**	(3 416 355)	**(2 616 355)**	Note 50
Lease rentals on operating lease	-	-	**-**	(599 638)	**(599 638)**	
Debt Impairment	(2 000 000)	-	**(2 000 000)**	(694 191)	**1 305 809**	Note 50
Contracted Services	(30 008 000)	(7 766 000)	**(37 774 000)**	(49 792 319)	**(12 018 319)**	Note 50
Free Basic Electricity	(1 200 000)	(3 700 000)	**(4 900 000)**	(106 629)	**4 793 371**	Note 50
General Expenses	(33 427 000)	(5 427 000)	**(38 854 000)**	(55 941 290)	**(17 087 290)**	Note 50
Total expenditure	**(212 171 000)**	**(1 604 000)**	**(213 775 000)**	**(262 209 197)**	**(48 434 197)**	
Operating deficit	**36 749 000**	**(1 049 000)**	**35 700 000**	**(12 740 482)**	**(48 440 482)**	
Loss on disposal of assets and liabilities	-	-	**-**	(1 623 327)	**(1 623 327)**	
Actuarial gains/losses	-	-	**-**	(97 000)	**(97 000)**	
Reversal of accrual	-	-	**-**	4 237 367	**4 237 367**	
	-	**-**	**-**	**2 517 040**	**2 517 040**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Deficit before taxation	**36 749 000**	**(1 049 000)**	**35 700 000**	**(10 223 442)**	**(45 923 442)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**36 749 000**	**(1 049 000)**	**35 700 000**	**(10 223 442)**	**(45 923 442)**	

Reconciliation

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	2 459 000	6 640 000	**9 099 000**	5 843 839	**(3 255 161)**	Note 50
Receivables from non-exchange transactions	65 347 000	(23 182 000)	**42 165 000**	38 131 979	**(4 033 021)**	Note 50
VAT receivable	-	-	**-**	9 816 036	**9 816 036**	Note 50
Cash and cash equivalents	18 968 000	(12 981 000)	**5 987 000**	(12 155 850)	**(18 142 850)**	
	86 774 000	**(29 523 000)**	**57 251 000**	**41 636 004**	**(15 614 996)**	
Non-Current Assets						
Property, plant and equipment	411 160 000	(17 331 000)	**393 829 000**	358 498 371	**(35 330 629)**	Note 50
Intangible assets	350 000	(307 000)	**43 000**	29 092	**(13 908)**	Note 50
	411 510 000	**(17 638 000)**	**393 872 000**	**358 527 463**	**(35 344 537)**	
Total Assets	**498 284 000**	**(47 161 000)**	**451 123 000**	**400 163 467**	**(50 959 533)**	
Liabilities						
Current Liabilities						
Finance lease obligation	766 000	(719 000)	**47 000**	786 527	**739 527**	Note 50
Operating lease liability	-	-	**-**	81 633	**81 633**	Note 50
Payables from exchange transactions	48 340 000	(12 215 000)	**36 125 000**	66 887 932	**30 762 932**	Note 50
Unspent conditional grants and receipts	-	-	**-**	450 131	**450 131**	Note 50
Provisions	-	7 445 000	**7 445 000**	179 067	**(7 265 933)**	Note 50
	49 106 000	**(5 489 000)**	**43 617 000**	**68 385 290**	**24 768 290**	
Non-Current Liabilities						
Finance lease obligation	3 370 000	18 000	**3 388 000**	2 607 873	**(780 127)**	Note 50
Provisions	17 113 000	-	**17 113 000**	14 948 785	**(2 164 215)**	Note 50
	20 483 000	**18 000**	**20 501 000**	**17 556 658**	**(2 944 342)**	
Total Liabilities	**69 589 000**	**(5 471 000)**	**64 118 000**	**85 941 948**	**21 823 948**	
Net Assets	**428 695 000**	**(41 690 000)**	**387 005 000**	**314 221 519**	**(72 783 481)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	428 695 000	(41 690 000)	**387 005 000**	314 221 519	**(72 783 481)**	

The accounting policies on pages 14 to 36 and the notes on pages 37 to 72 form an integral part of the annual financial statements.

Accounting Policies

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.

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 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When there is evidence that expected future economic benefits from an assets differs from previous assessment, the asset is impaired to its recoverable amount. The recoverable amount is expected to be the higher of fair value less costs to sale and value in use. Estimates are used to calculate value in use and fair value less costs to sale.

Provisions

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

Effective interest rate

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

Allowance for doubtful debts

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

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

1.4 Property, plant and equipment (continued)

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

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

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

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

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.

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

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

Item	Depreciation method	Average useful life
Land		Indifinite
Buildings	Straight-line	25 - 30 years
Plant and machinery	Straight-line	4 - 5 years
Furniture and fixtures	Straight-line	7 - 10 years
Motor vehicles	Straight-line	7 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	5 years
Leasehold assets	Straight-line	2 years
Infrastructure	Straight-line	10 - 50 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.

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

1.5 Site restoration on landfill site asset

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

If the related asset is measured using the cost model:

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

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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.

Accounting Policies

1.6 Intangible assets (continued)

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.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 years

1.7 Financial instruments

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

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

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

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

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

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

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

1.7 Financial instruments (continued)

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

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

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

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

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

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

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

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

1.7 Financial instruments (continued)

Classification

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

Class	**Category**
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transaction	Financial asset measured at amortised cost
Receivables from Non-exchange transaction	Financial asset measured at amortised cost
VAT Receivables	Financial asset measured at amortised cost
Consumer deposit	Financial asset measured at amortised cost

Class	**Category**
Unspent Conditional Grant	Financial liability measured at amortised cost
Payables from exchange transaction	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Operating lease liability	Financial liability measured at amortised cost
Provision liability	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Subsequent measurement of financial assets and financial liabilities

Additional text

The entity 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.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

Accounting Policies

1.7 Financial instruments (continued)

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

Financial liabilities

Financial liabilities

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

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

Presentation

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

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

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

Sub-heading

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

1.8 Statutory receivables

Identification

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

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

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

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

1.8 Statutory receivables (continued)

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

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

Accrued interest

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

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

Accounting Policies

1.8 Statutory receivables (continued)

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

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

Derecognition

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

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

1.9 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

1.9 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

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

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

1.10 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

1.11 Impairment of non-cash-generating assets

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

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

Accounting Policies

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

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

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

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

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

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

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

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

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

1.12 Employee benefits (continued)

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

1.12 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

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

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

1.13 Provisions and contingencies

A provision is a liability of uncertain timing or amount.

A contingent liability is:

(a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

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.

Accounting Policies

1.13 Provisions and contingencies (continued)

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

1.13 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10 and 1.11.

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

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

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

1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

1.15 Revenue from exchange transactions

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

Accounting Policies

1.15 Revenue from exchange transactions (continued)

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.

Sale of goods

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

Rendering of services

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

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

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

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

Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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.

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Fines

Revenue from the issuing of fines 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.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:.

it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably, and to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.17 Investment income

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

1.18 Borrowing costs

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

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

1.19 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.

Accounting Policies

1.19 Accounting by principals and agents (continued)

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).

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.

1.20 Comparative figures

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

1.21 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.

1.22 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.

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -.
(a) this Act and has not been condoned in terms of section 170, or.
(b) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act or
(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the
Public Office-Bearers Act, 1998 (Act No. 20 of 1998);
(d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

1.23 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.25 Budget information

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

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

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

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note .

1.26 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.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality’s accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised 2021): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	4 396 811	-	4 396 811	5 754 293	-	5 754 293
Buildings	17 310 772	(4 194 833)	13 115 939	16 021 172	(3 354 017)	12 667 155
Leased assets	4 564 494	(1 164 175)	3 400 319	4 686 832	(605 822)	4 081 010
Plant and machinery	4 527 107	(2 296 840)	2 230 267	4 825 235	(1 685 687)	3 139 548
Furniture and fixtures	4 175 767	(2 409 613)	1 766 154	3 847 353	(1 741 552)	2 105 801
Motor vehicles	10 973 681	(9 646 160)	1 327 521	10 303 681	(8 992 241)	1 311 440
IT equipment	3 129 412	(2 248 843)	880 569	2 756 887	(1 850 796)	906 091
Infrastructure	205 391 070	(51 600 521)	153 790 549	207 331 266	(59 868 852)	147 462 414
Community	226 467 092	(74 368 237)	152 098 855	216 037 923	(61 963 805)	154 074 118
Storm water infrastructure	26 699 593	(6 350 833)	20 348 760	19 262 767	(4 664 610)	14 598 157
Landfill site asset	9 029 011	(4 224 717)	4 804 294	7 202 645	(3 721 293)	3 481 352
Water network	350 000	(11 667)	338 333	-	-	-
Total	**517 014 810**	**(158 516 439)**	**358 498 371**	**498 030 054**	**(148 448 675)**	**349 581 379**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Donations	Transfers in	Transfers out	Landfill site adjustment	Depreciation	Impairment loss	Total
Land	5 754 293	-	(1 357 482)	-	-	-	-	-	-	4 396 811
Buildings	12 667 155	1 289 600	-	-	-	-	-	(811 085)	(29 731)	13 115 939
Leased assets	4 081 010	-	(4 052)	-	-	-	-	(676 639)	-	3 400 319
Plant and machinery	3 139 548	68 059	(149 454)	-	-	-	-	(827 886)	-	2 230 267
Furniture and fixtures	2 105 801	104 730	(112 465)	477 866	-	-	-	(809 778)	-	1 766 154
Motor vehicles	1 311 440	670 000	-	-	-	-	-	(653 919)	-	1 327 521
IT equipment	906 091	401 546	(9 595)	68 162	-	-	-	(485 635)	-	880 569
Infrastructure	147 462 414	14 033 722	-	-	4 040 058	(4 040 058)	-	(6 705 377)	(1 000 210)	153 790 549
Community	154 074 118	6 757 559	-	3 671 468	-	-	-	(11 365 209)	(1 039 081)	152 098 855
Storm water infrastructure	14 598 157	7 436 826	-	-	10 297 582	(10 297 582)	-	(1 585 437)	(100 786)	20 348 760
Landfill site asset	3 481 352	-	-	-	-	-	1 826 364	(503 422)	-	4 804 294
Water Supply Infrastructure	-	350 000	-	-	-	-	-	(11 667)	-	338 333
	349 581 379	**31 112 042**	**(1 633 048)**	**4 217 496**	**14 337 640**	**(14 337 640)**	**1 826 364**	**(24 436 054)**	**(2 169 808)**	**358 498 371**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers received	Transfers	Landfill sile adjustment	Prior period adjustment	Depreciation	Impairment loss	Change in estimate	Total
Land	5 754 293	-	-	-	-	-	-	-	-	5 754 293
Buildings	8 865 127	4 345 434	-	-	-	-	(543 406)	-	-	12 667 155
Leased assets	120 256	4 405 903	-	-	-	-	(445 149)	-	-	4 081 010
Plant and machinery	2 301 133	76 212	-	-	-	146 590	(553 648)	-	1 169 261	3 139 548
Furniture and fixtures	742 229	932 624	-	-	-	133 062	(486 952)	-	784 838	2 105 801
Motor vehicles	2 656 770	75 922	-	-	-	-	(1 421 252)	-	-	1 311 440
IT equipment	727 070	475 845	-	-	-	204 501	(518 960)	17 635	-	906 091
Infrastructure	139 931 191	12 880 091	10 829 643	(10 492 008)	-	-	(5 675 938)	(10 565)	-	147 462 414
Community	157 332 171	7 453 137	12 710 590	(12 277 669)	-	-	(11 144 111)	-	-	154 074 118
Storm water infrastructure	8 127 029	8 207 035	-	-	-	-	(1 663 382)	(72 525)	-	14 598 157
Landfill site asset	3 633 797	-	-	-	366 669	-	(519 114)	-	-	3 481 352
	330 191 066	**38 852 203**	**23 540 233**	**(22 769 677)**	**366 669**	**484 153**	**(22 971 912)**	**(65 455)**	**1 954 099**	**349 581 379**

Pledged as security

No assets were pledged as security in the current year.

Reconciliation of Work-in-Progress 2022

	Infrastructure assets	Community assets	Storm water assets	Total
Opening balance	18 851 670	5 081 459	9 625 397	33 558 526
Additions/capital expenditure	14 036 568	6 689 369	7 436 827	28 162 764
Transferred to completed items	(4 040 058)	-	(10 297 581)	(14 337 639)
	28 848 180	**11 770 828**	**6 764 643**	**47 383 651**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2021

	Infrastructure assets	Community assets	Storm water assets	Total
Opening balance	13 610 768	10 499 012	1 418 522	25 528 302
Additions/capital expenditure	15 732 910	6 860 116	8 206 875	30 799 901
Transferred to completed items	(10 492 008)	(12 277 669)	-	(22 769 677)
	18 851 670	**5 081 459**	**9 625 397**	**33 558 526**

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Maintenance of buildings and facilities	6 866 408	11 352 519
Maintenance of Equipment	71 447	101 236
Maintenance of Infrastructire assets	8 088 019	10 506 765
Employee cost	1 293 898	1 287 778
	16 319 772	**23 248 298**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

4. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 594 806	(1 565 714)	29 092	1 823 540	(1 780 124)	43 416

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	43 416	(14 324)	29 092

Reconciliation of intangible assets - 2021

	Opening balance	Change in accounting estimate	Amortisation	Total
Computer software, other	119 498	(15 820)	(60 262)	43 416

Pledged as security

No Intangible assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

5. Operating lease asset (accrual)

Current liabilities	81 633	77 602

Operating lease accrual represent rentals payable by the municipality for telephone rental over 3 years.

6. Receivables from exchange transactions

Gross Balances		
Prepaid expenses	293 577	190 142
Refuse Removal	12 995 606	11 651 351
Rental and Billboads	420 525	421 323
	13 709 708	**12 262 816**

Less: Allowance for impairment		
Refuse Removal	(7 607 604)	(6 135 543)
Rental and Billboads	(258 265)	(213 622)
	(7 865 869)	**(6 349 165)**

Net Balances		
Prepaid expenses	293 577	190 142
Refuse Removal	5 388 002	5 515 808
Rental	162 260	207 701
	5 843 839	**5 913 651**

Statutory receivables general information

Refuse Removal		
Current (0 -30 days)	176 228	304 595
31 - 60 days	284 726	109 282
61 - 90 days	125 390	108 953
91 - 120 days	115 320	104 276
121-365 days	12 293 941	12 931 751
	12 995 605	**13 558 857**

Rental and Billboads		
Current (0 -30 days)	10 780	27 405
31 - 60 days	4 572	1 641
61 - 90 days	888	210 325
91 - 120 days	-	1 497
121-365 days	404 285	3 852
	420 525	**244 720**

Trade and other receivables pledged as security

None of the receivables from exchange transaction has been pledged as security in prior and current year.

Receivables past due but not impaired

	60 Days	**30 Days**
Refuse	39 305	39 192
Service charges	114	114
Service charges business	324 526	512 427
	363 945	**551 763**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

6. Receivables from exchange transactions (continued)

Credit quality of trade and other receivables

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

Trade receivables

None of the financial assets that are fully performing have been renegotiated in the last year.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 2 months past due are not considered to be impaired. At 30 June 2022, R 476 306 (2021: R 421 380) were past due but not impaired.

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

1 month past due	187 008	170 986
2 months past due	289 298	25 394

Reconciliation of provision for impairment of trade and other receivables

Opening balance	6 349 703	6 310 181
Provision for impairment	1 434 402	39 522
	7 784 105	**6 349 703**

7. Receivables from non-exchange transactions

Gross balances		
Traffic fines	3 231 133	2 718 568
Consumer debtors - Rates	47 418 327	41 743 652
Debtors with creditor balances	138 978	445 686
	50 788 438	**44 907 906**

Less: Allowance for impairment		
Traffic fines	(1 556 717)	(1 234 563)
Consumer debtors - Rates	(11 099 742)	(12 244 408)
	(12 656 459)	**(13 478 971)**

Net balances		
Fines	1 674 416	1 484 005
Debtors with credit balance	138 978	445 686
Consumer debtors - Rates	36 318 585	29 499 244
	38 131 979	**31 428 935**

Property rates		
Current (0 - 30 days)	1 307 053	1 929 901
31 -60 days	1 033 742	425 537
61 - 90 days	358 520	462 381
91 - 120 days	423 167	572 147
121 - 365 days	44 295 845	36 882 734
	47 418 327	**40 272 700**

Figures in Rand	2022	2021

7. Receivables from non-exchange transactions (continued)

Traffic fines		
Current (0 - 30 days)	62 100	40 600
31 -60 days	40 200	67 950
61 - 90 days	15 400	16 550
91 - 120 days	17 900	59 050
121 - 365 days	3 077 292	2 754 687
	3 212 892	**2 938 837**

Receivables from non-exchange transactions pledged as security

No statutory receivables balances were pledged as security in current year.

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 2 months past due are not considered to be impaired. At 30 June 2022, R 54 151 (2021: R 2 853 241) were past due but not impaired.

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

	60 Days	30 Days
Interest	54 091	68 968
Rates	70 012	69 984
Tates	69 810	73 834
Traffic	15 400	40 200

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

Opening balance	13 478 971	13 247 956
Provision for impairment	-	231 015
Provision for impairment reversal	(1 144 666)	-
	12 334 305	**13 478 971**

Statutory debtors disclosed above are accounted for in accordance with GRAP 108 requirements. Below is a detailed description of all municipal statutory debtors:

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 main trigger for impairment loss on statutory debtors is late payment or non-payment of accounts by customers. Simple interest rate is charged on property rates at 18% per annum.

Traffic fines are governed by Administrative Adjudication of Road Traffic Offences Act, No. 46 of 1998 (AARTO) and National Road Traffic Act, No. 93 of 1996 of South Africa. Traffic fines charged are determined by The National Road Traffic Offence Charge Book. Due to high rate of default payments of traffic fines, the municipality provides for bad debts at rate of 50% of the outstanding balance. No interest is charged for traffic fines statutory receivables.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

8. Consumer debtors disclosure

Consumers/ Residential		
Current (0 -30 days)	187 273	315 077
31 - 60 days	346 583	156 847
61 - 90 days	155 397	133 030
91 - 120 days	153 532	134 770
121 - 365 days	14 661 800	13 079 250
	15 504 585	**13 818 974**

Industrial/ Commercial		
Current (0 -30 days)	1 107 492	1 427 365
31 - 60 days	784 728	155 845
61 - 90 days	289 145	287 429
91 - 120 days	283 405	318 670
121 - 365 days	21 235 776	17 503 920
	23 700 546	**19 693 229**

National and provincial government		
Current (0 -30 days)	121 302	365 924
31 - 60 days	55 335	170 551
61 - 90 days	(26 839)	108 362
91 - 120 days	14 062	174 154
121 - 365 days	17 696 359	16 675 215
	17 860 219	**17 494 206**

Vacant Land		
Current (0 -30 days)	77 994	138 492
31 - 60 days	136 394	53 218
61 - 90 days	67 096	44 155
91 - 120 days	87 487	50 325
121 - 365 days	3 400 136	2 979 168
	3 769 107	**3 265 358**

Totals		
Current (0 -30 days)	1 494 061	2 246 858
31 - 60 days	1 323 040	536 461
61 - 90 days	484 799	572 976
91 - 120 days	538 486	677 919
121 - 365 days	56 994 071	50 237 553
Prepayments	293 577	190 142
Traffic fines	3 231 133	2 718 568
Less: Allowance for debt imairment	(20 522 328)	(19 828 136)
Debtors with creditor balances	138 978	445 686
	43 975 817	**37 798 027**

9. VAT receivable

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

VAT	9 816 036	6 639 668

Figures in Rand	2022	2021

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	150 972	14 641 571
Short-term deposits	225 219	20 268
Cashier Collection clearing account	355	1 180
Bank overdraft	(12 532 396)	-
	(12 155 850)	**14 663 019**

The maximum petty cash amount is **R 5 000** as per petty policy. All the petty cash slips for specific month are submitted and capture in that specific month, however the cheque to refill the petty cash will only be processed in the following month. As at end of each month, the petty cash account will have a negative balance that will be cleared in the following month. As at 30 June 2022, petty cash slips was been captured and the cheque will be deposited in subsequent periods.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
First National Bank Cheque Account 531-5327-8884	(12 532 396)	14 526 425	8 154 582	(12 532 396)	14 526 425	8 154 582
First National Bank Licensing Cheque Account - 622-0376-1962	90 280	79 256	117 995	104 989	99 776	123 775
First National Bank MIG Cheque Account - 622-0222-6751	45 982	15 370	27 911	45 982	15 370	27 911
First National Bank Call Account - 613-1500-0549	-	-	3 136	-	-	3 136
First National Bank Cheque Account - 623-7063-9373	-	-	882	-	-	882
First National Bank Cheque Account - 623-7306-3222	224 847	1 062	3 278	224 847	1 062	3 278
First National Bank Cheque Account - 623-7063-8573	114	114	16 075	114	114	16 075
First National Bank 7 Day Notice Deposit Account - 744-2706-5468	259	19 093	1	259	19 093	1
Cash on hand	-	-	-	355	1 180	3 275
Total	**(12 170 914)**	**14 641 320**	**8 323 860**	**(12 155 850)**	**14 663 020**	**8 332 915**

The balance as per the bank statement is lower than the balance as per cash book by **R 14 710**. This is due to outstanding deposits on FNB Licence Cheque Account-622 0376 1962 an amount of **R 5 780** arising from 2016/17 and **R 8 930** was cash on hand as at 30 June 2022.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

11. Finance lease obligation

Minimum lease payments due		
- within one year	1 162 616	815 589
- in second to fifth year inclusive	2 906 540	3 421 976
	4 069 156	4 237 565
less: future finance charges	(674 756)	(34 379)
Present value of minimum lease payments	**3 394 400**	**4 203 186**

Present value of minimum lease payments due		
- within one year	786 527	815 589
- in second to fifth year inclusive	2 607 873	3 387 597
	3 394 400	**4 203 186**

Non-current liabilities	2 607 873	3 387 597
Current liabilities	786 527	815 589
	3 394 400	**4 203 186**

Cellular and communication devices
The municipality procured cellular and communication devices over a period of twenty four (24) months which have been classified as finance leases. Monthly instalments are payable in arrears. The average interest rate implicit in respective lease contracts is approximately 10.5% (2021: 10.5%) All leases have fixed repayments and no arrangements have been entered into for contingent lease rentals.

Motor vehicles
The municipality procured motor vehicles over a period of five years which have been classified as finance leases. Monthly instalments are payable in arrears. The average interest rate implicit in respective lease contracts is approximately 10.5%. All leases have fixed repayments and no arrangements have been entered into for contingent lease rentals.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Kwakhetha Modula Grant	450 131	238 360

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 23 for reconciliation of grants from National/Provincial Government.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

13. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Finance costs	Actuarial (gains) losses	Service costs	Total
Environmental rehabilitation	7 445 212	1 826 366	-	659 274	-	-	9 930 852
Employee benefit cost	4 575 000	-	(363 351)	504 000	97 000	384 351	5 197 000
	12 020 212	**1 826 366**	**(363 351)**	**1 163 274**	**97 000**	**384 351**	**15 127 852**

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Finance costs	Actuarial (gains) losses	Service costs	Total
Environmental rehabilitation	7 078 543	366 669	-	-	-	-	7 445 212
Employee benefit cost	3 525 598	-	(275 505)	312 825	585 783	426 299	4 575 000
	10 604 141	**366 669**	**(275 505)**	**312 825**	**585 783**	**426 299**	**12 020 212**

	2022	2021
Non-current liabilities	14 948 785	11 245 446
Current liabilities	179 067	774 766
	15 127 852	**12 020 212**

There is no expected reimbursement (from the manufacturer) in respect of this provision.

The restructuring provision relates to redundancy costs incurred on the disposal of. At , approximately -% of the staff had been retrenched. The remainder departed in .

The municipality moved from its previous leased premises. The lease in non-cancellable and the lease continue for the next - years. The municipality cannot find a lessee to occupy the premises.

Employee benefit cost provision

Defined benefit plan

The defined benefit plan relate to long service award that will be paid to municipal staff after completion of 5 years working for the municipality.

Key assumptions used

Assumptions used at the reporting date:

	2022	2021
Discount rates used	11.66%	9,23%
Consumer Price Index	6,93%	4,54%
Expected increase in salaries	4,9%	5,5%

Nongoma offers bonuses for every 5 years of completed service from 5 years to 45 years. Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Nongoma advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2022 of 4.9%.

13. Provisions (continued)

Demographic and decrement assumptions

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

	2022	2021
Normal retirement age (years)*	65	65
Average retirement age (years)	63	63
Mortality	SA85-90	SA85-90

*The average retirement age for all active employees was assumed to be 63 years to implicitly allow for ill-health and early retirements.

14. Payables from exchange transactions

Trade payables	31 742 944	36 192 353
Accrued bonus	1 466 236	1 952 833
Medical aid payable	651 347	630 221
Accrued expenses	-	4 237 367
Deposits received	494	10 984
Insurance amounts payables	312 956	294 876
Garnish Payable	10 422	14 602
Unallocated Deposits	634 238	603 006
PAYE Deductions	7 744 709	2 407 640
Leave pay accrual	10 430 918	10 160 219
Pension deductions Liability	3 735 146	3 446 084
Retention Liability	9 128 945	6 401 948
Payable - Unions	16 430	15 578
Skills Development Levy liability	307 670	128 184
Unemployment Insurance Fund	380 949	171 363
Party Deductions & Caucus Payable	53 544	65 411
Bargaining Council Payable	10 365	9 354
Salary Clearing Account	121 641	98 037
Debtors with credit balances	138 978	445 686
	66 887 932	**67 285 746**

15. Service charges

Refuse removal	1 996 450	1 923 868

16. Rental of facilities and equipment

Premises		
Premises	111 128	125 118
Facilities and equipment		
Rental of facilities	59 731	49 805
	170 859	**174 923**

17. Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	706 500	469 721

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

18. Licences and permits (exchange)

Road and Transport	1 003 840	838 861
Building Plan	3 821	-
	1 007 661	**838 861**

19. Commission received and Insurance refunds

Commissions received	80 311	90 492
Insurance refunds	-	63 377
	80 311	**153 869**

Nongoma Local municipality receives commission from medical aid companies that are providing medical aid cover to its employees.

Insurance refunds relates to claims made by the municipality to its insurer for accidents relating to municipal vehicles.

20. Interest income from long outstanding debtors

Interest received	2 138 199	4 104 635

21. Investment revenue

Interest revenue		
Bank	410 075	706 290

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

22. Property rates

Rates received

Residential	1 539 051	1 574 858
Commercial	12 170 006	12 090 685
State	13 918 436	12 350 304
Vacant Land	93 766	108 592
Less: Income forgone	(369 162)	(613 807)
	27 352 097	**25 510 632**

Valuations

Residential	169 612 000	167 482 000
Commercial	365 040 000	305 050 000
Special	-	959 325 000
Public Benefit Organisation	21 960 000	-
Public Service Purposes	907 930 000	-
Vacant Land	410 317 000	10 987 000
Public Service Infrastructure	24 000	22 000
Rural Community Land	-	397 810 000
Industrial	38 980 000	-
Agricultural	60 000	-
	1 913 923 000	**1 840 676 000**

General valuations on land and buildings are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2019.

The supplementary valuation roll was performed on annual basis to take into account building additions, changes, subdivisions and consolidations.

Property rates are levied on a monthly basis.

A fixed rate is applied based on categories of properties:

- Residential Property 0.01189
- Business and Commercial Property 0.03410
- Industrial Property 0.03410
- Agricultural Property 0.00297
- Mining Property 0.03410
- Public Service Infrastructure 0.00000
- Public Benefit Organisation Property 0.00000
- Vacant Land 0.01582

Interest is levied at 18.00% per annum (2021: 18.00%) on all outstanding amounts

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

23. Government grants and subsidies

Operating grants		
Equitable share	170 818 000	194 844 000
LG SETA	692 082	377 774
School Patrol Grant	213 720	264 377
Extended Public Works Programme	1 868 000	2 099 000
Financial Management Grant (FMG)	1 920 000	1 900 000
Cyber Cadet Library Grant	242 000	226 000
Provincial Grant - Libraries	935 000	905 000
Kwakhetha modular library grant	470 229	398 640
Osuthu Modular Library Grant	682 000	637 000
	177 841 031	**201 651 791**
Capital grants		
Municipal Infrastructure Grant	33 521 000	31 290 000
	211 362 031	**232 941 791**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

KwaKhetha Moduler Library Grant

Balance unspent at beginning of year	238 360	-
Current-year receipts	682 000	637 000
Conditions met - transferred to revenue	(470 229)	(398 640)
	450 131	**238 360**

Conditions still to be met - remain liabilities (see note 12).

Municipal Infrastructure Grant

Current-year receipts	33 521 000	31 290 000
Conditions met - transferred to revenue	(33 521 000)	(31 290 000)
	-	-

Expanded Public Works Programme

Current-year receipts	1 868 000	2 099 000
Conditions met - transferred to revenue	(1 868 000)	(2 099 000)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Financial Management Grant (FMG)

Current-year receipts	1 920 000	1 900 000
Conditions met - transferred to revenue	(1 920 000)	(1 900 000)
	-	-

LG SETA

Current-year receipts	692 082	377 774

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

23. Government grants and subsidies (continued)

Conditions met - transferred to revenue	(692 082)	(377 774)
	-	-

Provisional grant - libraries

Current-year receipts	935 000	905 000
Conditions met - transferred to revenue	(935 000)	(905 000)
	-	-

School patrol grant

Current-year receipts	213 230	264 377
Conditions met - transferred to revenue	(213 230)	(264 377)
	-	-

Cyber Cadet Library Grant

Current-year receipts	242 000	226 000
Conditions met - transferred to revenue	(242 000)	(226 000)
	-	-

Osuthu Modular Library Grant

Current-year receipts	682 000	637 000
Conditions met - transferred to revenue	(682 000)	(637 000)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

24. Public contributions and donations

Public contributions and donations	4 217 496	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

25. Employee related costs

Basic	72 128 799	67 496 052
Bonus	4 624 578	5 324 849
Medical aid - company contributions	4 455 171	4 159 071
UIF	563 094	493 311
Leave pay provision charge	1 856 779	1 704 662
Standby Allowance	1 809 558	1 125 247
Cellphone and telephone allowance	1 248 000	1 006 188
Defined contribution plans	14 278 138	13 828 802
Travel, motor car, accommodation, subsistence and other allowances	6 958 131	6 014 961
Overtime payments	1 305 965	910 997
Long-service awards	435 536	487 220
Acting allowances	482 187	494 556
Housing benefits and allowances	46 296	350 156
Bargain Council	36 529	33 972
	110 228 761	**103 430 044**

Remuneration of municipal manager

Annual Remuneration	635 979	862 104
Car Allowance	211 993	287 368
Acting Allowance	36 260	-
Contributions to UIF, Medical and Pension Funds	1 594	1 813
Skills Development Levy and Bargain Council	10 342	8 438
Travel Claim	60 672	54 110
Cellphone allowances	31 500	42 000
Performance bonus	162 811	-
	1 151 151	**1 255 833**

Remuneration of chief finance officer

Annual Remuneration	635 749	659 295
Travel Allowance	211 916	219 765
Travel claim	7 005	9 874
Contributions to UIF, Medical and Pension Funds	2 125	1 813
Cell phone allowance	42 000	42 000
Skills Development Levy and Bargain Council	10 968	7 194
Acting Allowance	21 395	-
Travel claim	1 429	1 389
Performance bonus	114 435	-
Retention Allowance	84 767	-
	1 131 789	**941 330**

Remuneration of Technical director

Annual Remuneration	600 430	423 833
Travel Allowance	200 143	141 278
Travel claim	3 021	1 835
Contributions to UIF, Medical and Pension Funds	1 771	1 190
Skills Development Levy and Bargain Council	106	6 089
Leave pay	-	35 745
Retention Allowance	84 767	-
Cell phone allowance	35 000	28 000
	925 238	**637 970**

Figures in Rand	2022	2021

25. Remuneration of councillors (continued)

Remuneration of Corporate Services and Human Resources

Annual Remuneration	679 032	64 752
Travel allowance	237 425	21 584
Leave pay	-	8 322
Contributions to UIF, Medical and Pension Funds	22 272	149
Retention allowance	99 977	-
Travel claim	12 301	-
Skills Development Levy and Bargain Council	10 517	10
Cellphone allowance	38 500	3 500
Travel claim	13 293	-
	1 113 317	**98 317**

Remuneration of Social Services director

Annual Remuneration	848 336	848 336
Travel Allowance	189 657	59 796
Retention allowance	99 977	-
Contributions to UIF, Medical and Pension Funds	59 403	58 219
Skills Development Levy and Bargain Council	12 853	9 964
Travel Claim	-	245 504
Cell phone allowance	42 000	45 500
	1 252 226	**1 267 319**

26. Remuneration of councillors

Mayor	781 027	866 658
Deputy Mayor	592 787	670 482
Speaker	623 661	670 491
Councillors	11 594 497	10 915 703
Councillors’ pension contribution	1 217 856	927 172
	14 809 828	**14 050 506**

In-kind benefits

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

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has two full-time bodyguards. The Deputy Mayor has three full-time bodyguards.

The Speaker has three full time bodyguards.

27. Depreciation and amortisation

Property, plant and equipment	24 436 054	21 017 815
Intangible assets	14 324	76 082
	24 450 378	**21 093 897**

28. Impairment of assets

Impairments

Property, plant and equipment	2 169 808	65 457

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

29. Finance costs

Finance leases	395 961	255 383
Late payment to SARS and suppliers	1 857 120	328 702
Interest on provisions	1 163 274	312 825
	3 416 355	**896 910**

30. Debt impairment

Bad debts written off	694 191	9 683 293
Contributions to debt impairment provision	-	285 129
	694 191	**9 968 422**

31. Lease rentals on operating lease

Plant and equipment		
Contractual amounts	599 638	976 780

32. Free basic electricity

Other subsidies		
Free basic electricity	106 629	113 451

33. Contracted services

Outsourced Services		
Burial Services	561 120	375 527
Catering Services	49 685	389 804
Cleaning Services	1 665 689	365
Internal Auditors	3 154 216	1 733 000
Personnel and Labour	369 985	60 000
Professional Staff	1 178 583	974 903
Refuse Removal	4 998 243	3 012 100
Security Services	98 083	114 737
Transport Services	41 800	-
Consultants and Professional Services		
Business and Advisory	4 633 216	9 343 653
LED Projects	6 825 917	1 138 560
Contractors		
Artists and Performers	-	66 750
Catering Services	719 573	491 236
Event Promoters	116 000	1 069 211
First Aid	-	36 760
Fire Protection	14 800	-
Fire Services	85 563	333 140
Interior Decorator	-	15 000
Maintenance of Buildings and Facilities	6 866 408	11 352 519
Maintenance of Equipment	71 447	101 236
Maintenance of Infrastructire assets	8 088 019	10 506 765
Pest Control and Fumigation	-	94 000
Transportation	1 401 450	592 676
Safeguard and Security	8 218 972	6 284 256
Stage and Sound Crew	633 550	26 000
	49 792 319	**48 112 198**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

34. General expenses

Accounting fees	1 475 554	1 328 042
Advertising	1 744 473	2 318 245
Auditors remuneration	1 881 832	1 486 891
Bank charges	318 644	192 592
Cleaning	4 383 505	4 973 739
Administration	-	4 968
Computer expenses	3 319 872	2 670 251
Consumables	2 628 721	2 692 852
Bursaries	120 000	525 015
Entertainment	9 000	26 087
Hire charges	7 215 296	6 438 276
Insurance	925 896	900 806
Disaster management costs - COVID 19 Response	1 175 520	5 020 437
Motor vehicle expenses	74 657	34 887
Fuel and oil	1 996 625	1 272 219
Postage and courier	-	585
Printing and stationery	3 016 402	2 159 353
Annual License fees	178 378	132 207
Remuneration of ward committees	1 406 750	1 974 900
Subscriptions and membership fees	2 102 004	1 793 458
Telephone and fax	3 607 941	3 113 275
Disaster Management expenses	-	5 949 187
Skills Development Levy	884 064	693 627
Travel - local	2 960 436	1 258 859
Refuse	7 149 135	5 464 328
Electricity	1 536 925	670 803
Uniforms and protective clothing	583 826	1 598 435
Other expenses	150 095	796 024
Staff Training	490 163	458 124
Communication Radio and TV Transformer	1 554 698	706 400
Community Events Cost	3 050 878	2 315 080
	55 941 290	**58 969 952**

35. Auditors' remuneration

Fees	1 881 832	1 486 891

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

36. Cash generated from operations

(Deficit) surplus	(10 223 442)	8 574 358
Adjustments for:		
Depreciation and amortisation	24 450 378	21 093 897
Gain on sale of assets and liabilities	1 623 327	-
Finance costs - Finance leases	-	255 383
Impairment deficit	2 169 808	65 457
Debt impairment	694 191	9 968 422
Movements in operating lease assets and accruals	4 031	77 602
Movements in provisions	3 107 640	1 416 071
Actuarial Gain	-	585 783
Donation received	(4 217 496)	-
Other non-cash items	-	(51 558)
Landfill site adjustment	(1 826 364)	-
Changes in working capital:		
Receivables from exchange transactions	69 806	906 703
Consumer debtors	(694 191)	(11 714 004)
Other receivables from non-exchange transactions	(6 703 044)	2 362 454
Payables from exchange transactions	(397 809)	12 680 932
VAT	(3 176 368)	(5 044 393)
Unspent conditional grants and receipts	211 771	238 360
	5 092 238	**41 415 467**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

37. Commitments

Authorised capital expenditure

Contracted provided		
• Property, plant and equipment	70 560 861	39 756 403

Total capital commitments		
Contracted provided	70 560 861	39 756 403

Authorised operational expenditure

Appoved and contracted for		
• Operational Commitment	18 619 768	8 651 057
• Operating Lease commitments	2 476 666	4 865 656
	21 096 434	**13 516 713**

Total operational commitments		
Already contracted and provided for	21 096 434	13 516 713

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	2 470 623	2 388 990
- in second to fifth year inclusive	6 043	2 476 666
	2 476 666	**4 865 656**

Operating lease payments represent rentals payable by the municipality for telephone rental over 3 years. No contingent rent is payable.

Rental expenses relating to operating leases		
Minimum lease payments	2 388 990	2 395 207

38. Contingencies

Nongoma Local Municipality vs Natal Joint municipal Pension Fund
Natal joint Municipal Pension Fund is suing Nongoma Local municipal for an excessive increase of the actuarial assessment to the level of increase on which the fund is operating at the time. The increase warrants the Committee directing the Municipality to pay an adjusted contribution. The Municipality has failed to comply with the Committee direction to pay; therefore, the Fund is suing for that adjusted contribution. The estimated financial exposure is R 5 000 000.

Nongoma Local Municipality Vs Fana Manufacturies
Fana Manufacturies is suing Nongoma local Municipality for invoices which were not paid by the municipality for goods delivered The estimated financial exposure is R 300 000.

39. Related parties

Relationships	
Management	Refer to accounting officer's report note 25
Councillors	Refer to note 26

40. Change in estimate

Property, plant and equipment

A change in the estimated remaining useful life of various assets of the Municipality based on their conditional assessment conducted. as at 30 June 2022 will result in the following increases/decreases in depreciation and amortisation for the 2022 financial year end and future periods

The impact on the statement of financial performance in the 2022 financial year and future periods:

	Current period	Future periods
Computer Software	(28 367)	28 367
Machinery and Equipment	(4 020)	4 020
Furniture and Office Equipment	(19 384)	19 384
Transport Assets	(295 553)	295 553
Computer Equipment	(51 891)	51 891
Community Assets	(8 472)	8 472
Stormwater Infrastructure	(60 811)	60 811
Increase (Decrease) in deprecition	**(468 498)**	**468 498**

41. Prior period errors

Government grants and subsidies

Through review of the terms of the Housing Grant and accounting treatment previously adopted by the Municipality, management came to the conclusion that Municipality is an Agent in this agreement and therefore expenditure incurred for the purposes of this grant should not be disclosed on the municipal records. In addition there should be no revenue recognised as a result spending/commitments made for this grant. Change in the accounting treatment has been accounted for as Prior Period Error and resulted to derecognition of Revenue and Expenditure in the 2021 financial year.

Receivables from non-exchange transactions

Through the detailed review and reconciliation of property rates account balance and supporting schedules noted Sojiyisa High School (Customer No 8010171) and Kwamame Primary School (Customer No 8010206) who are under Ulundi Local Municipality was incorrectly included in Nongoma Local Municipality's valuation roll since 2013. This resulted in the over statement of property rates and receivables from non-exchange transactions

Property, plant and equipment

During the financial period ended 30 June 2022 the following discrepancies were noted:

- an amount of R 2 804 293.48 which relates to repairs and maintenance on buildings was erroneously recorded on 30 June 2021 on the work in progress of a completed road infrastructure account of Ndzondwane to Ndongwane Causeway.The project had been capitalised on the 2019/2020 financial year. The reversal of the error back to repairs and maintenance resulted in a prior period error.

- a reversal was recorded on the Nongoma Sidewalk work in progress account, the amount being R 2 845.This was due to the invoice being recorded on the project account on 30 June 2021, but it had not been paid to the supplier and was also capitalised on the Fixed Asset Register in the 2020/2021 financial year

- professional fees for ophaphasi community hall were recorded on the 5th of October 2020 on a different account. The project was then capitalised excluding the professional fees on the 30th of April 2021.

Receivables from exchange transactions

The amount was incorrectly billed to properties with no title deeds.

Figures in Rand	2022	2021

41. Prior period errors (continued)

In addition, management noted other misstatements relating to debtors module records and general ledger resulting from account that were written off on the debtors module in the prior years while certain corresponding account balances remained on the general ledger. The error resulted to correct of both receivable form exchange and non-exchange transaction.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

	2021	**2020**
Property, plant and equipment	(2 364 370)	484 153
Receivables from non-exchange transactions	(5 050 298)	(4 718 462)
Receivables from exchange transactions	2 880 330	2 884 215
Trade and other payables	(48 525)	-
Opening Accumulated Surplus or Deficit	4 582 863	1 350 094

41. Prior period errors (continued)

Statement of financial performance

	2021
Interest income from long outstanding debtors	(91 565)
Service charges	(3 884)
Contracted services	69 962 530
Government grants & subsidies	(72 766 823)
Property rates	(240 275)
Depreciation and amortisation	(92 756)

Receivables from exchange transactions	
Audited amount	7 969 851
Correction of prior year error - Property rates	2 880 330
Reclassification from receivables from non-exchange transactions	(4 936 530)
	5 913 651

Receivables from non-exchange transactions	
Audited amount	31 542 703
Correction of prior year error - Repairs and maintenance	(5 050 298)
Reclassification to receivables from exchange transactions	4 936 530
	31 428 935

Property, plant and equipment	
Audited amount	351 945 749
Correction of prior year errors	(2 364 369)
	349 581 380

Payables from exchange transations	
Audited amount	(67 237 221)
Correction of prior year error	(48 525)
	(67 285 746)

Service charges	
Audited amount	1 927 752
Correction of prior year error	(3 884)
	1 923 868

interest income on long outstanding debtors	
Audited amount	4 196 197
Correction of prior year error	(91 565)
	4 104 632

Property rates	
Audited amount	25 750 907
Correction of prior year error	(240 274)
	25 510 633

Government grants and subsidies	
Audited amount	305 708 614
Correction of prior year error	(72 766 823)
	232 941 791

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

41. Prior period errors (continued)

Depreciation and amortisation	
Audited amount	(21 001 141)
Correction of prior year error	(92 754)
	(21 093 895)

Contracted services	
Audited amount	(118 074 727)
Correction of prior year error	69 962 529
	(48 112 198)

42. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2020

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions		7 634 155	2 884 215	(4 936 530)	5 581 840
Receivables from non-exchange transactions		34 366 147	(4 718 462)	4 936 530	34 584 215
Property, plant and equipment		330 116 940	484 153	-	330 601 093
Accumulated Surplus		317 220 693	1 350 094	-	318 570 787
		689 337 935	**-**	**-**	**689 337 935**

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions		7 969 851	2 880 330	(4 936 530)	5 913 651
Receivables from non-exchange transactions		31 542 703	(5 050 298)	4 936 530	31 428 935
Loans to shareholders		351 945 749	(2 364 370)	-	349 581 379
Payables from exchange transations		(67 237 221)	(48 525)	-	(67 285 746)
Accumulated Surplus		329 027 826	4 582 863	-	333 610 689
		653 248 908	**-**	**-**	**653 248 908**

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Restated
Service charges		1 927 752	(3 884)	1 923 868
interest income on long outstanding debtors		4 196 197	(91 562)	4 104 635
Property rates		25 750 907	(240 274)	25 510 633
Government grants and subsidies		305 708 614	(72 766 823)	232 941 791
Depreciation and amortisation		(21 001 141)	(92 754)	(21 093 895)
Contracted services		(118 074 727)	69 962 529	(48 112 198)
Surplus for the year		11 807 130	3 232 768	15 039 898
Surplus for the year		**210 314 732**	**-**	**210 314 732**

43. Risk management

Financial risk management

Liquidity risk

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

	2022	2021
Payables from exchange transactions	66 887 932	67 285 746
Employee obligation	179 067	774 766
Unspent conditional Grant	450 131	238 360
Finance Lease Obligation	786 527	815 589
Bank overdraft	12 155 850	-
	80 459 507	**69 114 461**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	2022	2021
Trade Receivables from Exchange transaction	5 843 839	5 913 651
Trade Receivables from Non-exchange transactions	38 131 979	31 428 935
Cash and cash Equivalents	-	14 663 019
VAT Receivables	9 816 036	6 639 668

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

44. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus (deficit) of R 314 221 519 and that the municipality's total liabilities exceed its assets by R 314 221 519.

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

45. Events after the reporting date

The municipality is not aware of any condition or event subsequent to year end that has material impact on the financial information disclosed herewith.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

46. Unauthorised expenditure

Opening balance as previously reported	-	9 194 404
Opening balance as restated	**-**	**9 194 404**
Add: Expenditure identified - current	51 553 705	26 546 551
Less: Approved by council (written off)	(51 553 705)	(35 740 955)
Closing balance	**-**	**-**

The municipality is not aware of any condition or event subsequent to year end that has material impact on the financial information disclosed herewith.

Analysed as follows: non-cash

Employee related cost	634 050	3 113 768
Depreciation and amortisation	15 520 381	1 140
Finance charges	1 163 274	28 207
Loss on disposal of property, plant and equipment	1 623 327	65 457
Provision of impairment	-	5 968 442
Impairment loss	2 169 808	-
Lease rentals on operating lease	2 016	-
Actuarial gains/losses	97 000	-
	21 209 856	**9 177 014**

Analysed as follows: cash

Lease rentals on operating lease	597 622	-
Contracted services	12 018 319	10 520 699
Councillors remuneration	214 829	-
General expenditure	-	5 872 078
Employee related costs	3 672 711	-
Other	12 387 287	976 780
Fiance charges	1 453 081	-
	30 343 849	**17 369 557**

47. Fruitless and wasteful expenditure

Opening balance as previously reported	-	286 251
Opening balance as restated	**-**	**286 251**
Add: Expenditure identified - current	1 857 120	-
Less: Amount written off - current period	(1 857 120)	(286 251)
Closing balance	**-**	**-**

Fruitless and wasteful expenditure is mainly due to late payment of suppliers and SARS.

Fruitless and wasteful expenditure amounts are not recoverable and municipality implemented the MPAC recommendations to write-off fruitless and wasteful expenditure as per the final report provided.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

48. Irregular expenditure

Opening balance as previously reported	72 600	7 359 838
Opening balance as restated	**72 600**	**7 359 838**
Add: Irregular Expenditure - current	3 755 682	18 058 160
Less: Amount written off - current	(3 828 282)	(25 345 398)
Closing balance	**-**	**72 600**

The municipality implemented the MPAC recommendations to write-off all irregular expenditure as per the final report provided.

Irregular expenditure is mainly due to non-compliance with SCM process.

49. Additional disclosure in terms of Municipal Finance Management Act

Skills Development Levy

Opening balance	128 185	-
Current year subscription	884 064	693 628
Amount paid - current year	(704 579)	(565 443)
	307 670	**128 185**

Audit fees

Opening balance	442 799	23 554
Current year subscription	2 173 313	1 708 271
Amount paid - current year	(2 616 112)	(1 289 026)
	-	**442 799**

PAYE and UIF

Opening balance	2 579 002	1 337 185
Current year subscription	19 624 556	15 888 383
Amount paid - current year	(14 077 900)	(14 646 566)
	8 125 658	**2 579 002**

Pension and Medical Aid Deductions

Opening balance	4 076 305	2 291 105
Current year subscription	27 756 939	19 309 997
Amount paid - current year	(23 370 446)	(15 233 692)
Amount paid - previous years	(4 076 305)	(2 291 105)
	4 386 493	**4 076 305**

VAT

VAT receivable	9 816 036	6 639 668

50. Actual operating expenditure versus budgeted operating expenditure

Sale of goods
Cost vs benefits analyses indicates that its not beneficial to sale documents

Rental of facilities and equipment
More facilities were opened since the lifting of covid regulation

Interest outstanding debtors
Due to non-payment from debtors, municipality under-budgeted this line item

Licences and permits
Delays in the opening of licence station

Interest on investment
More than expected funds were invested during the year

Fines, Penalties and Forfeits
Increase in the road blocks yielded positive results

Depreciation and amortisation
Number of projects were capitalised, more than its was expected.

Finance cost
Due to financial constraints, the municipality incurred more interest expenses

Debt impairment
This line was over-budgeted taking to consideration the low collection rate from previous years

Contracted services
Decrease in equitable share after contracted has been entered

Free basic services
The amount included in the budget was included other free basic services which could not be met

General expenses
Decrease in equitable share after expenditure trend already committed.

Receivables from exchange transactions
Due slow payment pace by debtors

Receivables from non-exchange transactions
Due slow payment pace by debtors

VAT receivable
Refunds withheld by SARS due to reopening of 2018 tax year by SARS

Property, plant and equipment
Higher depreciation than budgeted amount (less than 10%)

Intangible assets
Higher amortisation than expected

Current Liabilities Finance lease obligation
Uninformed adjustment was made during budget adjustment

Operating lease liability
The amount was not budgeted for

Payables from exchange transactions
Due slow payments by debtors, the municipality could not settle creditors

50. Actual operating expenditure versus budgeted operating expenditure (continued)

Unspent conditional grants and receipts
Unspent amount is due to late allocation made by department of Art & Culture.

Provisions
Non-current provision was mistakenly budgeted under current liabilities

Finance lease obligation
Data used during budget did not take into account payments to be made during the year

Provisions
Actuarial report and engineers estimate

51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

Good and services procured during the financial year under review and the process followed in procuring those goods and services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Deviations from municipality supply chain management regulations for the year ended 30 June 2022 amounted to **R1 063 819** and **(2021: R120 000.00)**

52. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangment(s) is|are as follows:

The Municipality is party to an arrangement with the Department of Energy in respect to the funding and implementation of the Integrated National Electrification Programme over the period Current year 1 April 2021 to 31 March 2022 and prior year 1 April 2020 to 31 March 2021.

The Municipality is party to an arrangement with the Department of Human Settlement for the provision of of Rural Housing Units within the municipality ares

Entity as agent

Integrated National Electrification Programme

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements The Department of Energy has allocated a budget for the capital requirements of the Integrated National Electrification Programme, for transfer to the relevant municipalities in order to meet the target on electrification backlogs in the targeted communities.

The Department upon receipt of the funds allocated from the National Treasury as contained in DoRA, transferred the funds to the Municipality which amount shall not exceed current year R 17 082 000 and Prior year R 8 400 000.The funds will only be transferred once the Municipality has furnished the Department with an approved Project list, which accords with the cash flow schedules as contemplated in this Agreement.

Exercise control over the original documentation, by keeping proper records of all the documents which are to be retained for audit purposes. All process shall be in accordance With MFMA and/or PFMA; Take all reasonable steps necessary, to ensure the program is implemented effectively and efficiently Retain any income accruing from any customers connected to the electricity.

Housing grant

The purpose of the Municipal community residential units Grant is to provide funding to municipalities for the to facilitate the upgrading of informal settlements in a structured ways.

The Department of Human Settlements has processed the applications and concluded as follows:

Liabilities and corresponding rights of reimbursement recognised as assets

No Liabilities were incurred on behalf of the principals that have been recognised by the Municipality. No Corresponding rights of reimbursement that have been recognised as assets.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

52. Accounting by principals and agents (continued)

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Integrated National Electrification Programme

Current year receipts	17 082 000	8 400 000
Expenditure incurred	(17 082 000)	(8 400 000)
	-	-

Amount of expenses paid during the reporting period

Ebuhleni Electrification	4 973 284	4 432 947
Enfills Electrification	682 497	-
Usuthu Electrification	3 538 546	-
Mcakwini Electrification	6 835 357	2 853 871
Dabhasi Electrification	907 209	884 235
Electrification Ward 11	-	116 970
Electrification Ward 01	-	111 977
	16 936 893	**8 400 000**

Housing grant

Current year receipts	19 123 775	72 766 823
Expenditure incurred	(19 123 775)	(72 766 823)
	-	-

Amount of expenses paid during the reporting period

Mpunzana Rural Housing Project	5 747 810	27 667 131
Zidwadweni Rural Housing Development	1 073 662	14 020 535
khokhwaneni rural housing Project	3 683 776	15 915 374
Vuna Rural Housing Project	590 100	-
Nkukhwini Rural Housing Project	8 028 427	11 777 722
Osuthu Rural Housing Project	-	209 234
Maye/Dabhazi Rural Housing Project	-	3 176 827
	19 123 775	**72 766 823**

Notes to the Annual Financial Statements

53. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas: Governance and administration, Community and public safety, Economic planning and development and Trading services. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes

Aggregated segments

The municipality is organised and operates in three key reportable functions throughout the 23 wards under Nongoma dermacations. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Nongoma were sufficiently similar to warrant aggregation.

Community and public safety: Sports and recreation, Parks and gardens, Human settlements, Library services and Community services.

Economic planning and development: Local Development and Technical departments. Trading services: Waste management and Electricity sales

Details	**Community and Public safety**	**Economic planning and Development**	**Trading services**	**Total**
Revenue from non-exchange transactions	1 492 508	-	242 145 615	243 638 123
Revenue from exchange transactions	3 945	41 004	5 785 642	5 830 591
Total segment revenue	**1 496 453**	**41 004**	**247 931 257**	**249 468 714**
Expenditure				
Employees related costs	(21 534 411)	(6 630 992)	(82 063 358)	(110 228 761)
Remuneration of councillors	-	-	(14 809 829)	(14 809 829)
Depreciation and Amortisation	(9 344 731)	-	(15 105 650)	(24 450 381)
Contracted services	(14 959 952)	(7 357 774)	(27 474 592)	(49 792 318)
Operational costs	(15 134 741)	(2 890 411)	(43 014 102)	(61 039 254)
Total segment expenditure	**(60 973 835)**	**(16 879 177)**	**(182 467 531)**	**(260 320 543)**
Total segment surplus/(deficit)	**(59 477 382)**	**(16 838 173)**	**65 463 727**	**(10 851 828)**

Assets				
Current assets	3 217 680	-	50 293 021	53 510 701
Non-current assets	162 465 929	52 899	196 008 635	358 527 463
	165 683 609	**52 899**	**246 301 656**	**412 038 164**
Liabilities				
Current liabilities				80 541 142
Non-current liabilities				17 556 658
Total segment liabilities	**-**	**-**	**-**	**98 097 800**

ANNEXURE B: AUDITOR GENERALS REPORT

Auditor-General of South Africa

Nongoma Municipality

Audit report for the year ended 30 June 2022

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Nongoma Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nongoma Municipality as at 30 June 2022, 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) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act of no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act no. 09 of 2021) (Dora).

Basis for opinion

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

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

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Material provision for impairment

8. As disclosed in note 6 to the financial statements, the municipality recognised a material provision for impairment of R7,87 million (2020-21: R6,23 million) to receivables from exchange transactions as the recoverability of these debts was doubtful.

9. As disclosed in note 4 to the financial statements, the municipality recognised a material provision for impairment of R12,66 million (2020-21: R13,70 million) to receivables from non-exchange transactions as the recoverability of these debts was doubtful.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

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

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery and infrastructure development objective presented on pages xx to xx of the municipality's annual performance report for the year ended 30 June 2022.

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

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for KPA 2 – basic service delivery and infrastructure development.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 2 – basic service delivery and infrastructure development. As management subsequently corrected the

misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

25. The material finding on compliance with specific matters in key legislation is as follows:

Expenditure management

26. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R51,55 million, as disclosed in note 46 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending on the approved budget.

Other information

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

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

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

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

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

32. The accounting officer and senior management did not exercise adequate oversight responsibility over financial controls which could have prevented unauthorised expenditure. As a result, material non-compliance was identified on expenditure management.

Auditor-General

Pietermaritzburg

30 November 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

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

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

ANNEXURE C: AUDIT ACTION PLAN

AUDIT ACTION PLAN TO ADDRESS AUDIT FINDINGS

AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2022

NONGOMA LOCAL MUNICIPALITY

REPORT AS AT 31 DECEMBER 2022

Prepared By:	**Reviewed By:**
…………………………………	…………………………………….
Chief Financial Officer	**Municipal Manager**

CONTENTS

1. ABBREVIATIONS

AFS	: Annual Financial Statements
AO	: Accounting Officer
APP	: Appendix
CFO	: Chief Financial Officer
EXCO	: Executive Committee
FIS	: Financial Information System (SAGE Evolution)
FSLI	: Financial Statement Line Item (Accounting)
MFMA	: Municipal Finance Management Act, Act 56 of 2003
MM	: Municipal Manager
MPAC	: Municipal Public Accounts Committee
SDBIP	: Service Delivery and Budget Implementation Plan
TOP MANCO	: Top Management Committee
UIFWE	: Unauthorised, Irregular, Fruitless and Wasteful Expenditure

2. OVERALL MESSAGE

The audit outcome for the 2021/2022 is **financially unqualified with findings** and remains unchanged from the prior years. The Accounting Officer and the management did not ensure the prevention of unauthorized expenditure, resulting in material non-compliance with MFMA.

3. INTRODUCTION

The action plan consists of audit findings raised in the audit report, and management report. Audit findings which have been addressed and corrected during the audit process has not been included in the action plan.

4. KEY CONTROLS

- Risk Management and Combined Assurance model
- Risk based Audit plans
- Document management system (Information System)
- Performance Management framework
- Establishment of oversight structure
    - ✓ Council
    - ✓ Section 116 Committee
    - ✓ Section 71(1) reports
    - ✓ Audit and Risk Committee
    - ✓ Internal Audit
    - ✓ Risk Management Committee (EXCO)
    - ✓ Executive Committee (EXCO)
    - ✓ UIFWE policy
    - ✓ SDBIP
    - ✓ Top Management Committee

5. HISTORICAL AUDIT INFORMATION

The table below shows the performance of the municipality on audits by the office of the Auditor General in the past four (4) years:

Financial Year	**2022**	**2021**	**2020**	**2019**
Audit Outcomes	**Unqualified with findings**	**Unqualified with findings**	**Unqualified with findings**	**Unqualified with findings**
No. of findings affected the Audit Report	**1**	**2**	**6**	**8**
Description of Audit Findings				
PMS: Usefulness and Relevance of objectives				
Material misstatement of AFS				
Bid Adjudication not correctly constituted				
Minimum Threshold for local production and content				
No minimum 3 Quotations				
Performance of Suppliers & Contractors not monitored				
Fruitless Expenditure				
Irregular Expenditure				
Unauthorised Expenditure				

6. AUDIT ACTION PLAN 2021/2022

The table below embodies the management controls put in place as preventative and detection measured against the budget overspending:

Ref	FSLI	Audit Finding	Impact (Rand)	Classification	Rating	Internal control deficiency	Management Action Plan				
							Description	Immediate Accountability	Immediate Responsibility	Time Frame	Progress
COM AF 2	Expenditure Management	Reasonable steps not taken to prevent unauthorised expenditure	R51,553,705	Non-Compliance with legislation	Matters affecting the Auditor's Report	Inadequate monitoring of expenditure against the approved Budget to ensure unauthorised expenditure is prevented	**Preventative Measures** 1. To align the SDBIP to approved budget	Municipal Manager	All HOD's	01 NOV 2022 – to – 30 NOV 2022	App "A"
							2. To ensure FIS is reconfigured to prevent incurring expenditure against unbudgeted vote line items.	Municipal Manager	Chief Financial Officer	01 DEC 2022 – to – 15 DEC 2022	App "A"
							3. To revise FIS parameters to ensure ONLY the CFO and/or MM who can approve Budget virements and budget overrides.	Municipal Manager	All HOD's	01 DEC 2022 – to – 15 DEC 2023	App "A"
							4. To revise the 2022/23 approved budget and ensure non-cash flow items are adequately provided for in the Adjustment Budget	Municipal Manager	Chief Financial Officer	01 DEC 2022 – to – 28 FEB 2023	App "A"
							5. To ensure that after the approval of the Mid-Year Budget Adjustment, the budget overrides are supported by expenditure responsibility acknowledgement form, appropriately	Municipal Manager	Chief Financial Officer	28 FEB 2023 – to – 30 JUN 2023	App "A"

							signed by responsible employee.				
							Detection Measures 6. Exception reports will be printed on a monthly basis and circulated for review by TOP MANCO	Municipal Manager	All HOD's	28 FEB 2023 – to – 30 JUN 2023	App "A"
							7. The consolidated report will be reported in terms of section 71(1) of MFMA	Municipal Manager	Chief Financial Officer	28 FEB 2023 – to – 30 JUN 2023	App "A"
							8. Quarterly Performance Assessments of all HOD's & MM to include Financial Performance Targets.	Municipal Manager	All HOD's	Quarter 3 & Quarter 4 2022/23 PMS assessments	App "A"

Legend colour	Legend description
	Finding implementation status is "work in progress"
	Finding implementation status is "Resolved"
	Finding implementation status is "No progress"

7. APPENDIX A

AUDIT FINDING	PROPOSED MANAGEMENT ACTION	PROGRESS REPORT
Reasonable steps not taken to prevent unauthorised expenditure	<u>Preventative Measures</u> 1. To align the SDBIP to approved budget	
	2. To ensure FIS is reconfigured to prevent incurring expenditure against unbudgeted vote line items.	
	3. To revise FIS parameters to ensure ONLY the CFO and/or MM who can approve Budget virements and budget overrides.	
	4. To revise the 2022/23 approved budget and ensure non-cash flow items are adequately provided for in the Adjustment Budget	
	5. To ensure that after the approval of the Mid-Year Budget Adjustment, the <u>budget overrides</u> are supported by expenditure responsibility acknowledgement form, appropriately signed by responsible employee.	
	<u>Detection Measures</u> 6. Exception reports will be printed on a monthly basis and circulated for review by TOP MANCO	
	7. The consolidated report will be reported in terms of section 71(1) of MFMA	
	8. Quarterly Performance Assessments of all HOD's & MM to include Financial Performance Targets.	

END OF THE REPORT

ANNEXURE D: AUDIT & PERFORMANCE COMMITTEE REPORT