1/28/2022

Annual Report

2020/2021 Financial year

Final

uMzimkhulu Local Municipality

Table of Content

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 Mayor's Foreword

Greetings to all

I am so humbled to once again present to you the Annual Report for 2020/2021 financial as per the legislative prescripts.

The world has found itself engulfed with serious hectic situation because of the Covid- 19 pandemic. South Africa has been not immune to the situation, hence Umzimkhulu local municipality also got affected by the situation. This situation rendered the municipality in situation where all operations were disturbed. Service delivery could not be delivered as per the plan, hence many projects had to temporary stop during lockdown. The pace the municipality set itself has been affected and as a result we ended up having roll-overs in terms of expenditure in the financial year under review.

There are some few projects that are multiyear projects, I wanted to mention as some of the strides that we having, such as Memorial hall, Harry Gwala Multi-Purpose Sport Centre through Department of Sports, Arts and Recreation of which we are moving quite convincingly with them. There are also big projects done by the Department of Transport, i.e. Public Transport Rank facility. The project will add more value in terms of town face uplift. Those are the projects that we continuing with them from the financial year under review.

It is so disturbing that the Covid-19 pandemic, on top of disadvantages that it has rendered us in in terms of expenditure, it has in a way opened the gap regarding interfacing with our communities. It has literally hampered public participation, hence we mostly relied on social media, newspapers, radio and website. We cannot solely rely on these mechanisms; hence we are a deep rural municipality. Infrastructure to enhance these types of mechanism is a bit of a challenge.

I wish to thank all the stakeholders of Umzimkhulu municipality for their steadfastness in ensuring that this municipality out of all odds never get defocused, but collectively contribute towards success in changing the lives of the people for better.

The Annual Report speaks on its own in terms of painting the picture of what actually transpired in the year 2020/2021.

Thank you.

Cllr M.B.Mpabanga
The Mayor of Umzimkhulu Local Municipality

1.2 Statement by the Municipal Manager

I Zweliphansi Stanley Sikhosana, in my capacity as an Accounting Officer of Umzimkhulu municipality hereby handover the Annual Report for 2020/2021 financial year in terms of Section 127 of the Local Government: The Municipal Finance Management Act No.56 of 2003.

As per the Constitution of the Republic of South Africa Sec.152 (b) which mandates municipalities that they must render services to all communities in a sustainable manner. Umzimkhulu municipality, in the 2020/2021 financial year was able to address a few issues pertaining to service delivery. We managed to hit the ground running in terms of the construction of the SPORTS CENTRE. By the end of the financial year, the performance was sitting at 50 % completion. Hence, the municipal council was monitoring the progress on site by visiting the project often and it really improved our efficiency in the expansion of the expenditure because the funder was threating us to withdraw the funding. The municipality requested a roll over of the funding and eventually it was approved.

Memorial Hall project was another project which was experiencing astronomic challenges in terms of its technicality, but the Implementing Agent was able to synergistically align the technocrats in order to achieve the intended outcomes of the project. As it resembles parts of the heritage of the building, therefore it was important to consult other relevant stakeholders like Amafa KZN to make inputs on the project. We are delighted to report that the project would be completed in 2021/2022 financial year.

These projects were implemented in accordance with the IDP for 2020/2021. The municipality had a fruitful engagement with all communities in terms of the priorities which our people felt to be included in the Service Delivery and Budget Implementation Plan (SDBIP).

Due to the outbreak of COVID 19, the municipality as from 2020 has been working under the guidance of the Minister of COGTA nationally. Slightly, the progress on projects has been affected by COVID 19. Though the levels allow the contractors to continue working under these conditions but the staff must also obey the Regulations. In terms of the municipal Plans, it was difficult to meet certain targets which have been set. There was a huge delay in terms of execution of the projects because there was a four-month lockdown. Everything had to be stopped, hence we acknowledge the commitment of the contractors who had to pick up their tools back to sites.

Transido Development has commenced with construction of mini complex by Tri –circle and it is anticipated to be completed after a year from now. Jobs have started to flow from the project. The project is an anchor to local economic development of Umzimkhulu. We are solely dependent on these big projects to strengthen our local economic development.

The residential flats (CRUs) project, the advert is out for the Implementing Agent. This shows that Human Settlement Department has started to move in Umzimkhulu because it was just a nightmare, we could not have a new project in the past 20 years. The focus was on the existing projects for the rectification of houses. Currently, the Rural Houses are underway since the feasibility study was completed. The PSCs are being launched which levels the ground for the commencement of the project.

We really commend our technicians in Umzimkhulu for the good work in 2020/2021 financial year for improving the MIG expenditure. In two consecutive years, the MIG expenditure could not reach 100 percent. But in this financial year the municipality achieved 100 percent on MIG expenditure, it was really an overwhelming performance. We need to be consistent and rigorous in executing our plans for the next financial year.

Financial viability of the municipality was being evident as per the report of the Auditor General. Though the municipality is not self-reliant, but we managed to optimally use resources efficiently. In terms of the collection of the municipal rates, COVID 19 did have unbearable consequences because our people could not afford to pay. Most of entrepreneurs were not operating and their businesses had to close without any income forthcoming.

The municipality was able to sustain its programs because the funds were there to improve the conditions. The municipal ratios were revolving around 3:7 because the project funding was not being used since there was a lockdown. This is on its own brought some confidence and stability to recover from the impact of the recession. In terms of job losses, it is a gigantic task to address because most of the people are not working were retrenched. The municipality cannot contribute immensely on the reduction of unemployment because of the size of the municipality and its geographic location.

In terms of the municipal operations, the appetite to implement our municipal policies was evident. The municipality adhering to a call of National Treasury to develop policies which will contribute towards reducing fruitless and wasteful expenditures. Indeed, it was really a turning point for the municipality to have a policy on cost containment measures in order to deliver the services to the people. The council was very positive to support the management in putting austerity measures, eventually implementing them.

The Auditor General's opinion was very good as compared to what the municipality received in 2019/20 financial year. The municipality received an unqualified audit opinion with matters of emphasis. The action plan has been developed to address AG issues. Most of the issues were revolving around the local content which requires more training on the part of the officials. Indeed they have received the proper training.

As the new financial year has begun, the municipality was able to review its policies, and adopt the IDP and Budget for 2021/2022 financial year. Everybody was made part of the process and furthermore, the stakeholders' involvement made a tremendous contribution to the credibility of these documents.
As per the MFMA which prescribes that the council must develop and approve the following documents:

- SDBIP
- Performance assessments 2020/2021
- The Annual Work Place Skills Plan for 2021/2022

This is a synopsis of the work which commenced in July 2020 to date, and it illustrates our conceited efforts to bring change in Umzimkhulu municipality. The municipality wishes to present this Annual Report to you for the financial year 2020/2021.

Mr ZS Sikhosana
Municipal manager

1.3 Vision, Mission and Strategic Goals

Vision *(reaffirmed)*

Our Vision is to become an economically viable Municipality by 2030.

Mission *(reviewed)*

"Our mission is to develop our institutional capacity by using all resources at our disposal *towards economic sustainability and* to deliver quality and sustainable services through public participation".

Values *(reaffirmed)*

The Municipality's core values are:

- Commitment
- Accountability
- Professionalism

Strategic Outcome Oriented Goals

Guided by its constitutional mandate and national as well as provincial priorities for the next five years, the Municipality has developed the following legislatively justifiable and attainable strategic goals which will drive its work.

Strategic Goal 1:

Strategic Outcome Oriented Goal 1	**Municipal Financial Viability**
Goal statement	To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems.
Justification	Increase financial sustainability and improve reduction in grant dependency to finance municipal strategic programmes.
Links	Strategic priorities and measurable outputs in the five-year plan (9.4)

Strategic Goal 2:

Strategic Outcome Oriented Goal 2	**Local Economic Development**
Goal statement	Create an environment that promotes the development of the local economy and facilitate job creation.
Justification	Increase economic viability of the municipality and ensure quantifiable sustainable job creation.
Links	Strategic priorities and measurable outputs in the five-year plan (9.2)

Strategic Goal 3

Strategic Outcome Oriented Goal 3	**Service Delivery and Infrastructure Development**
Goal statement	Eradicate backlogs in road infrastructure, improve access to services and ensure proper operations and maintenance.
Justification	Conducive road, water and sanitation infrastructure supports economic development and viability.
Links	Strategic priorities and measurable outputs in the five-year plan (9.1 and 9.6)

Strategic Goal 4

Strategic Outcome Oriented Goal 4	**Institutional Development and Transformation**
Goal statement	Improve organizational cohesion and effectiveness.
Justification	A well capacitated institution and workforce supports and leads to a productive institution that is fully capable of delivering sustainable basic services to the community.
Links	Strategic priorities and measurable outputs in the five-year plan (9.5)

Strategic Goal 5

Strategic Outcome Oriented Goal 5	**Public Participation and Good Governance**
Goal statement	To promote a culture of community participation and good municipal governance.
Justification	To ensure that development within Umzimkhulu is in line with spatial requirement and applicable legislation.
Links	Strategic priorities and measurable outputs in the five-year plan (9.3)

Strategic Goal 6

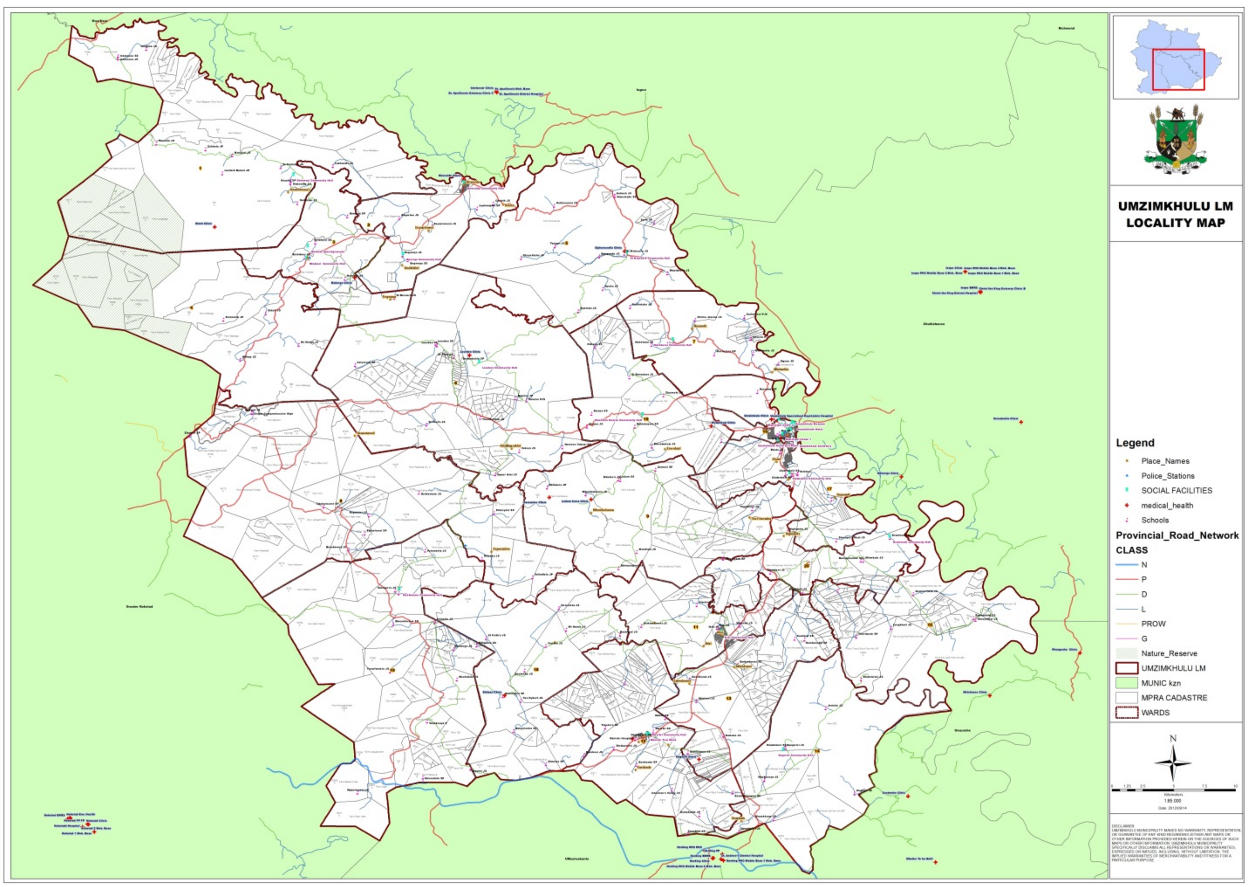
Strategic Outcome Oriented Goal 6	**Cross Cutting Issues**
Goal statement	Development of the Scheme and unlocking land development.
Justification	Through an entrenched culture of accountability and clean administration, the financial affairs and viability of the municipality and business operations are improved and thus becoming more efficient, economical and effective.
Links	Strategic priorities and measurable outputs in the five-year plan

1.4 Overview of UMzimkhulu Municipality

❖ Spatial Location within KZN

Umzimkhulu, meaning "a great place and a happy home for all", is a local municipality in KwaZulu Natal. It is one in the family of five (5) local municipalities (i.e. Ubuhlebezwe, Ingwe, KwaSani and Kokstad) in the Harry Gwala District Municipal. The district is neighboring Ugu District in the east, Msunduzi in the north, Lesotho in the east and Eastern Cape in the south.

Figure 1: Municipal Wards and Tribal Authority Boundaries



Umzimkhulu Local Municipality is one of the five Local Municipalities which constitute the Harry Gwala District Municipality and account for 33 percent of the District's population. The Municipality consists of 20 wards which covers a total area of 2436 square kilometres. In comparison to the other Municipalities within the District family, Umzimkhulu is the second largest.

Figure 2: Overview of UMzimkhulu Municipality

The predominantly rural municipal area is characterised by dispersed rural settlements with minimum economic activity in the hinterland, except for trading stores and subsistence agriculture. The majority of Umzimkhulu's population is women. Hence, there is a need to implement youth development programmes and, for the most part, target women in stimulating nodal economic growth. IsiXhosa is the predominant language in the Umzimkhulu area with isiZulu and isiBhaca being spoken in certain segments of the Umzimkhulu Municipal area.

High rainfall, good climate and rich soil gives the area a high propensity for agricultural development. Farming operations are at a subsistence level, with the potential for commercial development. Forestry is the main income generator in Umzimkhulu. However, most of these forests are privately owned with Singisi Forests being the biggest stakeholder.

The development of tourism around current initiatives, including birding, rail and cycle tourism, should focus on the tourism product offerings including accommadation, catering and recreational activities.

❖ Demographic Profile

UMzimkhulu is the most populated of the Harry Gwala municipalities, accounting for 39% of the district's population. The population of UMzimkhulu is about 180 302 people.

There are 82.9 males in every 100 females, which translate to 45.3% male and 54.7% female. People at the ages of 15 - 64 years are the most dominant (53.7%) followed by the <15 years age groups at 40.8% in the municipal area. Approximately 46.6% of the population is unemployed out of which about 56.8% are youth. 6.4% of the population has not gone to school. Approximately 2.1% has higher education and 15.2% has matric. Primary education enrollment for the 6-13 years is standing at an impressive 93.9%. The total number of deaths in uMzimkhulu increased from 4,129 to 4,900 between 2007 and 2011 out of which 19.2% and 19.5% were crude death respectively. The leading cause of death in uMzimkhulu is HIV /AIDS.

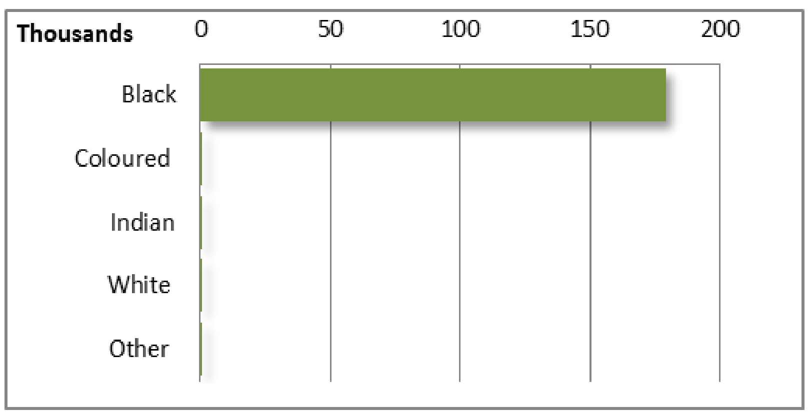
Population Statistics:

Black people predominantly occupy UMzimkhulu Municipal area. Approximately 99.3% (179,103) of the population in uMzimkhulu is Black, 621 Coloured, 223 Indians, 183 White and 172 other (i.e. Africans from other African Countries, Pakistanis, Bangladeshis, Chinese, etc.).

Figure 3: Population

POPULATION	
	180300
POPULATION GROUP	
Black	179103
Colored	621
Indian	223
White	183
Other	172

Source: StatSA Census 2011

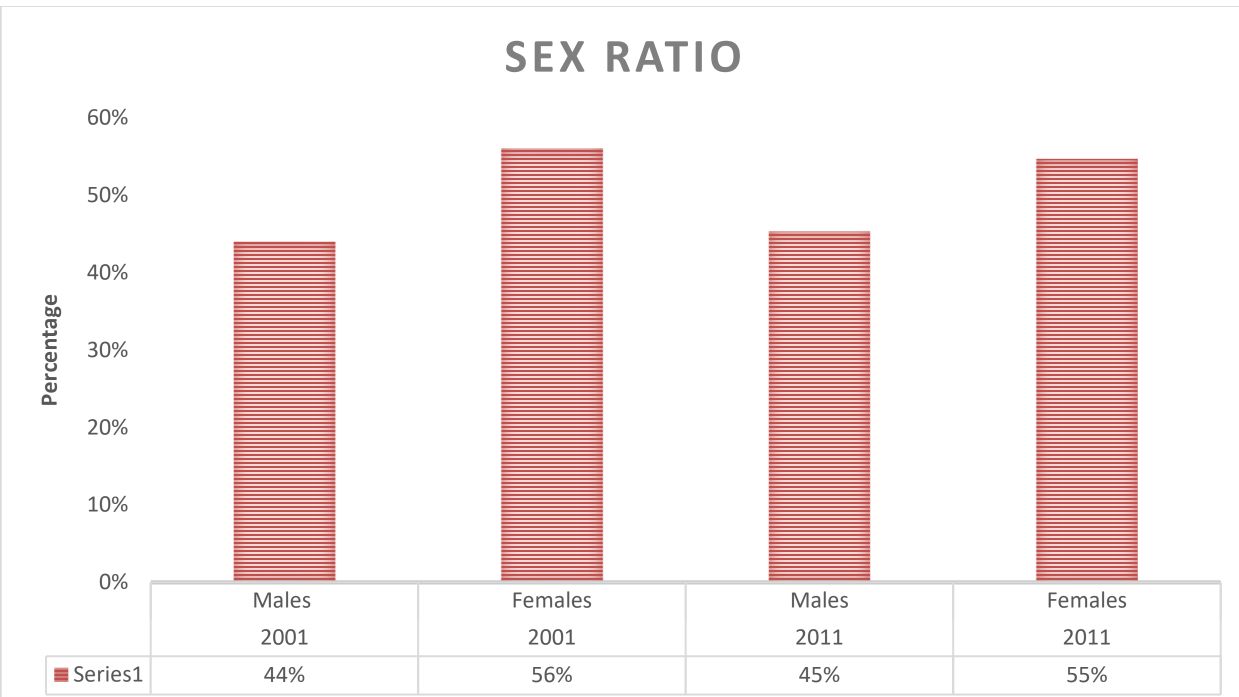


Gender / Sex Ratio

The ratio of male to female in UMzimkhulu has somewhat declined. In 2001, there were 78.5 males in every 100 female, which meant that 44% of the UMzimkhulu population was male and 56% was female. In 2011, there were 82.9 males in every 100 females, which translate to 45.3% male and 54.7% female.

This can be illustrated in the figure following:

Figure 4: Sex Ratio

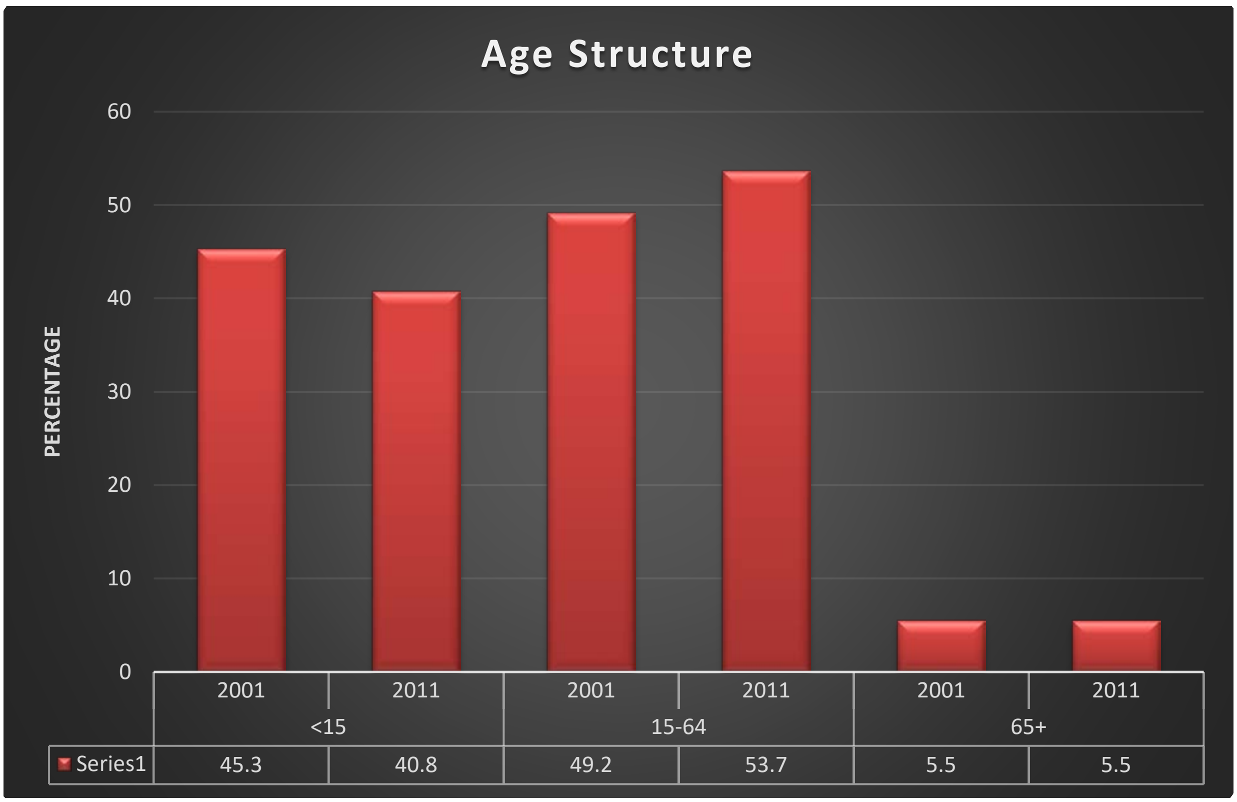


Source: Statistics SA Census 2011

Age Distribution:

Figure 7 below shows the age distribution within the UMzimkhulu Municipal area where the ages of 15 - 64 are the most dominant (53.7%) followed by the <15 years age groups at 40.8%. The latter group forms part of the active labor group. The huge numbers of this age group call for a need for creation of employment opportunities and provision of educational facilities to cater for their needs.

Figure 5: Age Structure



Source: Statistics SA Census 2011

Component A: Governance Structures

2.1 Political Governance

Council has 43 seats of which 22 are Ward councillors and the other 21 are PR Councillors. There are 8 EXCO Members in total.

The following tabled demonstrates the dynamics and diversity of the Council.

Figure 6: Political Governance

Full Name	Gender Distribution		Ward	Portfolio Represented
	Male	Female		
Victor Mncedisi Ndlela	Male		1	Governance
Primrose Bonakele Kleinbooi- Exco		Female	2	Infrastructure
Duduzile Mzizi		Female	3	Governance
Sindisiwe Nkala – Deputy Mayor		Female	4	Corporate Services
Mthokoziso Zulu	Male		5	Infrastructure
Bongiwe Sibeni		Female	6	Community and Social Services
Luthando Ndzimande	Male		7	Planning and Housing
Nkosiphendule Jaca-Exco	Male		8	Planning and Housing
Petronella Nomawethu Madziba		Female	9	Infrastructure
Nosisa Mabusela		Female	10	Community and Social Services
Nontsikelelo Mafa		Female	11	Infrastructure
Mzolisi Ndobe	Male		12	Budget and Treasury

Full Name	Gender Distribution		Ward	Portfolio Represented
	Male	Female		
Thandeka Machi- Exco		Female	13	Community and Social Services
Thokozani Mbhele	Male		14	Infrastructure
Tshazi Xolani	Male		15	Community and Social Services
Jabulile Msiya – Speaker		Female	16	RRTF
Zilungisele Mbanjwa	Male		17	Budget and Treasury
Zibuse Webster Mthobeni	Male		18	Planning and Housing
Petros Thamsanqa Khambula	Male		19	Corporate Services
Duduzile Gertrude Peter		Female	20	Governance
Mawande Dlamini	Male		21	Local Economic Development
Vuyani Ndzimande	Male		22	Community and Social Services
Mphuthumi Mpabanga- Mayor	Male		LCPR	Budget and Treasury
Steven Ngcongo	Male		LCPR	Planning and Housing
Khanyisile Mafuleka-Exco		Female	LCPR	Governance
Bhekamahlongwa Lukakayi –Exco	Male		LCPR	Local Economic Development
Nkululeko Mphakathi	Male		LCPR	Local Economic Development
Nobanguni Florence Mzizi		Female	LCPR	Budget and Treasury
Vuyiswa Mhatu		Female	LCPR	Corporate Services
Gugulethu Mavuma	Male		LCPR	Budget and Treasury

Full Name	Gender Distribution		Ward	Portfolio Represented
	Male	Female		
Nonzwakazi Victoria Sikosana		Female	LCPR	Budget and Treasury
Nkosinathi Fortunate Mlambo	Male		LCPR	Planning and Housing
Sibonelo Mechtidis Mbiko		Female	LCPR	Governance
Lillian Nozibusiso Mlonyana		Female	LCPR	Planning and Housing
Nontembiso Princess Langa		Female	LCPR	Local Economic Development
Nomonde Patience Kolobeni		Female	LCPR	Local Economic Development
Ntuseni Henrietta Maphasa- Duma		Female	LCPR	Governance
Nicodemus Sifiso Madziba	Male		LCPR	Community and Social Services
Jabulani Chiya	Male		LCPR	Corporate Services
Nontokozo Siziba – Exco		Female	LCPR	Local Economic Development
Nomkhitha Lillian Mchiza		Female	LCPR	Corporate Services
Manysane Victoria Seleke		Female	LCPR	Planning and Housing
Luyanda Eric Dlani	Male		LCPR	Local Economic Development

Traditional Leaders

Figure 7:

Umzimkhulu Traditional Leaders				
Inkosi L. Fodo	Male			Governance
Inkosi V. Jozana	Male			Planning and Housing
Inkosi L.T. Baleni	Male			Budget and Treasury
Inkosi Z.D. Setuse	Male			Infrastructure
Inkosi N.G. Zulu		Female		Planning and Housing
Inkosi D.W. Ntlabathi	Male			Local Economic Development
Inkosi M.S. Manci	Male			Community and Social Services
Inkosi V.V. Zimema	Male			Corporate Services

2.2 Administrative Governance

The following table demonstrates the dynamics of the management and the responsibilities of each department towards achieving the strategic goals of the municipality.

Figure 8: Administrative Governance

Responsibility	Position Held	Department	Overall function of the department
Mr ZS Sikhosana	Municipal Manager	Office of the Municipal Manager	✓ Provide leadership to the municipality & support council in fulfilling its mandate. ✓ Internal audit & Risk management. ✓ Inter- governmental relations. ✓ Organizational performance.

Responsibility	Position Held	Department	Overall function of the department
Ms NN Nduku	Head of Department	Corporate Services	✓ Provide HR management & HRD services. ✓ Ensure employee wellness. ✓ Provide Auxiliary & IT services. ✓ Provide Council support services. ✓ Provide support & capacity to line functions on HR functions. ✓ Communications Legal Advisory Services.
Mrs T Ngcemu	Head of Department	Budget & Treasury	✓ Coordination of budget. ✓ Expenditure, financial control & reporting ✓ Credit management & revenue collection ✓ Provide Supply chain management services ✓ Provide support & capacity to line functions on budgeting & treasury
Ms KN Dweba	Head of Department	Infrastructure and Engineering	✓ To provide capital & maintain existing infrastructure ✓ Municipal Infrastructure maintenance ✓ Storm water & sanitation management ✓ Coordinate electricity ✓ Facilitate community involvement Refuse removal, dumps & solid waste
Mrs Kholeka Mbalo	Head of Department	Community & Social Services	✓ To provide social & citizen services ✓ Municipal Health Services

Responsibility	Position Held	Department	Overall function of the department
			✓ Traffic & other By- Laws regulation & enforcement ✓ Undertake special programs services ✓ Coordinate disaster & Fire fighting services ✓ Sports, Recreation, Arts & Culture ✓ Public Participation ✓ Enforcement of municipal By-Laws
Ms N Tyekela	Head of Department	Planning and Housing	✓ Coordinate development of IDP & By-laws ✓ Conduct town & spatial development planning ✓ Coordinate municipal ✓ Local economic development ✓ Coordinate housing ✓ development Building regulations & enforcement

Component B: Intergovernmental Relations

The various entities that exist in UMzimkhulu include;

2.3 Intergovernmental Relations

1.3.1. Harry Gwala District Municipality

Harry Gwala District Municipality is based in IXOPO, and offers all district services to the municipality including bulk water and sanitation, electricity etc.

1.3.2. Department of Agriculture

The department is based in the CBD. This department renders the following services to the UMzimkhulu area:

- Technical advice for agricultural services;
- Technical advice on environmental management;
- Veterinary services; and
- Agricultural extension services (social facilitation, project management etc.).

1.3.3. Department of Health

The department is based at the former Umzimkhulu College of Education building. These offices are mainly focused on managing the clinics in the municipality. The services that are rendered by the department include the following:

- Chronic services and mental health;
- Rehabilitation service and Environmental Health Service;
- Adolescent services (youth friendly clinics);
- TB control; and
- HIV/Aids management and ART is available in 5 clinics.

1.3.4. Department of Social Development

The department is also based at the former Umzimkhulu College of education building. This department is mainly focused on Community developments which include the following aspects:

- Youth development: skills development and knowledge for the youth to improve employment opportunities. This is achieved through internships and other community development programmes;
- Sustainable livelihood: this includes poverty alleviation programmes. The department provides an integrated programme that responds to poverty;
- Institutional capacity and support: this includes assisting in registering community projects as Non Profit Organizations (NPO). The department also assists in the improving of governance and management of NPO's so they can be self-sustainable;
- Research and demography: this is the research in population development trends;
- Population capacity development: this is the training of youth and women on HIV issues;
- HIV/AIDS: this programme includes establishment of community based centres, provision of support to victims and launching a prevention programme;
- Child care and protection services: this includes child placements, foster care grant and child abuse cases;
- Social crime prevention: This is a probation service for children in conflict with the law. It seeks to rehabilitate children and divert their cases from the mainstream;
- Substance abuse: This is rehabilitation and counselling to substance abusers;
- Care for the aged: This includes referrals to residential care and providing support to the NPO's;
- Care for people with disabilities: This is launching income generating projects for the aged and assistance in accessing social grants;
- Victim empowerment programme: these are support centres for abused women and children where counselling is provided to victims of violent crimes. Referrals for domestic restraining orders are also issued.

1.3.5. Department of Home Affairs

These offices are based at Umzimkhulu Mall building.

This department offers the following services;

- Birth Certificate;
- Death Certificate;
- Identity documents;
- Marriages; and
- Passports

1.3.6. Department of Education

There are circuit offices in UMzimkhulu that are under the Kokstad region based. The role of this office includes:

- Servicing of the 178 schools in UMzimkhulu through ward managers;
- Submission and distribution of learning material;
- Providing schools with subject advisors; and
- Co-ordination of district and provincial activities.

Mud structures make up approximately 120 of the schools in the area. This poses a problem because of the deteriorating conditions of these structures. There is still a shortage of classes and desks for the learners.

1.3.7. SASSA

SASSA is an agency that is responsible for the registration of social grants. This agency registers the following types of grants;

- Old age grant;
- Disability grant;
- Care dependency grant;
- Foster care grant and

- Grant in aid.

The agency is also responsible for social relief which includes the distribution of food parcels that are distributed to households every 3 months.

1.3.8. Department of Transport

The department has offices in the CBD; however the role of these offices is the implementation of projects from the offices in Pietermaritzburg. There are no set functions that are performed by the offices in UMzimkhulu.

1.3.9. Singisi Forests

Singisi Forest is the biggest stakeholder of forestry in UMzimkhulu. According to information obtained through interviews the forests cover 60 000 hectares. Singisi Forests is looking at expanding to twice the current capacity. Currently they have three (3) sawmills and a mushroom plant. The mushroom plant deals with packaging and exportation of mushrooms that are found in all the pine forests.

These forests currently have pine, gumtree and wattle as the planted species. The pine is used for making furniture, building material, chemicals and cosmetics (pine gel). The gumtree and wattle don’t create jobs in the area as they are mostly used for paper manufacturing and UMzimkhulu doesn’t have the plants to manufacture paper so it is sent to manufacturers in Richards Bay as a raw product.

Component C: Public Accountability and Participation

2.4 Public Meetings

Stakeholders were consulted during 2020&2021 to collect their inputs as highlighted in the following table:

Figure 9: Public Meetings

Nature of Meeting	Responsibility	Number of Meetings Held	Status
IDP izimbizo	IDP Manager/Public Participation/ Communications Unit	22	Achieved
2020&21 IDP Steering Committee		4	Achieved
2020&21 IDP Rep Forum		3	Achieved
IDP Alignment meeting with sector departments		1	Achieved
UMzimkhulu stakeholders meeting		4	Achieved
Media briefing sessions	Communications Unit	3	Achieved
Collection of media articles with municipality's issues		54	Achieved
Budget and IDP izimbizo	Public Participation Unit, Communications Unit, Councillors, Finance Department.	1	Achieved
Development of municipality's news letter	Communications Unit	4	Achieved

2.5 IDP Participation and Alignment

Alignment of the IDP is elaborated in the following table:

Figure 10: IDP Alignment

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIS as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

Component D: Corporate Governance

2.6 Risk management

Introduction

Enterprise Risk Management (ERM) is the process whereby an institution both methodically and intuitively addresses the risk attached to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of activities. ERM is therefore recognised as an integral part of sound organisational management and is being promoted internationally and in South Africa as good practice applicable to the public and private sectors.

Legal mandate

Section 62(1) I (i) of the Municipal Finance Management Act, 2003 requires that: “The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems – (i) of financial and risk management and internal control”

The extension of general responsibilities in terms of section 78 of the Municipal Finance Management Act, 2003 to all senior managers and other officials implies that responsibility for risk management vests at all levels of management and that it is not limited to only the accounting officer and internal audit.

Achievements

The Municipal Council has reviewed and adopted a Risk Management Policy and strategy, which state clearly that the municipality have to conduct risk assessment workshop to assess risk and opportunities that may be inherent into the municipality and come with best management strategies, at least once a year.

Strategic, Operational, ICT, COVID-19 and Fraud Risks Assessment workshops were conducted for the year under review. The management have effectively implemented mitigation measures/action plans to ensure that all identified risks for 2020/2021 financial year are effectively mitigated/managed.

Four Quarterly reports were tabled to Council, Audit and Risk Committee regarding implementation of risk management strategy. The municipality has also operational risk committee and ethics committee that comprises of risk champions who were identified from each department, to assist management in ensuring that risks identified are effectively managed. The committee was full functionality for the rest of the year, as results the rate of implementation of risk mitigation plan was much better than the previous financial year.

2.7 Anti-corruption and fraud

The municipality have adopted the fraud prevention policy and strategy which state that, the municipality is committed in protecting public funds against fraudulent and corrupt activities, based on three fundamental systems of belief: i.e.

- The Municipality will not tolerate abuse of its services
- Strong action will be taken against those who defraud the Municipality which in certain cases will involve prosecution
- The Municipality will seek to recover from fraudsters any loss suffered

Fraud Risk Assessment and Awareness Workshop

The Municipality in conjunction with Provincial Treasury has conducted the Fraud Risk Assessment and Awareness workshop, in order to identify any fraud risk that may be inherent to the municipality and develop best management strategies, the workshop was conducted to

- Senior Managers;
- Bid committees;
- Budget and Treasury;
- Human Resource and Payroll;
- Strategic Planning, Tourism, LED and Housing;
- Office of the Municipal Manager;
- Community and Social Services;
- ICT; and Infrastructure and Engineering and
- Senior Personnel from all departments

Challenges

The municipality have tried several times to procure a whistleblowing hotline and Risk, Compliance system without any success due to poor responses from service providers.

2.8 Supply Chain management

The supply chain management system of the municipality that is currently being implemented is aligned to all municipal SCM Policies, as well as;

(a)
- (i) section 217 of the Constitution; and
- (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  is fair, equitable, transparent, competitive and cost effective;

(b) complies with –
- (i) the Regulations; and
- (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(c) is consistent with other applicable legislation;
(d) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
(e) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

The municipality Achieved 24% on HDI awarded percentage for on 2020/2021 Financial Year

The unit is fully functional with all the posts filled. All SCM Policies were reviewed and adopted by Council. All the necessary compliance reports were prepared and submitted to the relevant reporting structures.

2.9 By-laws

All Development and Planning policies, by-laws and strategies were reviewed for 2020/2021 implementation.

2.10 Website

Figure 11: Websites

Municipal Website: Content and Currency of Material		
Documents Published on the Municipality's Website	**Yes/No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	Yes	June 2021
All current budget-related policies	Yes	April 2021
The previous annual report (2019/2020)	Yes	January 2020
This annual report (2020/2021) to be published	Yes	January 2022
All current performance agreements and resulting scorecards for 2020/2021	Yes	Aug 2020
All service delivery agreements for 2020/2021	Yes	Quarterly
All long-term borrowing contracts for 2020/2021	n/a	N/A
All Supply Chain Management contracts above R200 000 for 2020/2021	Yes	14 days after the appeal period
An information statement containing a list of assets that have been disposed during 2020/2021	n/a	N/A
Contracts agreed in 2020/2021 to which subsection (1) of section 33 of the MFMA	Yes	31 august 2020
Public-private partnership agreements in terms of section 120 made in 2020/2021	n/a	N/A
All quarterly reports tabled in the council in terms of section 52(d) during 2020/2021	Yes	Quarterly

2.10 ***Public satisfaction on Municipal Services***

The following survey was conducted during the year.

Figure 12: Public Satisfaction

Satisfaction Surveys Undertaken During 2020/2021				
Subject Matter of Survey	**Survey Method**	**Survey Date**	**No. of People Included in Survey**	**Survey Results Indicating Satisfaction or better (%)***
Overall Satisfaction with:				
a) Municipality				
b) Municipal Service Delivery	Questionnaire, Complaints register , suggestion boxes and Social media	20/11/2020 11/10/2020 09/10/2020 Ongoing process as it is done during municipal meeting, IDP, and by suggestion boxes	505	70%
c) Mayor				
Satisfaction with:				
a) Refuse Collection	Questionnaire, Complaints register , suggestion boxes and Social media	20/11/2020 11/10/2020 09/10/2020 Ongoing	530	80%
b) Road Maintenance	Questionnaire, Complaints register , suggestion boxes and Social media	20/11/2020 11/10/2020 09/10/2020 Ongoing	305	75%
c) Electricity Supply	N/A			

d) Water Supply	N/A			
e) Information supplied by municipality on municipal affairs	Questionnaire, Complaints register , suggestion boxes and Social media	20/11/2020 11/10/2020 09/10/2020 ongoing	458	80%
f) Opportunities for consultation on municipal affairs	Questionnaire, Complaints register , suggestion boxes and Social media	20/11/2020 11/10/2020 09/10/2020 Ongoing	370	70%
∗Percentage indicates the proportion of those surveyed				

2.10 All oversight Committees

- ❖ Functionality of Ward *Committees*

All Ward Committees in all 22 wards were functional and active in all developmental issues affecting their wards and the municipal area at large.

- ❖ Municipal Structures

The following structures were established at a district level, and the Heads of Departments in these forums actively participate and decisions made in these structures are implemented by the appropriate municipal departments:

- ✓ Mayors Forum;
- ✓ Municipal Managers' Forum;
- ✓ LED and Tourism Forum;
- ✓ Planners Forum;
- ✓ CFOs Forum;
- ✓ Infrastructure Development Forum;
- ✓ Corporate Services Forum.

In addition to these District structures the municipality has also established or participated in the following:

- ✓ **Women's Council:** This structure looks at the interest of women within the municipality to ensure that women needs are put into consideration in any municipal development.
- ✓ **Council for People Living with Disabilities:** This structure looks at the interest of people living with disability in the municipality to ensure that their needs are put into consideration in any municipal development.
- ✓ **Youth Council:** This structure looks at the interest of youth within the municipality to ensure that their needs are put into consideration in any municipal development.

- ✓ **Local HIV/AIDS Council:** This structure looks at the interest of people living with HIV/AIDS within the municipality to ensure that their needs are put into consideration in any municipal development.
- ✓ **Ward Based HIV/AIDS Committees:** This structure looks at the interest of people living with HIV/AIDS at the ward level to ensure that their needs are put into consideration in any municipal development.
- ✓ **Ward Based Sports Committees:** This structure looks at the interest of the youth within the municipality to ensure that sports facilities are considered in any municipal development.
- ✓ **Traditional Leader:** These structures participate in the district house of traditional leaders and locally they participate through the stakeholders' forum.
- ✓ **Ward Committee:** These committees are established, functional and training has been offered.
- ✓ **Shared Services:** The municipality is participating in this program and it has benefitted the municipality greatly as services of GIS and planning has been realized.

❖ Audit Committee and Municipal Public Account Committee (MPAC)

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

Both the municipality's Audit Committee and Municipal Public Accounts Committee are functional, the table below show the schedule of meetings during 2020/2021:

Figure 13: Committee Meetings

Name of the Committee	No. of Meetings	Dates of the Meetings	Committee Members
1. Audit Committee		28 August 2020, 09 October 2020, 22 October 2020, 19 February 2021, 21 May 2021	Mr. VE Dlamini (Chairperson) Mr. M Shezi Mrs. S Mbili Mr. S Ndaba
2. Municipal Public Accounts Committee		23 July 2020, 20 October 2020, 25 January 2021, 23 April 2021	Cllr. M. Ndobe (Chairperson) Cllr. N. F. Mlambo Cllr. M. V. Seleke Cllr. V. Mhatu Cllr. N.P. Langa

Audit Committee report:

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF UMZIMKHULU LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2021

The Audit Committee has pleasure in submitting its annual report for the financial year, 01 July 2020 to 30 June 2021, in accordance with sections 121(3)(j), 166(2)(b) and (c) of the Municipal Finance Management Act ("the MFMA").

Audit Committee members and attendance at meetings

The Audit Committee consists of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. Three vacancies were created by the expiration of three members' contracts including that of the Chairperson in the previous reporting period were filled in the last quarter of this year. The Chairperson had already served two terms and therefore his contract did not qualify for further renewal. The Council subsequently appointed a new Chairperson and also filled the two other vacancies. The Committee held five meetings during the year and the Audit Committee Chairperson availed himself to present the Audit Committee oversight reports to Council meetings.

The Chairperson of the Audit Committee also met with the Municipal Accounting Officer, the Chief Audit Executive and the Chief Financial Officer. The meetings of the Audit Committee were held as per the table below.

Date of meeting	Mr D Mncwabe (Previous Chairperson)	Mr V Mtshali	Ms N Gxumisa	Mr M Shezi	Mr V Dlamini (Current Chairperson)	Mr S Ndaba	Ms S Mbili
28 August 2020	✓	✓	✓	✓	■	■	■
10 October 2020	✓	✓	✓	✓	■	■	■
22 October 2020	✓	✓	✓	✓	■	■	■
19 February 2021	✓	✓	✗	✓	■	■	■
21 May 2021	✓	●	●	✓	✓	✓	✓

✓	Attended
✗	Not attended
●	Contract Expired
■	Not yet appointed

Audit Committee responsibility

The Audit Committee has been set up in accordance with the Municipal Finance Management Act, No. 56 of 2003 (Section 166) and operates within the terms of reference for the Audit Committee Charter. The Internal Audit Charter was approved by the Audit Committee and the Audit Committee Charter was approved by Council.

The Committee is required to play an oversight role on the following:

- Internal controls
- Internal Audit
- Risk Management

- Compliance
- Governance
- Financial Management

Section 121(4)(g) of the Municipal Finance Management Act, No. 56 of 2003 also requires that the annual report must include any recommendations of the Municipality's Audit Committee. In the conduct of its duties, the Audit Committee has performed the following statutory duties:

1. Reviewed internal financial control and internal audits

For the purposes of executing its statutory duties as contained in section 166(2)(a) of the MFMA as well as its mandate as set out in the Audit Charter, the Audit Committee relies on the work done by the Internal Audit Unit.

The internal audit plan for the year under review was 100% completed and not negatively affected by the Covid-19 lockdown levels. The Audit Committee encourages management to continue to take all reasonable steps to ensure that internal control weaknesses identified by internal and external auditors are rectified to ensure adequacy and effectiveness of the system of internal controls.

2. Risk Management

The MFMA requires the accounting officer of the municipality to take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial, risk management and internal control.

The municipality currently has a system of managing risk, as required in terms of S 63 of the MFMA. This function involves an annual assessment of municipal risks. The periodic risk reviews are carried out by the Risk Manager, management and relevant personnel at the municipality. The management continued to address the Covid-19 related risks and the Audit Committee monitored implementation thereof with satisfaction.

3. Review of Financial Statements and Accounting Policies.

The Audit Committee has the obligation to review the Municipality's Annual Financial Statements and provide the Council with an authoritative and credible view of the Municipality's financial position, performance and cashflow position. In order to do this, the audit committee relies on the work conducted by the Internal Audit, and therefore such reviews have been provided for in the Annual Internal Audit Plan.

Progress made by the management in addressing queries that were raised by the Auditor General's office is satisfactory and management reports to the Audit Committee on this matter at the Audit Committee meetings.

4. Performance Management

The Audit Committee also serves as the Performance Audit Committee for UMzimkhulu Local Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

5. Effective Governance

The Audit Committee fulfils an oversight role regarding the Municipality's reporting process, including the system of internal financial control. It is responsible for ensuring that the Municipality's Internal Audit Function is independent and has the necessary resources, standing and authority within the Municipality to enable it to discharge its duties. Furthermore, the Audit Committee oversees cooperation between the internal and external auditors, serves as a link between the Council and these functions. There is an ongoing communication between the Audit Committee, Internal Audit and Auditor General.

3: Service Delivery Performance

Component A: Basic Services

2.10 Water and Sanitation

Water and Sanitation is a function of the district municipality. However, engagements with the District municipality are done through the IDF meetings which are held between the District and other Local Municipalities, where all challenges and progress on projects are discussed.

2.11 Electricity

The main purpose of electricity delivery is to provide basic services to our communities through the Integrated National Electrification Programme (INEP) which is funded by Department of Mineral Resource and Energy. Our municipality does not have an electricity distribution license “we are not electricity provider”, however we act as an Agent for DMRE in partnership with Eskom. The partnership has been running successfully since 2010. As a municipality, we have accelerated our approach towards installation of electricity throughout all our Wards and we have achieved universal coverage for UMzimkhulu at large. The municipality prepared an electricity Sector Plan for the next five years which revealed that we have a backlog of over four thousand households that still require electricity (+**4000**) and these are extensions/infills that are caused by development of villages. Eskom has a program to assist in minimizing this backlog, but they are only focusing on type 1 connections and their program is still running.

During the past three years, the Municipal council has prioritised the following wards: 4, 9, 13, 14 & 18 to be implemented under the infills programs; the target was to connect 835 households, however due to budget constraints, the connections had to be phased and were split over 3 financial years. During the year 2019/20 financial year a total of 520 was achieved and during 2020/21 financial year a total of 240 was achieved and the balance of 75 connection was done during the year 2021/22.

The breakdown of connections per ward as follows:

2019/20 Financial year

- Ward 4 – Dontsumlenzana; Ngqabelweni. Nongingqa and Nomarhanjana – 114 connections
- Ward 9 – Mathathane; Mbumbulana; Chancele; Mambulwini; Mahawini and Cebe – 186 connections
- Ward 13 – Nomdaphu & Emacubeni; Lower Mfundweni; Hambanathi; Elucingweni(Infills) and Teekloof – 157 connections
- Ward 18 – Mmisa; Mvolozana; Bondrand(infills); Gcwentsa; Ntlangwini; Pankoek; Skhulu(Infills) and Mthaleni – 63 connections.

2020/21 financial year

- Ward 14 – Sphahleni; Masamini; Nkapha; Gugwini; Dresini; Mnqumeni; Lukhetheni; Ndideni; Ndlovini; White; Ehlanzenio; Mtshazo and Mabhisana – 150 connections
- Ward 18 – Mvolozana electrification phase 1 – 62 connections
- Ward 13 - Ntlabeni – 28 Connections

2021/22 financial year

- Ward 18 – Mvolozana electrification phase 2 – 75 connections

Eskom Projects

Eskom was implementing in-fills for ward 9: 100 connections, & ward 10: 80 connections in total was 180 connections.

- **Challenges**

  The main challenges that were experienced as follows:

  - Shortage of allocation (INEP Grant allocation) from Depart of mineral resource and energy as resulted to reduce connections
  - Initial the project it was planned as infills (types 1) after detailed designs it was discovered that it falls under extension (Types 2 and types 3).
  - Escalation of cost per connection after preparing detailed designs due to long spans of MV and LV upgrades lines and number of new transformers needed and existing transformer upgrade.
  - Delays in our project due to COVID-19 restrictions.

- **Successes**

  - Achieved universal coverage for UMzimkhulu at large
  - 2019-20 and 2021 financial year we achieved 1115 connections including Eskom program.
  - Energised 5 high masts and 33 streetlights in the nodal areas as part of promoting social safety and providing economic infrastructure.

2.12 Waste Management / Refuse Collections and Waste Disposal

In waste collection services Umzimkhulu Local municipality services approximately 1446 households with the municipal area, specifically the CBD, formal and informal settlements around the CBD, public and private institutions, nodal areas and some rural areas etc. The municipality provides black refuse bags to each and every household that receive waste collection services and collection is conducted as per waste collection schedule that was developed by the municipality to cover all serviced areas and determine the frequency of collection.

Acquisition of assets

- The municipality planned to procure a total number 20 waste skips this financial year, with total value of R1, 023 500.00. These waste skips are the addition to the existing skips and are allocated strategically to various locations in the CBD, problematic areas in town ships and some are rented out to the business premises as of 30 June 2021, the service provider delivered 15 waste skips, however only 9 were complete as there were minor errors identified on delivery.

The service provider was expected to rectify error and deliver the outstanding in the next financial year.

- Skip loader truck was procured at the value of R 1.4 million, the skip loader will haul the procured waste skips from the allocated areas to the disposal site on daily basis.

Waste disposal and waste minimisation

Umzimkhulu Local municipality have 2 landfill site, which is Mankofu and Umzimkhulu landfill site.

- **Mankofu landfill site**

Mankofu landfill is situated along P601 on Erf farm 152, the site is currently operational however according to the latest external environmental audit that was independently conducted by a consultant it states that the air space capacity is running out, the remaining air space capacity was estimated at 7% which is equivalent to 3 months according to the report. The municipality is planning to decommissioning the site and start rehabilitation processes.

- **Umzimkhulu Landfill site**

Umzimkhulu landfill is situated at Clydesdale farm, 30°17‘11.24” S, 29° 57' 8,93“E. The phase 1 of the project started in 2018 and phase 2 was the construction of the access road to the site and it was completed. The landfill site is licensed for operation. The municipality is in the process to start operations of the site.

- **Recycling Initiatives**

The municipality in its plan has projected to commence on waste minimization initiatives by the municipality but will start by conducting a feasibility study for separation at source and buyback center. The aim of this initiative is to divert waste from landfilling but the study itself will give guidance as to what will work in this rural town in terms of feasibility resources etc.

There are recycling activities that are currently taking place initiated by private recyclers that were given access by the municipality to the recyclables through private waste pickers that are reclaiming coming waste daily.

Area cleaning services

The street cleaning services were conducted successfully by the municipal employees more especial during difficult time of National lock down, since the waste management staff fall under essential services, the staff shown so much dedication in ensuring that the town and communities were clean during the pandemic period. Employees were provided with necessary general PPE and Covid-19 PPEs during this time, and the teams were arranged to observe social distancing.

Integration of Expanded Public Works Program to daily street cleaning services has a positive impact in terms of cleanliness of the town. The program has maintained approximately the average of 200 participants under the environmental sector.

Removal of illegal dumping areas is one of the initiatives that the municipality is implementing in townships to ensure safe and clean environment to all.

Public engagement

Awareness campaigns are conducted on a quarterly basis in a form of educational awareness or clean-up campaigns companied by door to door during awareness. The main emphasis of these campaign is Effects of poor waste management to the health of the people and the environment, the importance of protecting the environment, Climate change effect and the causes etc.

2.13 Housing

The Human Settlement Sector Plan is reviewed annually together with the Integrated Development Plan and Spatial Development Framework by the municipality.

The HSP seeks to align to the KwaZulu-Natal Human Settlement Spatial Master Plan, the Spatial Development Framework and the Integrated Development Plan and tries to reduce housing backlog within the municipality.

All areas (22 wards) within the municipality requires housing which varies in its form from low cost, rural and middle income housing.

Achieved Projects:

Figure 14:

PROJECT NAME	UNITS	AMOUNT	COMMENTS
Clydesdale	685	R 17 595 026.35	**Achieved Project:** Water and Sanitation, Roads and Storm-water have been completed. Refurbishment of houses is ongoing and there are 249 houses that have been completed.
Ibisi	636	R 16 470 255.00	**Achieved Project:** Water and Sanitation, Roads and Storm-water have been completed. Refurbishment of houses is ongoing and there are 473 (Both new & rehabiliation) houses that have been completed so far.
Extension 5 & 6	709	R 15 716 941.84	**Achieved Project:** Water and Sanitation, Roads and Storm-water have been completed. Refurbishment of houses is ongoing and there are 226 houses that have been completed so far.
Total	**2 030**		

Figure 15: Access to Basic Housing

Percentage of Households with Access to Basic Housing			
Year end	Total Households (Formal and Informal Settlements)	Households in formal settlements	Percentage of HHS in formal settlements
2018/2019	42 909	2 640	6%
2019/2020	42 909	2 640	6%
2020/2021	42 223	2 640	6%

2.14 Free Basic Services and Indigent Support

INDIGENT

To qualify for indigent support, the following requirements must be met:

- The total joint gross income of all occupants or dependents in a single household must be equal or less than (2) state pension grant income; excluding child support grant.
- The applicant must be the resident of the municipality;
- The applicant must be eighteen (18) and above to qualify:
- For the purpose of determining the total household income of all applicants, the combined or joint gross income of all occupants/residents/dependants in such household shall be taken into account;
- All households applying for Free Basic Electricity must have electricity connected to the household;
- All households that are child headed, even if they are below eighteen (18) years of age, are eligible to apply for the indigent support;
- The applicant must be the owner or occupier who receives municipal services however not the tenant;
- The applicant must be the resident of a single property and applicant with 2 properties registered under their names will be relief on one property.
- The applicant for property owned by deceased owner, an estate late / occupier must apply;
- Identified households with no electricity connection utilizing alternative energy and
- Identified households through Operation of Sukuma Sakhe war rooms.

Applicants and/or any occupant/resident/dependant of the debtor's household shall not own any fixed property in addition to the property in respect of which indigent support is required from the in terms of this or her or her Policy.

Indigent subsidies may be granted to consumers are as follows:

Electricity:

- Residential consumers for the indigent support automatically qualify for Free Basic Electricity will receive the first 50 kWh units free each month.

Property Rates:

- All indigent owner of properties receives 100% rebate on property rates.

Refuse Removal

- All indigent owner of properties receives 100% rebate on refuse removal

Indigent Applications Approval by the Council

- Indigent consumers shall be subsidised to the extent determined annually by Council.
  At the end of the 2020/2021 annual financial year 2155 consumers were in the indigent debtors register.

Component B: Roads and Transport

Rural Gravel Roads – New Roads Constructed 2020/2021 FY

Background

All planned gravel roads were financed through the Municipal Infrastructure Grant, a programme that was introduced in 2004 to compliment the equitable share grant for local government. It is aimed at providing the basic infrastructure for the poor.

Progress

The total MIG annual allocation was **R65,068,000.00** (current + roll over), of which 100% was spent on construction of new Gravel and Tarred access roads.

Fig.16 Tabulated below are the initial set progress targets against actual achievements as at 30 June 2021:

Project Name	Extent (Km)	Annual Target set	Annual achievement
Construction of 1.0km Gravel & 0.5km Surfaced Access Road to New Landfill site in ward 17	1.5km	100% complete	100% complete
Construction of 0.6km Gravel & 1.6km Surfaced internal roads in Ward 16 – phase 4	2.2km	100% complete	99 % Complete, the contractor is currently working on the intersection at R56 and Govern Mbheki Road, is scheduled to complete by end of June 2021 and is being closely monitored to avoid project being re-carried over.
Construction of Washbank Access Road	6.4km	100% completion	100% complete
Construction of Ngujni Access Road	7.0km	100% completion	100% complete
Construction of Gcebeni Access Road	5.7km	100% completion	100% complete
Construction of Matsheni Access Road Ward 05	5km	100% completion	90% complete; The project started 13/10/2020, was due to complete 13/05/2021, the Engineer has issued the Contractor a notice for penalties.
Surfacing of Ibisi Township Roads Phase 4	2.5km	100% completion	60% complete. Due to noncompliance and slow progress the contractor was terminated (16/11/2020), new contractor was appointed on the 18/01/2021. Start date; 28/01/2021 End date: 28/09/2021

Successes:

- Civil Engineering / Built Environment students are seconded to the main contractors in each project to receive practical/in-service training towards fulfilling one of the requirements of completing their National Diploma.

- From tender stage at least 10% of the award value is ring-fenced to enhance local capacity through subcontracting programmes. This is applicable to projects over R2million and below R30million.

- As a strategy to fast-track backlog eradication, the Council resolved to commit 100% of the MIG to capital projects and not utilise the 5% on PMU operations.

Maintenance of Gravel Roads

Since the municipality resolved to conduct road maintenance internally during the year 2013 through purchasing of construction machinery; the programme has been running smooth in the municipality with minor challenges. The Infrastructure and Engineering Department formulated the Operations and Maintenance unit to conduct maintenance of all UMzimkhulu local Municipality assets with core focus in the maintenance of gravel roads considering that our municipality is covered mostly by rural areas/Settlements. The municipality prides itself in maintaining the existing infrastructure to promote sustainability of its assets while ensuring delivery of service to the communities.

Although the Umzimkhulu roads network is huge the municipality has managed to reduce the backlogs around its area of jurisdiction using the internal resources and the municipality continues to expand the unit by purchasing more equipment annually as well as employing more staff to enhance the Roads maintenance program. The process of procuring and replacing ageing machinery is ongoing and Council has resolved to use transversal system as means of procuring direct from manufacturers and reputable companies which has proved to be more convenient and cost-effective as it avoids third party purchasing. Council further resolved to appoint a private company that acts as a “back-up” system to accelerate road maintenance since the backlog proved to be higher than our own resources. The back-up is appointed over a twelve-month period and has proved to be highly effective since it mainly deals with requests that require “urgent’ intervention. The main internal Teams mainly focus on annual approved plans through blading and full-maintenance or re-gravelling. The partnership with the Department of Transport plays a vital role in ensuring high level of service and cooperative governance.

Progress and successes:

- The Infrastructure Department has maintained approximately **35.5**kms of Roads bladed and re-gravelled **32.7kms** during 2020-2021 Financial year.
- As part of improving the pace of meeting the community demands on road maintenance, the Department of Infrastructure and Engineering managed to purchase new equipment listed below: 1 x Water Tanker, 1 x Grid Roller and we also managed to replace the Low bed Trekker with a New Trekker since the old one was involved in a major accident.
- Council resolved to engage services of a private contractor as a "back-up system" to assist the Municipality in case the internal machinery sustains major breakdowns. The programme was successful, and it assisted a lot in mitigating the gravel roads maintenance backlog.

Figure 17: Gravel Roads Infrastructure

Gravel Roads Infrastructure Kilometres				
Financial Year	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Tar	Gravel Roads Maintained/Graded
2018/2019	190.6km	17.8km	2.7km	149.1km
2019/2020	85 km	21.8km	4.8km	63.2 km
2020/2021	94.4 km	26.2km	2.5km	68.2 km

Figure 18: Cost of Construction

Cost of Construction/Maintenance R'000				
Financial Year	Gravel		Tar	
	New	Maintained	New	Maintained
2018/2019	R16 311 345.29	R 1 388 065.00	R 11 400 643.04	R4 000 000.00
2019/2020	R10 279 977.83	R 1 624 800.22	R5 535 354.81	R4 000 000.00
2020/2021	R19 319 244.34	0	R15 200 239.02	R6 000 000.00

Storm water Drainage

The municipality also has a role in the management of the Gravel Rural storm water where all the gravel roads constructed by the Umzimkhulu Municipality are assessed for any defects on storm water such as unblocking of storm water pipes and maintenance of headwall inlets and outlets structures to keep the roads safe for the community and allow proper drainage. The programme is conducted to all five zones of the municipality.

Challenges

The main objective of this programme is to target stage 1 Contractors as means of giving work opportunities to the local emerging Contractors. The programme has proved to be very effective as it also play a vital role in the capacitating of the local emerging Contractors and they have basically benefited from it. It has been unfortunate that during 2020-2021 the municipality experienced a lot of challenges when it comes to appointing the local service providers where the tender was found to be non-compliant in terms of the SCM regulations and thus it had to be re-advertised. Due to high demand of the program the SCM Unit together with the Infrastructure Department are exploring an alternative strategy to pursue this program while ensuring that the targeted group is catered for.

Figure 19: Storm Water Drainage –Gravel roads

Storm water Infrastructure Kilometres				
Financial Year	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Storm water measures maintained
2018/2019	1.67	0	0	1.67km
2019/2020	2.32	0	0	2.32km
2020/2021	5.38	0.50	0	4.88km

Figure 20: Cost of Construction – Storm Water-Gravel Roads

Cost of Construction/Maintenance R'000			
Financial Year	Storm water Measures		
	New	Upgraded	Maintained
2018/2019			R 2 000 000.00
2019/2020			R 692 517.00
2020/2021	R200 000.00	0	R 554 470.00

Component C: Planning and Development

Opportunities

- The Location of Umzimkhulu town along the R56 provincial route.
- The Availability of land for economic development in secondary nodes.
- The municipality has recently disposed sites for residential use thus will increase revenue base.
- The municipality is situated in an area that is well endowed with agricultural activities.
- The UMzimkhulu River which runs south of the town serves as an economic opportunity where activities can be planned around the river to enjoy the scenery (tourism).

Challenges

- The Umzimkhulu town is located on a flood plain which makes it vulnerable under harsh weather conditions.
- Most of the land within the municipality is vested under the Department of Rural and Land Affairs.
- Inadequate bulk infrastructure provision and maintenance.

Achievements

- Disposal of land for residential & economic purposes (phase 3 and 6).
- Development & Review of the Integrated Development Plan (Formation of the IDP & Budget Steering Committee).
- Development & Review of all Strategic Planning Documents (Spatial Development Framework, Housing Sector Plan, Greening Strategy, LED Strategy, Investment & Attraction Strategy ect.
- Implementation of Policies (SPLUMA, Land Invasion Policy, Building Plan Information Management System, Outdoor Advertising Policy, Informal Traders Policy ect.
- Acquisition of Land for expanding the urban edge (Koki, Bizweni & Ebutha).
- Construction of Human Settlements (Ext 5 & 6, Ibisi, Clydesdale, Riverside & OSS).

Figure 21: Access to Basic Housing

Percentage of Households with Access to Basic Housing			
Year end	**Total Households (Formal and Informal Settlements)**	**Households in formal settlements**	**Percentage of HHS in formal settlements**
2018/2019	42 909	2 640	6%
2019/2020	42 909	2 640	6%
2020/2021	42 223	2 640	6%

Component D: Community and Services

3.11 Libraries, Galleries and Community Facilities

Introduction

UMzimkhulu library services have four libraries based in ward 16 main library, ward 11 Ibisi modular library, ward 19 Mountain mobile library unit and ward 6 Mthetheleli Ndlangisa Community hall. All these libraries are gateways to knowledge and culture, they play a fundamental role in our society. The resources and services that are offered create opportunities for learning, support literacy and education, and help shape the new ideas and perspectives that are central to a creative and innovative society. Through the library monthly statistics it shows that they are important informational, educational, and social institutions.

One of UMzimkhulu library services significant and fundamental roles is education, our libraries provide books and other materials for people to read and use. These materials are educational and lead to self-improvement and develop basic literacy skills. The educative role of libraries have expanded to include supporting both formal and informal education.

Challenges faced by UMzimkhulu library services.

UMzimkhulu Municipality has 22 wards and we only have four libraries that are servicing all these wards and that is a huge challenge in reaching out to all community members. Even with the municipal mobile library bus it is still impossible to ensure that all residents of UMzimkhulu have equal access to the facilities.

Another challenge is the existing library building in town (main library), it is very small and the whole building has dilapidated, it is in no state of being a central/ town library.

All public libraries affiliate from the Department of Arts and Culture therefore most of the service are rendered by them, such as supplying of books. The challenge now is that we are no longer getting some of the services for example our libraries are no longer receiving magazines and new books, and that has a lot of impact in our collection development.

Our computer section has computers that are very old and they are slow and there are so many other challenges that we incur because of this.

Fires, disasters and emergency services

Mitigated effects of emergencies and disasters

- Existence of a functional District Disaster Management Centre. The Disaster Management amended Act 2015, (Act 16 of 2015), section 16 subsection 4, read in conjunction with the Disaster Management Act of 2002, (Act 57 of 2002) indicate that, a local municipality MAY establish a disaster management centre in consultation with the relevant district municipality in accordance with the terms set out in a service level agreement between the two parties, in alignment with the national norms and standards.
- In compliance with the above, UMzimkhulu Local Municipality has one new Municipal Disaster Management Fire and Rescue Centre that is fully functional. The disaster management fire and rescue centre is situated at **(L) -30.27033 ;(S) 29. 93409**. UMzimkhulu Local Municipality is also a member of UMzimkhulu Fire Protection Association which assists the municipality to curb fires during fire occurrence.
- Improve service delivery.

ACHIEVEMENTS

- We have a good relationship with both District, Provincial and National sphere.
- We also have achieved more in the IGR, since our mandate is to save lives and protect, Quality service delivery to the public.
- Percentage compliance with the required response time for disaster incidents
- 70% Percentage compliance with the required response time for firefighting incidents

SUCCESSES ACHIEVED

- Arrest made during enforcement of lockdown regulations.
- Enforcement of business operating licence during COVID-19 regulations.
- Managed to get a brand new fire engine to fight fires and so forth.
- The department is now working a four way shift system.
- Managed to get a new fire engine truck.

CHALLENGES

- The municipality does not have adequate budget for disaster relief and relies on the district for support as and when required. The fire satellite Centre is accommodated within Harry Gwala District Municipal building.
- Number of reservists and volunteer responders per 1000 population
- Section 58 of the Disaster Management Act (57 of 2002) gives provision for the recruitment and establishment of volunteer units. Furthermore, as part of Disaster Management strategy in ensuring compliance and effective provision UMzimkhulu Local Municipality due to covid 19 we have Zero (00) disaster management volunteers recruited by us and Harry Gwala District
- We had more than 1000 natural disaster related incidents in the 2019-2020 financial year, infrastructure damaged and death related incidents.
- Motorist and public were not complying COVID-19 regulations.
- More accidents and road fatalities on our public roads.
- Poor road infrastructure.

3.12 Metropolitan Police Service Data

Measures taken to improve performance

- Scholar patrol team was formed to deal with enforcement of scholar transport within our district.
- Law enforcement cluster (all SAPS, local traffic departments and RTI) meetings are sitting on monthly basis to improve working relationship within Harry Gwala district.
- Multi-disciplinary roadblocks were conducted to ensure safety on public road.

Achievements

- Managed to deal with land invasion and illegal structures in UMzimkhulu Municipality during 2020-2022.
- Able to defend UMzimkhulu town during looting disaster.
- Impound stray animals to reduce road accidents

Challenges

- Community protest at UMzimkhulu
- None compliance on Covid-19 regulations
- None compliance by road users during festive season.

Figure 22: Metropolitan Police Service Data

No.		2020/2021	
	Details	Estimate No.	Actual No.
1	Number of road traffic accidents during the year (fatal = 6 people)		62
2	Number of by-laws infringement attended		152
3	Number of officers on duty on an average day		8 officers

Component E: Sports and recreation

3.13 Metropolitan Police Service Data

This unit is responsible for hosting sport events of different sport codes with the aim of promoting sport in UMzimkhulu. It also works hand in hand with sport federation together with sport Confederation and Department of Sport and Recreation.

This unit as part of sport development host the followings sport events annually:

- ✓ jointly host Harry Gwala Marathon
- ✓ Mayoral Cup Tournament
- ✓ S.Z Tshomela Marathon
- ✓ Participate in the Harry Gwala Marathon
- ✓ Host Golden games
- ✓ Participate in the SALGA KZN Games

The Mayoral Cup tournament was only hosted in August 2021 because of Covid 19 regulations.

CHALLENGES

The Sport Calendar events were disturbed by Covid 19 regulations that were imposed by the President.

Component F: Corporate Policy Offices and Other Services

3.14 Executive and Council

The executive office is established in terms of chapter 4, Sections 42-82, of the Internal Structures and Functions and Part 1, Sections 42-53, of Executive Committees of the Local Government Municipal Structures Act, Act No.117 of 1998.

3.15 Financials

All financial policies were reviewed for the 2020/2021 Financial Year.

Figure 23: Debt Recovery

Debt Recovery				
Services Rendered	2019/2020		2020/2021	
	Actual Billed for the year	Actual Collection for the year	Actual Billed for the year	Actual Collection for the year
Property Rates	R9 894 649	R6 030 310	R9 8 420 445	R9 189 329
Refuse	R913 850	R978 610	R2 692 111	R2 897 021

3.16 Human Resource Management

In 2020/2021 financial year, all vacant posts were filled as per the organogram.

3.17 Information and Communication Technology

BACKGROUND

ICT is an enabling technology which can help provide better public services at reasonable costs. ICT can be used to increase public sector efficiency whilst enhancing community engagement and public participation.

ICT VISION

"IT strives to enhance service delivery through creative and innovative ICT based solutions thereby improving the experience of its communities

ICT MISSION

"To support the ULM achieve its strategic objectives through the use of Information Management Systems, Technology and Infrastructure, by implementing technologies that will enable ULM to be operationally efficient and effective".

IT OBJECTIVES

- To extend ICT benefits to communities
- To enable council deliver on its mandate and communicate efficiently using technology
- To enable and support administration deliver on its mandate
- To provide stable and ICT environment that is responsive to the user needs.

ACHIEVEMENT

2020/2021

- Implementation of Disaster recovery plan and Business continuity plan.
- Human Resource and Finance Departments Systems are in place (Munsoft and VIP).
- Offsite remote disaster recovery plan for email and file server are in place.
- ICT maintenance contracts are in place (Antivirus, email and file).
- System upgrade in line with mSCOA requirements successfully been implemented.
- Uninterruptable Power Supply (UPS) in place.
- Enhanced Customer Care System
- Setup local Disaster Recovery Site
- Upgrade of server infrastructure
- Installed Fire protection and smoke detection equipment on our server rooms
- Implementation of Disaster recovery plan and business continuity plan
- Installed network management system
- Implementation of cloud services (office 365)
- Installation of fibre for faster internet
- There were no AG audit findings related to IT

3.18 Property, Legal, Risk Management and Procurement

Legal services are outsourced as and when needed.

Component G: Organisational Scorecard

PERFORMANCE AND SUPPORTING INFORMATION

Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required

The purpose of performance reporting is to report on the implementation and achievements of IDP outcomes, and this section therefore provides an overview on the strategic achievement of the municipality in terms of the strategic intent and deliverables achieved as started in the IDP. In the table below the performance achieved is illustrated against the SDBIP according to the strategic objectives linked to the municipal KPA's

The traffic light system explains the method by which that the overall assessment of actual performance against targets set for KPIs of the SDBIP is measured.

- *The Municipal Scorecard reflects the 6 national KPA's and this performance report is based on measures included within the Municipal Scorecard.*
- *The traffic light system used to report performance is as follow:*
  - ***Blue** – Performance above the target*
  - ***Green** – Performance meets target*
  - ***Red** – performance below target*

MUNICIPAL PERFORMANCE PER NATIONAL KEY PERFORMANCE AREA

1. CROSS-CUTTING

The overall score for this KPA is **100**%. There were 11 measurable Key Performance Indicators and all were achieved.

2. BASIC SERVICE DELIVERY

There were 28 measurable Key Performance Indicators for this National KPA and the municipality achieved As follows;

- ✓ Performance meets the Target = **57%**
- ✓ Performance below the Target = **43%**

3. MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

The overall score for this KPA is **79%**. There were a total of 14 measurable Key Performance Indicators.

4. LOCAL ECONOMIC DEVELOPMENT

The municipality achieved a score of **72%** under this national KPA, there were 7 indicators that were not achieved.

5. MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT

The overall score for this national KPA was **88%**. There were 30 measurable Key Performance Indicators that were achieved.

6. GOOD GOVERNANCE & PUBLIC PARTICIPATION

The overall score for this national KPA was 100% as all indicators under this KPA were achieved.

In total, there were 141 strategic key performance indicators in 2020/2021 financial year, and the municipality achieved 120.

When compared to the previous year the municipality achieved a performance score of **84%** in 2019/2020, and **85%** for 2020/21 period. This translates to a stable and/or consistent performance.

The detailed Performance review of uMzimkhulu Local municipality is captured in the table below:

FINAL UMZIMKHULU ORGANISATIONAL SCORECARD – 2020/2021

Detailed performance results per KPA for the 2020/2021 period.

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
CROSS - CUTTING												
IDP/SDBIP 187	To ensure that development is in line with the spatial requirements and applicable legislation by 2022 and beyond (merged)	Formalisation of Townships	Approval of a general plan to transfer properties their eligible owners	number	Approved general plan.	n/a	n/a	Approved general plan.		ACHIEVED, Approved general plan.		
IDP/SDBIP 188			Number of quarterly progress report on Ibisi Formalization (Opening of Township Register with Dees Office) as per SPLUMA provisions	number	2 reports on Ibisi Formalization (EIA)	2 reports on Ibisi Formalization (EIA)	n/a	2 Quarterly reports on Formalisation of Ibisi as per SPLUMA provisions		ACHIEVED, 2 Quarterly reports on Formalisation of Ibisi as per SPLUMA provisions		
IDP/SDBIP 189			Number of Quarterly Progress Reports on Facilitation of acquisition of ERF 173 Reitvlei for formalization of Reitvlei	number	2 Reports on facilitating acquisition of ERF 173 Reitvlei for formalization of Reitvlei (number of engagements)	2 Reports on facilitating acquisition of ERF 173 Reitvlei for formalization of Reitvlei (number of	n/a	4 Quarterly Reports on Facilitated acquisition of ERF 173 Reitvlei for formalization of Reitvlei.		ACHIEVED, 4 Quarterly Reports on Facilitated acquisition of ERF 173 Reitvlei for formalization of Reitvlei.		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
						engagements)						
IDP/SDBIP 190		Formalisation of Townships	Number of Quarterly Reports on sites transferred to owners for phase 3 and 6	number	4 progress reports on transfer of sites for phase 3 and 6	4 progress reports on transfer of sites for phase 3 and 6	n/a	4 Quarterly Reports on transferred sites for phase 3 and 6		Achieved, 4 Quarterly reports prepared		
IDP/SDBIP 193	To provide decent and sustainable human settlement (housing) by 2022 and beyond	Formalisation of Townships	Number of Quarterly Reports on submission of stage 1 application to human settlements as per DoHS Guidelines.	number	4 progress reports on approval of pre-feasibility report to human settlements	4 progress reports on approval of pre-feasibility report to human settlements	n/a	4 Quarterly Reports on submission of stage 1 application to Human Settlements as per DoHS Guidelines		Achieved, 4 Quarterly reports prepared		
IDP/SDBIP 194	To provide decent and sustainable human settlement (housing) by 2022 and beyond	Planning for provision Human Settlement	Number of Quarterly Reports on Approval of SPLUMA application and submission of stage 1 to Human Settlements for ext 9 & 10	number	4 progress reports on approval of pre-feasibility report to Human Settlements for ext 9 & 10	4 progress reports on approval of pre-feasibility report to Human Settlements for ext 9 & 10	n/a	4 Quarterly Reports on Approved SPLUMA Application and submission of stage 1 application to Human Settlements for ext 9 & 10		Achieved, 4 Quarterly reports prepared		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 196			Number of Quarterly Reports on Approval of SPLUMA application and submission of stage 1 to Human Settlements for Mankofu	number	4 progress reports on approval and submission of pre-feasibility report to human settlements	4 progress reports on approval and submission of pre-feasibility report to human settlements	n/a	4 Quarterly Reports on Approval of SPLUMA application and submission of stage 1 to DoHS for Mankofu		Achieved, 4 Quarterly reports prepared		
IDP/SDBIP 197			Appointment of a Service provider to conduct prefeasibility study for Bezweni.	appoint	Service provider for Bezweni appointed.	2 progress report on Signing of donation agreement with DPW	n/a	Service provider for Bezweni appointed.		Achieved, Service provider appointed		
IDP/SDBIP 198			Appointment of a Service provider to conduct prefeasibility study for Ebutha.	appoint	Service provider for Ebutha appointed.	2 progress report on Signing of donation agreement with DPW	n/a	Service provider for Ebutha appointed.		Achieved, Service provider appointed		
IDP/SDBIP 199			Number of Quarterly Progress Reports on Appointment of Service Provider for CRU.	number	4 Progress report on Facilitating funding for construction of CRU	4 Progress report on Facilitating funding for construction of CRU	n/a	4 Quarterly Progress Reports on Appointment of Service		Achieved, 4 Quarterly reports prepared		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
								Provider for CRU.				
IDP/SDBIP 202		Review of the Spatial Development Framework	Reviewed Spatial Development Framework adopted by council	number	Reviewed Spatial Development Framework adopted by council	Reviewed Spatial Development Framework adopted by council	n/a	Reviewed Spatial Development Framework adopted by council		Achieved, SDF approved by Council		
BASIC SERVICE DELIVERY												
IDP/SDBIP 3	To facilitate provision of sustainable economic infrastructure by 2022 and beyond	Maintenance of gravel roads	35.5 kms of gravel roads bladed as per approved maintenance plan(Nkampini AR 1.2km W10,Nkofeni AR 5.1km W22, Laleni AR 5.5km W6, Spring AR 4.4km W3, Ntokozweni AR 7.4km W 2, Mpola AR 4.4km W 10, Antiock AR 5.2 W5, lugawini AR 2.3km W 15	number	35,5km	68.2kms	31.8	35,5kms		ACHIEVED, 35.5 kms of gravel roads bladed as per approved maintenance plan(Nkampini AR 1.2km W10,Nkofeni AR 5.1km W22, Laleni AR 5.5km W6, Spring AR 4.4km W3, Ntokozweni AR 7.4km W 2, Mpola AR 4.4km W 10, Antiock AR 5.2		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
										W5, lugawini AR 2.3km W 15		
IDP/SDBIP 4			30.7 kms of gravel roads fully maintained/processed as per approved maintenance plan(Njunga AR 4.8km W10, Gijima TO Magaqa AR 3.6km W 17, Breamer AR 3.7km W20,khayeka(Delamuzi) AR 11.9km W 1, Skoonplas(Kwa A Sisulu) AR 6.7km W 16	number	30.7kms	0	n/a	30,7kms		ACHIEVED, 30.7 kms of gravel roads fully maintained/processed as per approved maintenance plan(Njunga AR 4.8km W10, Gijima TO Magaqa AR 3.6km W 17, Breamer AR 3.7km W20,khayeka(Delamuzi) AR 11.9km W 1, Skoonplas(Kwa A Sisulu) AR 6.7km W 16		
IDP/SDBIP 5		Routine maintenance of Tarred roads (Pothole patching, Road Markings and Stormwater unblocking)	Number of reports prepared on routine maintenance of tarred roads as per maintenance plan (Pothole patching, Road marking,	number	4 quarterly Reports prepared on maintenance of tarred roads	4 quarterly Reports prepared on maintenanc	n/a	4 quarterly Reports prepared on maintenance of tarred roads		Achieved, 4 quarterly Reports prepared on maintenance of tarred roads		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
			Stormwater Unblocking)			e of tarred roads						
IDP/SDBIP 6		Construction of Retaining Wall at New Traffic Offices (Testing Ground)	Percentage completion on construction of Retaining Wall at New Traffic Offices (Testing Ground) Ward 16	%	100% completion	70% completion	n/a	100% completion		ACHIEVED, 100% completion on construction of Retaining Wall at New Traffic Offices (Testing Ground) Ward 16		
IDP/SDBIP 7		Construction of Harry Gwala Multi purpose Sports Centre	Percentage completion on construction of Harry Gwala Multi Purpose Sports Centre phase 1 -	%	100% completion	0% completion	n/a	100% completion		NOT ACHIEVED, 67% completion on construction of Harry Gwala Multi Purpose Sports Centre phase 1		Earthworks item took longer than anticipated due to wet weathers. The contractor has engaged services of other specialist sub-contractors in order to catch up will lost time, and progress meetings are being held to monitor progress. The project is being closely monitored and taking into consideration all delays incurred. The Contractor has been

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
												strictly ordered to complete this target by the first quarter of 2021&22, after which penalties will apply
IDP/SDBIP 8		Construction of SMME Hub Market Stalls Phase 2 in Ward 16	Percentage completion on construction of SMME Hub Market Stalls (Coordinates)	%	100% completion	50% completion	n/a	100% completion		ACHIEVED, 100% completion on construction of SMME Hub Market Stalls (Coordinates)		
IDP/SDBIP 9		Construction of Malenge Community Hall in Ward 03	Percentage completion on construction of Malenge Community Hall (Lat 30°8'52''S Long 29°37'19.79''E))	%	100% completion	50% completion	n/a	100% completion		ACHIEVED, 100% completion on construction of Malenge Community Hall (Lat 30°8'52''S Long 29°37'19.79''E)		
IDP/SDBIP 10		Construction of Nongingqa Community Hall in Ward 04	Percentage completion on construction of Nongingqa Community Hall (Lat 30°9'48.05''S Long 29°34'1.60''E))	%	100% completion	25% completion	n/a	100% completion		ACHIEVED, 100% completion on construction of Nongingqa Community Hall (Lat 30°9'48.05''S		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
										Long 29°34'1.60''E)		
IDP/SDBIP 11		Construction of Ward 21 Community Hall in Dumisa	Percentage completion on construction of Ward 21 Community Hall (Lat 30°14'34.40''S Long 29°44'50.68''E))	%	100% completion	30% completion	n/a	100% completion		ACHIEVED, 100% completion on construction of Ward 21 Community Hall (Lat 30°14'34.40''S Long 29°44'50.68''E)		
IDP/SDBIP 12		Construction of Ward 22 Community Hall in Khiliva	Percentage completion on construction of Ward 22 Community Hall (Lat 30°31'44''S Long 29°54'14''E))	%	100% completion	60% completion	n/a	100% completion		ACHIEVED, 100% completion on construction of Ward 22 Community Hall (Lat 30°31'44''S Long 29°54'14''E)		
IDP/SDBIP 13		Construction of Ward 07 Sports field in Mfulamhle	Percentage completion on construction of Ward 07 Sports field (Lat	%	100% construction	35% construction	n/a	100% construction		NOT ACHIEVED, 85% completion on construction of Ward 07 Sports field (Lat		The lack of commitment from the Contractor contributed to slow progress and He was

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
			30°5'21''S Long 29°41'52''E))							30°5'21''S Long 29°41'52''E)		terminated on 15 April 2021. The new contractor was appointed on the 10th June 2021 and is currently on site working effectively well The target/ achievement date for this Project has been revised to Q2 of 2021/22
IDP/SDBIP 14		Maintenance of gravel roads	Number of metres on unblocking of Stormwater pipes on gravel Roads	number	150m	n/a	n/a	150m		NOT ACHIEVED, 0 metres on unblocking of Stormwater pipes on gravel Roads		The Contractor was not appointed due to non-compliance of the tender document, The tender document was corrected and the tender re-advertised on the 07th of June 2021 The target/ achievement date for this Project has been revised to Q2 of 2021/22

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 15		Construction of Ward 17 Sports field in Hopewell	Percentage completion on construction of Ward 17 Sports field (Lat 30°18'27.98''S Long 29°58'25.45''E)	%	100% construction	n/a	n/a	100% construction		ACHIEVED, 100% completion on construction of Ward 17 Sports field (Lat 30°18'27.98''S Long 29°58'25.45''E)		
IDP/SDBIP 17		Connection of households to National Electricity Grid (Ward 4, 9, 13, 14 & 18) - 835	percentage completion (Construction) of the electrification project	%	100% construction	Contractor appointed	n/a	100% construction		NOT ACHIEVED, 98% completion (Construction) of the electrification project		The remaining 2% is as a result of the municipality still waiting for Eskom to energize the connections. Follow up meetings with ESKOM are ongoing and DOE has also been engaged to assist in energizing these connections. The target/ achievement date for this Project has been revised to Q1 of 2021/22
IDP/SDBIP 18			Percentage completion towards installation of street	%	100% completion	Contractor appointed	n/a	100% completion		NOT ACHIEVED, 98% completion		The remaining 2% is as a result of the municipality still waiting for Eskom to

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
		Installation of street lights (Ward 16) and High Masts (wards: 2, 11, 12, 16 &17) Maintenance of electricity infrastructure (High Mast)	lights (Ward 16) and High Masts (wards: 2, 16, 17&12)							towards installation of street lights (Ward 16) and High Masts (wards: 2, 16, 17&12)		energize the connections. Follow up meetings with ESKOM are ongoing and DOE has also been engaged to assist in energizing these connections. The target/ achievement date for this Project has been revised to Q1 of 2021/22
IDP/SDBIP 20			Percentage of High Mast repaired within 4 weeks from date of complaint from customer care and inspections record	%	80% repaired as per faults register/customer complaints	n/a	n/a	80% repaired as per faults register/customer complaints		Achieved, 80% repaired as per faults register/customer complaints		
IDP/SDBIP 21		Maintenance of electricity infrastructure (Street Lights)	Percentage of street lights repaired within 4 days from date of complaint from	%	80% repaired as per faults register/custo	80% repaired as per faults register/cu	n/a	80% repaired as per faults register/custo		Achieved, 80% repaired as per faults		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
			customer care (Minor repairs)		mer complaints	stomer complaints		mer complaints		register/customer complaints		
IDP/SDBIP 22		Construction of Matsheni Access Road	Percentage completion on construction of Matsheni Access Road	%	100% completion	Contractor appointed	n/a	100% completion		Not Achieved, 95% completion		Due to COVID 19 related restrictions the projects encountered unforeseen delays in material supply and delivery and that affected the planned construction programme, hence the 5% shortfall fall. The project is being closely monitored by the technical team and the revised anticipated completion date is 23 July 2021.
IDP/SDBIP 23		Construction of Washbank Access Road	Percentage completion on construction of Washbank Access Road	%	100% completion	Contractor appointed		100% completion		Achieved, 100% complete		
IDP/SDBIP 24		Construction of Gcebeni Access Road	Percentage completion on construction of Gcebeni Access Road	%	100 % completion	n/a	n/a	100 % completion		Achieved, 100% complete		
IDP/SDBIP 25		Construction of Ngunjini Access Road	Percentage completion on	%	100% completion	Contractor appointed	n/a	100% completion		Achieved, 100% complete		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
			construction of Ngunjini Access Road									
IDP/SDBIP 26		Upgrading of low level bridges (Ngqumarheni & Ngunjini to Driefontien)	Percentage completion on upgrading of Ngqumarheni Low level bridge	%	100% Completion			100% Completion		Not Achieved, 70% completion		The Contractor experienced problems with regards to payments that was due one of the directors who passed on and that delayed the progress till all contractual matters were resolved, the revised Completion date is 15 July 2021
IDP/SDBIP 27			Percentage completion on upgrading of Ngunjini to Driefontein Low level bridge	%	100% Completion			100% Completion		Not Achieved, 45% completion		The Contractor only managed to commence with works on the 17th of May 2021 after the delays caused by one of the directors passed on and the contract was put on hold in order to resolve contractual obligations. The contractor promised to fast track the progress on site in order to meet the revised completion date which is 15th of July 2021

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year					Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating		
IDP/SDBIP 28		Construction of Surfaced Ibisi Internal Roads Phase 4	Percentage completion on Surfacing of Ibisi Internal Roads Access Roads Phase 4	%	100% completion	Contractor appointed		100% completion		Not Achieved, 65% completion			The first Contractor had to be terminated due to poor performance and a second-runner-up has been appointed to start working during the second week of January 2021. The target/ achievement date for this Project has been revised to Q1 of 2021/22
IDP/SDBIP 40		Collection of waste from designated areas	Number of households with access to waste collection services as per precinct plan / household eskom count	number	1446 collections	1446 collections	n/a	1446 collections		Achieved, 1446 collections			
IDP/SDBIP 204		Completion of UMzimkhulu Memorial hall	% Completion of Umzimkhulu Memorial Hall (Ward 16 - Umzimkhulu Memorial Hall)	%	100% completion	30% completion	n/a	100% completion		Not Achieved, 70% complete			The target was not achieved due to unforeseen COVID 19 related delays in the supply and delivery of steel and related specialised materials. However the project is now moving effectively well and the project is being closely monitored

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
												and taking into consideration all delays incurred. The Contractor has been strictly ordered to complete this target by the first quarter of 2021&22, after which penalties will apply
IDP/SDBIP 44	To promote provision of sustainable services through the integrated planning by 2022 and beyond.	Number of indigent households with access to free basic services	Number of indigent households with access to free basic electricity	number	3500 households	3389 households	n/a	3500 households		Not Achieved, 2211		Lack of information, and the impact of COVID 19 lockdown has contributed to poor access to free basic services. Going forward, the municipality will circulate the indigent application forms through Ward councillors; Ward committees; and Community war-room meetings to encourage the rates payers to register through. As a result, this target will now be achieved in 2021/22.

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 45			Number of indigent households with access to free refuse removal & Rates services	number	400 households	191 Households	n/a	400 households		Not Achieved, 180		Lack of information, and the impact of COVID 19 lockdown has contributed to poor access to free basic services. Going forward, the municipality will circulate the indigent application forms through Ward councillors; Ward committees; and Community war-room meetings to encourage the rates payers to register through. As a result, this target will now be achieved in 2021/22.

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION												
IDP/SDBIP 53	To ensure effective, efficient and compliant administrative and conducive work environment by 2022 and beyond	Development, submission and implementation of the WSP	Date by which the WSP is submitted o LGSETA.	date	30th of April	30th of April	n/a	30th of April		Achieved, 30th of April		
IDP/SDBIP 54			Number of trainings implemented as per the WSP and approved budget	number	30 trainings implemented as per the WSP	30 trainings implemented as per the WSP	n/a	30 trainings implemented as per the WSP		Achieved, 30 trainings implemented as per the WSP		
IDP/SDBIP 55		Implementation of the approved EEP	Date of submission of EEP report to department of labour	date	15th January	15th January	n/a	15th January		Achieved, 15th January		
IDP/SDBIP 56		Effective labour relations	Number of sittings of the LLF co-ordinated	number	4 sittings of the LLF co-ordinated	3 sittings of the LLF co-ordinated	n/a	4 sittings of the LLF co-ordinated		Not Achieved, 0 sittings		There was an internal dispute amongst SAMWU members at the municipality which resulted in the non-sitting of the LLF. Provincial SAMWU leadership has been requested to intervene to try and resolve this

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
												dispute so that the LLF meetings can resume. The non-sitting of the LLF will therefore be corrected in 2021/22 period.
IDP/SDBI P 57		Implementation of the internship and experiential programme	Number of interns maintained throughout the year	number	10 interns maintained throughout the year	14 interns maintained throughout the year	n/a	10 interns maintained throughout the year		Achieved, 10 Interns were appointed and maintained throughout all quarters		
IDP/SDBI P 59		Reviewal of existing Muncipal policies	Date by which Muncipal policies are reviewed	date	22nd Dec	22nd Dec	n/a	22nd Dec		Achieved, 22nd Dec		
IDP/SDBI P 60		Approval of municipal policies	Date by which Municipal policies are approved	date	31st May	31st May	n/a	31st May		Achieved, 31st May		
IDP/SDBI P 77	To ensure compliant, effective and efficient customer management by 2022 and beyond.	Conduct customer satisfication survey	Number of customer satisfaction surveys conducted	number	2 customer satisfaction surveys conducted	2 customer satisfaction surveys conducted	n/a	2 customer satisfaction surveys conducted		Achieved, 2 customer satisfaction surveys conducted		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 65	To ensure an effective, efficient and compliant human resources function in support of the IDP by 2022 and beyond.	Training of BTO staff on GRAAP requirements	Number of BTO staff trained on GRAP requirements	number	25 BTO staff trained	24 BTO staff trained	n/a	25 BTO staff trained		Achieved, 25 BTO staff trained		
IDP/SDBIP 66		Prepare and submit an annual service provider performance report in line with section 46 of the MSA	Date by which the Annual service provider performance report is prepared and submitted to M&E	date	30-Jul	30-Jul	n/a	30-Jul		Achieved, 30/07/21		
IDP/SDBIP 67	to ensure that development within Umzimkhulu is in line with the spatial requirements and applicable legislation by 2022 and beyond	Approval of building plans within a specified time frame	Turnaround time (in weeks) for approval of residential applications	time	3 weeks	3 weeks	n/a	3 weeks		Not Achieved. Some approvals took longer than 3 weeks		Operational processes were affected by the COVID19 Going forward, the turnaround time will be increased to allow additional COVID19 compliance requirements.
IDP/SDBIP 68			Turnaround time (in weeks) on approval of commercial applications	time	6 weeks	6 weeks	n/a	6 weeks		Not Achieved. Some approvals took longer than 6 weeks		Operational processes were affected by the COVID19 Going forward, the turnaround time will be increased to allow additional COVID19

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year					Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating		
													compliance requirements
IDP/SDBIP 69	To ensure effective and compliant management of municipal performance against the planning processes by 2022 and beyond	Review of the IDP	Approval of IDP process plan by council	Yes/no	Approved IDP process plan by council	Approved IDP process plan by council	n/a	YES-Approved IDP process plan by council		Achieved, YES- Approved IDP process plan by council			
IDP/SDBIP 70			Date on which the Final IDP 2020/21 is adopted by council	date	31/05/2021 Final Draft IDP 2020/2021 adopted by council	Final Draft IDP 2019/2020 adopted by council	n/a	31/05/2021 Final Draft IDP 2020/2021 adopted by council		Achieved, 31/05/2021 Final Draft IDP 2020/2021 adopted by council			
LOCAL ECONOMIC DEVELOPMENT													
IDP/SDBIP 80	To facilitate a 0.6% growth increase in the local economy by 2022 and beyond.	Implementation of the Tourism Strategy & Plan	Number of reports on Implementation of the Tourism Strategy per Implementation Plan	number	4 Quarterly reports on Implementation of the Tourism Strategy and Plan	4 Quarterly reports on Implementation of the Tourism Strategy and Plan	n/a	4 Quarterly reports on Implementation of the Tourism Strategy and Plan		Achieved 4 Quarterly reports submitted			

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 81			Number of quarterly reports on implementation of annual agricultural plan milestones	number	4 Quarterly reports on implementation of agricultural plan	4 Quarterly reports on implementation of agricultural plan	n/a	4 Quarterly reports on implementation of agricultural plan		Achieved 4 Quarterly report submitted		
IDP/SDBIP 82			Number of quarterly reports on small farmers Municipality support in partnership with Stakeholders	number	4 Quarterly reports on small farmers support	4 Quarterly reports on small farmers support (LIMA partnership)	N/A	4 Quarterly reports on small farmers support		Achieved 4 Quarterly report submitted		
IDP/SDBIP 83			Number of Report on the establishment of the Aloe Beneficiation project	number	4 Quarterly reports on the establishment of the Aloe Beneficiation project		N/A	4 Quarterly reports on the establishment of the Aloe Beneficiation project		Achieved 4 Quarterly reports		
IDP/SDBIP 84			Number of reports on business initiatives funded through the cooperative/ SMME support fund	number	4 Quarterly reports on business initiatives funded through the cooperative/	LED Strategy	N/A	4 Quarterly reports on business initiatives funded through the cooperative/		Achieved 4 Quarterly reports		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
					SMME support fund			SMME support fund				
IDP/SDBIP 85			Number of Co-ops mentored	number	10 Co-ops mentored		n/a	10 Co-ops mentored		Achieved, 15 Co-ops mentored		
IDP/SDBIP 86			Number of LED Indaba / entrepreneurship events co-ordinated	number	1 LED Indaba / entrepreneurship events co-ordinated	1 LED Indaba / entrepreneurship event	n/a	1 LED Indaba / entrepreneurship events co-ordinated		Achieved 1 LED Indaba / entrepreneurship events co-ordinated		
IDP/SDBIP 87			Number of the Umzimkhulu business forum meetings co-ordinated	number	4 business forum meetings co-ordinated	Umzimkhulu business forum meetings co-ordinated	n/a	4 business forum meetings co-ordinated		Not Achieved, 1 business forum meetings co-ordinated		Some meetings could not sit due to Government lockdown/ COVID19 Going forward, the meetings will be conducted virtually and/or telephone conference.
IDP/SDBIP 88			Turnaround time (in Days) to receive and issue a business licence in line with the business act	number	28 days	28 days	n/a	28 days		Achieved 4 Quarterly reports submitted		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 90		Agricultural development Strategy	Report on Implementation of LED Strategy	Yes/no	4 Quarterly Reports on Implementation of the LED Strategy	Agriculture Strategy	n/a	4 Quarterly Reports on Implementation of the LED Strategy		Achieved Agricultural development strategy/Plan reviewed		
IDP/SDBIP 91		Implementation of Uphuhliso Lwemvelo Ngococeko Programme	Number of beneficiaries maintained on the Uphuhliso Lwemvelo Ngococeko Programme	number	190 beneficiaries maintained	190 beneficiaries maintained	n/a	190 beneficiaries maintained		Achieved, 227 beneficiaries		
IDP/SDBIP 93		Creation of jobs through (EPWP SECTORS:social ,EnvironmentaL,None-state/LED & \infrastructure, MIG and Municipal projects)	Number of jobs created through the Expanded Public Work Programme	number	416 Jobs created	n/a	n/a	416 Jobs created		Achieved, 564 Jobs created (227+68+269)		
IDP/SDBIP 94			Number of beneficiaries maintained through EPWP (Public Facilities)	number	190 beneficiaries	n/a	n/a	190 beneficiaries		Achieved, 269 beneficiaries		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 96		HDI Procurement	% of procurement budget allocated to HDI	%	60%	15%	n/a	60%		NOT ACHIEVED, 24%		Most projects were re-advertised due to noncompliance by service providers. In consideration of these challenges (re-adverts), the municipality will reduce the annual target for it to be more realistic.
IDP/SDBIP 97	To ensure road safety and reduction in road carnage by 2022 and beyond	Conduct Local Roadblocks	Number of Local Roadblocks conducted	number	96 local roadblocks conducted	96 local roadblocks conducted	n/a	96 local roadblocks conducted		Achieved, 158 local roadblocks conducted		
IDP/SDBIP 98		Conduct routine patrols of Stray Animals	Number of routine patrols of Stray Animals conducted	number	240 routine patrols of Stray Animals conducted	240 routine patrols of Stray Animals conducted	n/a	240 routine patrols of Stray Animals conducted		Achieved, 360 routine patrols of Stray Animals conducted		
IDP/SDBIP 99	Promotion of literacy within the community of Umzimkhulu by 2022 and beyond.	Conduct Library Road shows in all 5 Zones	Number of Community Library Road shows conducted per zone	number	5 Library Road shows conducted per zone	5 Library Road shows conducted per zone	n/a	5 Library Road shows conducted per zone		Not Achieved, 2 Library Roadshows conducted per zone		Roadshow programs were affected by Government lockdown/ COVID19 Going forward, the target will be revised

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
												down to accommodate COVID19 challenges.
IDP/SDBIP 100	To ensure effective, compliant and efficient disaster management by 2022 and beyond	Conduct Disaster Management Awareness campaigns	Number of Disaster Management Awareness campaigns conducted	number	5 Disaster Management Awareness campaigns conducted	5 Disaster Management Awareness campaigns conducted	n/a	5 Disaster Management Awareness campaigns conducted		Not Achieved, 1 Disaster Management Awareness campaign conducted		Awareness campaign programs were affected by Government lockdown/ COVID19 Going forward, the target will be revised down to accommodate COVID19 challenges.
IDP/SDBIP 101	To ensure effective and efficient HIV/AIDS management by 2022 and beyond	Coordinate the world AIDS day (local) at 1 zone	Number of world AIDS day (local) at 1 zone co-ordinated	number	1 World AIDS day (local) at 1 zone co-ordinated	1 World AIDS day (local) at 1 zone co-ordinated	n/a	1 World AIDS day (local) at 1 zone co-ordinated		Achieved 1 world AIDS Day		
IDP/SDBIP 102	To alleviate poverty by 5% by 2022 and beyond (strengthening the Sukuma-Sakhe Flagship program	Co-ordinate Operation MBO	Number of Operation MBOs co-ordinated (per zone)	number	5 Operation MBOs co-ordinated per zones	5 Operation MBOs co-ordinated per zones	n/a	5 Operation MBOs co-ordinated per zones		Achieved, 5 Operation MBOs co-ordinated per zone		
IDP/SDBIP 103	To ensure mainstreaming of the special programmes and increased participation	Effective implementation of the Special Programmes	Number of SPU forums co-ordinated (Men and elderly)	number	2 SPU forums co-ordinated	2 SPU forums co-ordinated	n/a	2 SPU forums co-ordinated		Not Achieved 0		SPU programs were affected by Government lockdown/ COVID19

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
	of designated groups by 2022 and beyond											Going forward, the target will be revised down to accommodate COVID19 challenges.
IDP/SDBIP 104			Number of local mayoral cups co-ordinated	number	1 local mayoral cup co-ordinated	1 local mayoral cup co-ordinated	n/a	1 local mayoral cup co-ordinated		Not Achieved 0		The mayoral cup program was affected by Government lockdown/ COVID19 Going forward, the target will be revised down to accommodate COVID19 challenges.
IDP/SDBIP 105			Number of events (Men day and Youth day June 16) co-ordinated	number	1 Men day and 1 Youth day (June 16) events coordinated	1 Men day and 1 Youth day (June 16) events coordinated	n/a	1 Men day and 1 Youth day (June 16) events coordinated		Not Achieved 0		The man and youth day event was affected by Government lockdown/ COVID19 Going forward, the target will be revised down to accommodate COVID19 challenges.
IDP/SDBIP 106		Implementation of the study Assistance programme	Number of students assisted with tertiary registration fees	number	44 students assisted with tertiary registration fees	67 students assisted with tertiary	n/a	44 students assisted with tertiary registration fees		Achieved, 77 students assisted with tertiary registration fees		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
						registration fees						
IDP/SDBIP 107		Implementation of the student excellence programme	Number of Matric Excellence awards coordinated	number	1Matric Excellence awards coordinated	1Matric Excellence awards coordinated	n/a	1Matric Excellence awards coordinated		Achieved, 1Matric Excellence awards coordinated		
MUNICIPAL FINANCIAL VIABILITY												
IDP/SDBIP 108	To increase the municipal own revenue base by 50% by 2022.	Maintenance of accurate billing data	% accuracy of billing data maintained.	%	95% accuracy	100% accuracy	n/a	95% accuracy		Achieved, 100%		
IDP/SDBIP 109		Implementation of the supplementary valuation roll	% Implementation of supplementary valuation roll	%	100%	100%	n/a	100%		Achieved, 100%		
IDP/SDBIP 110		Collection of billed revenue	% collection of billed customers	%	50%	125%	n/a	50%		Achieved, 283%		
IDP/SDBIP 111		Reduction of the Debtors Book	% reduction of the Debtors book	%	50%	-15%	n/a	50%		Not Achieved, 15%		There are government department that have not settled annual billing that was processed in July 2020. Also, poor payments from commercial consumers as well as

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
												residential consumers due to COVID- 19 Going forward, the municipality will enforce the implementation of the debt collection policy and credit control policy. Discounts will also be provided to ease the burden on consumers.
IDP/SDBIP 112		Development and implementation of the 5 year revenue enhancement strategy	Number of quarterly progress reports on implementation of the revenue enhancement strategy per annual plan	number	4 Quarterly Progress reports	4 Quarterly Progress reports	n/a	4 Quarterly Progress reports		Achieved, 4 Quarterly reports		
IDP/SDBIP 113			% increase in own revenue	%	10%	15%	n/a	10%		Not Achieved, -137%		There are government department that have not settled annual billing that was processed in July 2020. Also, poor payments from commercial consumers as well as residential consumers due to COVID- 19 Going forward, the municipality will enforce

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
												the implementation of the debt collection policy and credit control policy. Discounts will also be provided to ease the burden on consumers.
IDP/SDBIP 115	To ensure effective, compliant and credible financial planning, management and reporting by 2018 and beyond.	Preparation and Submission of credible Annual Financial Statements	Date by which AFS are submitted to AG,COGTA and National Treasury	date	31-Aug	31-Aug	n/a	31-Aug		Achieved, 31-Aug-21 The submission date was extended from 30-Oct due Government lockdown.		
IDP/SDBIP 116			Number of quarterly reports on Implementation of AG action plan	number	2 quarterly reports	2 quarterly reports	n/a	2 quarterly reports		Achieved 2quarterly reports		
IDP/SDBIP 117			Unqualified Audit Opinion without matters on AFS-Yes/No	Yes/no	Yes	No	n/a	Yes		Not Achieved No, Unqualified Audit Opinion with matters on AFS		This is a Prior year accumulated irregular expenditure. Going forward, the municipality will keep on ensuring that it prevents irregular expenditure by complying with all legislations.

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 118		Compliance with MFMA.	Number of Sec 71 reports submitted to the provincial and national Treasury	number	12 x Sec 71 Reports submitted to the provincial national Treasury	12 Sec 71 Reports submitted to the provincial national Treasury	n/a	12 x Sec 71 Reports submitted to the provincial national Treasury		Achieved 12 x Sec 71 Reports submitted to the provincial national Treasury		
IDP/SDBIP 119			Turnaround time after closing of month-end (in working days) for submission of Sec 71 report to provincial and national treasury	time	within 10 working days after closing of month-end	within 10 working days after closing of month-end	n/a	within 10 working days after closing of month-end		Achieved within 10 working days after closing of month-end		
IDP/SDBIP 120			Number of Sec 72 reports submitted to the Treasury	number	1 x Sec 72 reports submitted to the Treasury	1 x Sec 72 reports submitted to the Treasury	n/a	1 x Sec 72 reports submitted to the Treasury		Achieved 1 x Sec 72 reports submitted to the Treasury		
IDP/SDBIP 121			Date by which the Sec 72 reports are submitted to provincial and national treasury	date	25-Jan	25-Jan	n/a	25-Jan		Achieved 25-Jan		
IDP/SDBIP 122		Preparation of Budget Process Plan	Date by which the Budget Process Plan is approved by council	date	31-Aug	31-Aug	n/a	31-Aug		Achieved 31-Aug		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 123		Approval of the SDBIP for 2017 - 2018	Turnaround time (in days) approval of the 2017/2018 SDBIP to the Mayor after approval of the budget	time	28 days after the budget approval	28 days after the budget approval	n/a	28 days after the budget approval		Achieved 28 days after the budget approval		
IDP/SDBIP 124		Approval of the revised SDBIP for 2017 - 2018	Date by which the revised SDBIP is approved by Council	date	31-Mar	31-Mar	n/a	31-Mar		Achieved 26-Mar		
IDP/SDBIP 125		To ensure compliance with mSCOA	Number of quarterly reports on implementation of mSCOA per implementation plan	number	4 quarterly reports	4 quarterly reports	n/a	4 quarterly reports		Achieved 4 quarterly reports		
IDP/SDBIP 126		Preparation and approval of the Budget	Date by which the 2020-2021 budget is approved by council	date	31-May	31-May	n/a	31-May		Achieved 29-May		
IDP/SDBIP 127			Turnaround time after closing of monthend (in days) for submission of the approved budget (COGTA, Provincial and National Treasury) after approval by council	time	within 10 working days after closing of month-end	within 10 working days after closing of month-end	n/a	within 10 working days after closing of month-end		Achieved within 10 working days after closing of month-end		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 128			Date by which the 2019&20 Adjustment Budget is adopted by council	date	28-Feb	28-Feb	n/a	28-Feb		Achieved 28-Feb		
IDP/SDBIP 129		Submission of Grant Business Plans	Number of Grant business plans submitted	number	1 Grant business plan submitted	1 Grant business plan submitted	n/a	1 Grant business plan submitted		Achieved 1 Grant business plan submitted		
IDP/SDBIP 130	To ensure compliant, efficient and transparent Supply Chain Management by 2022 and beyond.	Development of the Institutional Procurement Plan	Date by which 2020/ 2021 Procurement Plan is approved by MM	date	30-Jun	30-Jun	n/a	30-Jun		Achieved 30-Jun		
IDP/SDBIP 131		Effective Procurement Planning and implementation	Number of SCM quarterly Reports on implementation of Procurement Plan	number	4 SCM Reports on Procurement Plan	4 SCM Reports on Procurement Plan	n/a	4 SCM Reports on Procurement Plan		Achieved 4 SCM Reports on Procurement Plan		
IDP/SDBIP 132		Effective and efficient asset management	Number of Assets verification conducted	number	2 Assets verification conducted	2 Assets verification conducted	n/a	2 Assets verification conducted		Achieved 2 Assets verification conducted		
IDP/SDBIP 133			Number of Asset reconciliations prepared	number	12 Asset reconciliations prepared	12 Asset reconciliations prepared	n/a	12 Asset reconciliations prepared		Achieved 12 Asset reconciliations prepared		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBI P 134		Effective and efficient quotations and Bid Processing	Turnaround time (in working days) to finalise Quotation	time	14 days	14 days	n/a	14 days		Achieved 14 working days		
IDP/SDBI P 135			Turnaround time (in working days) to finalize Bid processing	time	90 working days	90 working days	n/a	90 working days		Achieved 90 working days		
IDP/SDBI P 136	To ensure effective, compliant and credible financial planning, management and reporting by 2018 and beyond.	Effective Maintenance of accurate grant and retention register	% accuracy of the grant register	%	100%	100%	n/a	100%		Achieved 100%		
IDP/SDBI P 137		Creditors Payments	Turnaround time (in days) for payment of creditors (from date of receipt of invoice)	time	30 days	30 days	n/a	30 days		Achieved. 30 days		
IDP/SDBI P 138		Monitor Irregular Expenditure	% of irregular Expenditure	%	0%	0%	n/a	0%		Not Achieved 5% of irregular Expenditure		This is a Prior year accumulated irregular expenditure. Going forward, the municipality will keep on ensuring that it prevents irregular expenditure by complying with all legislations.

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 139		Effective Cash Flow Management	Ratio of monthly expenditure to cash available	ratio	1 ; 3	1 ; 3	n/a	1 ; 3		Achieved 1 ; 3		
IDP/SDBIP 206		Prevent wasteful and fruitless Expenditure	% wasteful and fruitless Expenditure	%	0%	0%	n/a	0%		Achieved 0%		
IDP/SDBIP 207		Prevent Unauthorised Expenditure	% of unauthorised Expenditure	%	0%	0%	n/a	0%		Achieved 0%		
IDP/SDBIP 140	To ensure effective, compliant and credible financial planning, management and reporting by 2018 and beyond	Transfer of Completed Infrastructure assets to BTO within 7 days of issue of Completion Certificate and Final Completion Certificate	Turnaround time in days by which completed assets are transferred to BTO	time	7 days	7 days	n/a	7 days		Achieved 7 days		
GOOD GOVERNANCE & PUBLIC PARTICIPATION												
IDP/SDBIP 143	To ensure that risks threatening organisational objectives are managed	Reviewal and Implementation of Risk Management Policy	Risk Management Unit Policies approved by Council	Yes/no	Approved Risk Management Unit Policies	Approved Risk Management Unit Policies	n/a	Approved Risk Management Unit Policies		Achieved, Yes- Approved Risk Management Unit Policies		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
	to an acceptable level by 2022 and beyond											
IDP/SDBIP 144		Effective Risk Management	Number of Strategic Risk Assessments conducted	number	1 Strategic Risk Assessments conducted	1 Strategic Risk Assessments conducted	n/a	1 Strategic Risk Assessments conducted		Achieved, 1 Strategic Risk Assessments conducted		
IDP/SDBIP 145			Number of ICT Risk Assessments conducted	number	1 ICT Risk Assessments conducted	1 ICT Risk Assessments conducted	n/a	1 ICT Risk Assessments conducted		Achieved, 1 ICT Risk Assessments conducted		
IDP/SDBIP 146	To ensure effective, efficient and economical systems of communication and marketing of the municipality by 2022 and beyond	Coordinate the seating of the Local Stakeholders Forum	Number of Local Stakeholders Forum sittings coordinated	number	4 Quarterly Local Stakeholders Forum seating coordinated	4 Quarterly Local Stakeholders Forum seating coordinated	n/a	4 Quarterly Local Stakeholders Forum seating coordinated		Achieved, 4 Quarterly Local Stakeholders Forum seating coordinated		
IDP/SDBIP 147		Reviewal of the Communication Strategy	Reviewed of Communication's strategy and policies.	Yes/no	Reviewal of Communication's strategy and policies.	Reviewal of Communication's strategy and policies.	n/a	Reviewal of Communication's strategy and policies.		Achieved, Yes- Reviewed of Communication's strategy and policies		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 149	To ensure effective and compliant management of municipal performance against the IDP by 2022 and beyond	Reviewal of the Monitoring and Evaluation/ PMS Framework	Reviewed Monitoring and Evaluation/ PMS Framework adopted by council	Yes/no	Approved OPMS framework/policy	Approved OPMS framework /policy	n/a	Approved OPMS framework/policy		Achieved, Yes- Reviewed PMS Framework was adopted by Council		
IDP/SDBIP 150		Effective Functionality of the Performance Management System	Date by which sec 54 and 56 performance agreements are submitted to COGTA	date	14-Aug-20	14-Aug-20	n/a	14-Aug-20		Achieved, 13-Aug-20		
IDP/SDBIP 151		Co-ordinate Individual Performance Management System	Number of sec 54 and 56 performance assessments co-ordinated	number	4 x sec 54 and 56 performance assessments co-ordinated	4 sec54 and 56 performance assessments co-ordinated	n/a	4 x sec 54 and 56 performance assessments co-ordinated		Achieved, 4 x sec 54 and 56 performance assessments were co-ordinated		
IDP/SDBIP 152		Development of The Annual Report	Date by which the final Annual Report is adopted by council	date	31-Jan-21	31-Jan-20	n/a	31-Jan-21		Achieved, 31-March-21 The adoption date of the final Annual Report was extended to 30-Oct due Government lockdown.		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 153	To ensure provision of effective and compliant assurance services by 2022 and beyond	Development and implementation of the 2021/2022 Audit Plan	2021-2022 Risk based audit plan approved by audit committee	Yes/no	2021-2022 Risk based audit plan approved by audit committee	2020-2021 Risk based audit plan approved by audit committee	n/a	2021-2022 Risk based audit plan approved by audit committee		Achieved Yes- 2021-2022 Risk based audit plan approved by audit committee		
IDP/SDBIP 154		Implementation of the approved Annual Risk Based Internal Audit Plan	Number of internal audit reports submitted to audit committee	number	4 Quarterly IA Reports submitted to AC	4 Quarterly IA Reports submitted to AC	n/a	4 Quarterly IA Reports submitted to AC		Achieved 4 Quarterly IA Reports submitted to AC		
IDP/SDBIP 155		Reviewal of the internal audit Policies.	Internal audit policies approved by Council.	Yes/no	Approved Internal audit policies.	Approved Internal audit policies.	n/a	Approved Internal audit policies.		Achieved Yes- Approved Internal audit policies		
IDP/SDBIP 156		Reviewal of the internal audit and audit committee charters.	Internal audit and audit committee charter approved by council.	Yes/no	Approved internal audit and audit committee charter	Approved internal audit and audit committee charter	n/a	Approved internal audit and audit committee charter		Achieved Yes- Approved internal audit and audit committee charter		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 157		Development of the Internal Audit methodology	Internal Audit methodology approved by the audit committee	Yes/no	Internal Audit methodology approved by the audit committee	Internal Audit methodology approved by the audit committee	n/a	Internal Audit methodology approved by the audit committee		Achieved Yes - Internal Audit methodology approved by the audit committee		
IDP/SDBIP 158	To ensure effective and efficient council and governance structures and processes by 2022 and beyond.	Monitor Ward Committee Functionality	Number of reports prepared on functionality of ward committee	number	4 quarterly reports	4 quarterly reports	n/a	4 quarterly reports		Achieved, 4 quarterly reports		
IDP/SDBIP 159		Ward Committee Capacity Building coordinated	Number of Ward Committee Trainings coordinated	number	2 Ward Committee Training coordinated	2 Ward Committee Training coordinated	n/a	2 Ward Committee Training coordinated		Achieved, 2 Ward Committee Training coordinated		
IDP/SDBIP 160		Reviewal and Implementation of Public Participation Policy	Public Participation Policy approved by Council	Yes/no	Public Participation Policy approved by Council	Public Participation Policy approved by Council	n/a	Public Participation Policy approved by Council		Achieved, Yes- Public Participation Policies approved by Council		
IDP/SDBIP 161		Reviewal of the Community Based Plan	Community Based Plan approved by Council	Yes/no	Community Based Plan approved by Council	Community Based Plan approved by Council	n/a	Community Based Plan approved by Council		Achieved, Yes- Community Based Plan		

UMZIMKHULU LOCAL MUNICIPALITY													
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
										approved by Council		
IDP/SDBIP 163	To harness and promote a culture of participatory democracy and good governance by 2022 and beyond.	Effective governance and municipal oversight	Number of Council committee meetings co-ordinated	number	4 Council committee meetings co-ordinated	4 Council committee meetings co-ordinated	n/a	4 Council committee meetings co-ordinated		Achieved, 4 Council committee meetings co-ordinated		
IDP/SDBIP 164		Effective governance and municipal oversight	% implementation of council resolutions per resolution register targets.	%	100%	100%	n/a	100%		Achieved, 100% implementation of council resolutions per resolution register targets		
IDP/SDBIP 165	To ensure compliant, effective and efficient customer management by 2022 and beyond.	Attend to Logged Customer care Queries	Turnaround time to resolve customer care queries	time	48hours	48hours	n/a	48hours		Achieved, 48hrsTurnaround time to resolve customer care queries		
IDP/SDBIP 167	To ensure effective, efficient and compliant administrative and conducive work environment by 2022 and beyond	Submission of quartely registry progress report to provincial archives	Number of quarterly reports submitted to provincial archives	number	4 quarterly reports submitted to provincial archives	4 quarterly reports submitted to provincial archives	n/a	4 quarterly reports submitted to provincial archives		Achieved, 4 quarterly reports submitted to provincial archives		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
IDP/SDBIP 168	To ensure business continuity in the event of a disastrous disaster to the municipality by 2022 and beyond	Implementation of Disaster Recovery Plan /BCP	Number of DRP simulation tests conducted	number	1 Simulation test conducted	1 Simulation test conducted	n/a	1 Simulation test conducted		Achieved, 1 Simulation test conducted		
IDP/SDBIP 169	To ensure effective, efficient and compliant administrative and conducive work environment by 2022 and beyond	Implementation of IT strategy	Number of quarterly implementation report of IT Strategy	number	4 quarterly implementation report of IT strategy	4 quarterly implementation report of IT strategy	n/a	4 quarterly implementation report of IT strategy		Achieved, 4 quarterly implementation report of IT strategy		
IDP/SDBIP 179	To harness and promote a culture of participatory democracy and good governance by 2022 and beyond.	Conduct Awareness campaigns on Credit control and Debt collection (ward 16 and 11)	Number of awareness campaigns conducted on Credit control and Debt collection (ward 16)	number	2 Awareness campaigns conducted on Credit control and Debt collection	2 Awareness campaigns conducted on Credit control and Debt collection	n/a	2 Awareness campaigns conducted on Credit control and Debt collection		Achieved, 2 Awareness campaigns conducted on Credit control and Debt collection		
IDP/SDBIP 180		Effective Budget Consultation	Number of Budget outreach meetings conducted	number	1 Budget outreach meeting conducted	1 Budget outreach meeting conducted	n/a	1 Budget outreach meeting conducted		Achieved, 1 Budget outreach meeting conducted		
IDP/SDBIP 184		Effective management and monitoring of the Contracts' register	Percentage up to date of the contracts register	%	100%	100%	n/a	100%		Achieved, 100% up to date of the		

UMZIMKHULU LOCAL MUNICIPALITY												
IDP Ref NO.	Strategic Objective	Measurable Objective (Output)	Performance Measure	Unit of Measure	2019/2020 Financial year			2020/2021 Financial year				Corrective Actions
					Demand	Baseline	Backlog	Target	Revised	Actual	Rating	
										contracts register		
IDP/SDBIP 185	To ensure effective and compliant management of municipal performance against the planning processes by 2022 and beyond	Review of the IDP	Number of IDP Roadshows held	number	44 IDP Roadshows held (All Wards)	44 IDP Roadshows held (All Wards)	n/a	44 IDP Roadshows held (All Wards)		Achieved 44 road shows conducted		
IDP/SDBIP 186			Number of Strategic planning sessions co-ordinated	number	1 Exco strategic Plan conducted	1 Exco strategic Plan conducted	n/a	1 Exco strategic Plan conducted		Achieved 1 Exco strategic Plan conducted		

PERFORMANCE OF SERVICE PROVIDERS DURING THE 2020/2021 FINANCIAL YEAR

ANNUAL SERVICE PROVIDERS OR CONTRACTORS PERFOMANCE FOR THE YEAR 2019-2020 AND 2020-2021 FINANCIAL YEARS							
CONTRACT NUMBER	BID/ QUOTATION NUMBER	CONTRACT TYPE	APPOINTED BIDDER	DESCRIPTION OF GOODS/SERVICES/PROJECTS	CONTRACT VALUE AS PER CONTRACT	2019-2020 FY	2020-2021 FY
8/2/1/57	0	SERVICE LEVEL AGREEMENT	MUNSOFT (PTY) LTD	MUNICIPAL FINANCIAL SOFTWARE LICENSE, SUPPORT AND MAINTENANCE	R 2 212 593,45	Satisfactory	Services are satisfactory but there are challenges on the system
8/2/1/105	ULM-BTO002/17	SERVICE LEVEL AGREEMENT	NDLALA MASS VALUATION SERVICES	GENERAL VALUATION AND PREPARATION ROLL FOR IMPLEMENTATION 1 JULY 2017 AND PREPATION AND UPDATING OF THE VALUATION ROLL	R 1 839 380,00	Service Rendered were not satisfactory and challenges relating to these service providers performance were reported	The service provider has not been performing satisfactory ever since they were appointed. The valuation roll is always having errors. As well as GIS office has never been assisted with aligning valuation roll to GIS.

8/2/1/108	ULM-PNLG009/16	SERVICE LEVEL AGREEMENT	TSHANI CONSULTING CC	TOWNSHIP ESTABLISHMENT FOR A REMAINDER PORTION OF ERF 152 IN UMZIMKHULU (MANKOFU)	R 709 878,00		Has not yet Started, Awainting for Humman Settlement
8/2/1/117	ULM-PNLG/007/17	SERVICE LEVEL AGREEMENT	MASEKO HLONGWA & ASSOCIETES	IMPLEMENTING AGENT: INSUTU UPGRADING OF EXTENSION 9 & 10 HOUSING PROJECTS IN UMZIMKHULU	R 1 051 869,00	Services are yet to be rendered as there are challenges with approval from the have been put in abeyence	Satisfactory
8/2/1/118	ULM-PNLG006/16	SERVICE LEVEL AGREEMENT	UBUHLE BEMPISI CONSULTING ENGINEERS T/A UMPISI ENGINEERS CC	MPLEMENTING AGENT FOR RURAL HOUSING PROJECT-WARD 1 & 2	R 3 086 740,00	Services are yet to be rendered as there are challenges with approval from the have been put in abeyence	Satisfactory
8/2/1/119	ULM-PNLG014/16	SERVICE LEVEL AGREEMENT	SIYEZA JV AGISANANG	IMPLEMENTING AGENT FOR RURAL HOUSING PROJECT-WARD 3 & 4	R 4 630 110,00	Services are yet to be rendered as there are challenges with approval from the have been put in abeyence	Satisfactory
8/2/1/127	CSS	SERVICE LEVEL AGREEMENT	TOTAL CLIENT SERVICES	VERIFYING OF CUSTOMERS STATUS OF EMPLOYMENT	R 64 980,00	The Service were rendered Satisfactory	Satisfactory
8-2-1-132	INFR024/17	SERVICE LEVEL AGREEMENT	UMPISI ENGINEERS	MIG PROGRAMME MANAGER 2017 TO 2020-WARD 13	R 710 662,05	Service Rendered were not satisfactory and challenges relating to these service providers perfomance were reported	Generally takes long to address issues thus causing delays to projects, require close supervision and support for projects to success, but overall performance is fair.
				MIG PROGRAMME MANAGER 2017 TO 2020 LANDFILL SITE	R 575 957,66		
				MIG PROGRAMME MANAGER 2017 TO 2020-RATAINING WALL	R 196 631,85		
				MIG PROGRAMME MANAGER 2017 TO 2020-WARD 17	R 839 199,22		

				MIG PROGRAMME MANAGER 2017 TO 2020-WARD 07	R 762 236,93		
				MIG PROGRAMME MANAGER 2017 TO - WARD 16	R 1 031 716,12		
				MIG PROGRAMME MANAGER 2017 TO 2020-CONSTRUCTION OF SMME HUB PHASE 2	R 230 413,85		
				MIG PROGRAMME MANAGER 2017 TO 2020-WARD 21	R 633 017,70		
				MIG PROGRAMME MANAGER 2017 TO 2020-WARD 22	R 747 975,90		
				MIG PROGRAMME MANAGER 2017 TO 2020-WARD 03	R 596 237,37		
				MIG PROGRAMME MANAGER 2017 TO 2020-NONGINGQA COMMUNITY HALL WARD 04	R 575 840,55		
				MIG - SURFACING OF IBIS ROAD PHASE 04	R 2 196 723,63		
				MIG-NGUNJINI ACCESS ROAD	R 598 943,97		
				MIG-MATSHENI ACCESS ROAD	R 475 658,09		
				MIG-GCEBENI ACCESS ROAD	R 561 170,63		

				MIG-WASHBANK ACCESS ROAD	R 434 146,34		
-				MIG- WARD 07 B&N			
8/2/1/135	ULM-INFR022/17	SERVICE LEVEL AGREEMENT	NZINGWE CONSULTANCY	ENVIRONMENTAL CONTROL OFFICER FOR SMME FACILITY -TAXI AND BUS RANK	R 360 000,00	Satisfactory	Satisfactory
8/2/1/150	ULM-BTO/003/18	SERVICE LEVEL AGREEMENT	DESTINATIONS TRAVEL	APPOINTMENT OF TRAVEL AGENT	R 3 314 464,86	Satisfactory	Satisfactory, but Service provider early withdrew from the contract due to COVID 19 (Financial constraints).
8/2/1/152	ULM-MM003/18	SERVICE LEVEL AGREEMENT	MATTHEW FRANSIS INC.	HANDLING OF LEGAL MATTERS	R 2 097 437,30	Satisfactory	Satisfactory
8/2/1/155	ULM-INFR009/19	SERVICE LEVEL AGREEMENT	DELTA BUILT EVIRONMENT CONSULTANTS	PROFESSIONAL ASSESSMENT FOR REHABILITATION/UPGRADE OF MUNICIPAL BUILDING OFFICES	R 2 166 000,00	Satisfactory	Satisfactory
8/2/1/156	ULM-CORP007/18	SERVICE LEVEL AGREEMENT	DATA CENTRIX (PTY) LTD	SUPPLY AND DELIVERY OF SOFTWARE/APPLICATION LICENSES	R 885 500,00	Satisfactory	Satisfactory
8/2/1/162	ULM-BTO005/18	SERVICE LEVEL AGREEMENT	LATERAL UNISON INSURANCE BROKERS	PROVISION OF INSURANCE SERVICES (5 YEARS CONTRACT)	R 8 900 895,36	Satisfactory	Satisfactory
8/2/1/164	ULM-BTO004/18	SERVICE LEVEL AGREEMENT	AMCOMMS /AYANDA MBANGA (PTY) LTD	ADVERTISING AGENT (36 MONTH CONTRACT)	R 1 118 760,87	Satisfactory	Satisfactory

8/2/1/175	ULM-INFR019/18	SERVICE LEVEL AGREEMENT	LELETHU CONSULTANTS	CONSTRUCTION OF WARD 13 SPORTFIELD	R 6 885 064,73	Services rendered were not satisfactory. The services of a professional (Dispute Resolution)was employed to resolve issues	The performance was not impressive but fair, the Contractor had cash flow challenges which were affecting progress, but overall the project was successfully complete.
8/2/1/182	ULM-INFR046/18	SERVICE LEVEL AGREEMENT	UMPISI EGXENI CONSORTIUM	IMPLEMENTING AGENT: DEVELOPMENT OF HARRY GWALA REGIONAL MULTI-PURPOSE SPORTS COMPLEX	R 42 556 745,22	Service rendered had challenges, The challenges experienced cannot be attributed to the Service provider (issues were internal)	Satisfactory
-		SERVICE LEVEL AGREEMENT	ENVIROPRO	IMPACT ASSESSMENT FOR HARRY GWALA	R 377 200,00	Satisfactory	Satisfactory
8/2/1/183	BTO	MEMORANDUM OF AGREEMENT	Sage (VIP)	PAYROLL SERVICES	R 236 299,70	Satisfactory	Satisfactory
8/2/1/186	ULM-BTO006/18	SERVICE LEVEL AGREEMENT	FIRST NATIONAL BANK	PROVISION OF BANKING SERVICES	R 3 623 326,27	Satisfactory	Satisfactory
8/2/1/188	ULM-CORP003/19	SERVICE LEVEL AGREEMENT	CME PROPERTIES T/A EMC MOTORS	MAINTENANCE AND REPAIRS OF MUNICIPAL FLEET, PLANT AND MACHINERY	R 5 198 116,33	Satisfactory	Satisfactory
8/2/1/194	ULM-PNLG009/19	SERVICE LEVEL AGREEMENT	ENVIROEDGE CC	ENVIRONMENTAL CONSULTANT FOR IBISI INFILL PLANNING	R 233 605,71	Satisfactory	Satisfactory
8/2/1/196	ULM-INFR009/19	SERVICE LEVEL AGREEMENT	DR T. M. NZIMANDE	GENERAL MEDICAL PRACTITIONER	R 1 566 912,67	Satisfactory	Service Provider passed away, but his services were satisfactory

8/2/1/198	ULM-INFR015/19	SERVICE LEVEL AGREEMENT	BEYOND GREENING	POOLOF CONSULTANTS: ENVIRONMENTAL IMPACT ASSESSMENT WITH ASSOCIATED SPECIALIST STUDIES AND ENVIRONMENTAL COMPLIANCE AUDITING	R 61 730,00	Satisfactory	Satisfactory
8/2/1/203	ULM-INFR019/19	SERVICE LEVEL AGREEMENT	SHEMUNTU AND SONS	HONEY SUCKING AND SEWER LINE UNBLOCKING	R 1 302 913,19	satisfactory	satisfactory
8/2/1/206	ULM-CORP009/19	SERVICE LEVEL AGREEMENT	THE DOCUMENT WAREHOUSE	SECURE OFF-SITE STORAGE	R 36 901,04	Satisfactory	Satisfactory
8/2/1/207	ULM-MM/IA002/19	SERVICE LEVEL AGREEMENT	HTB CONSULTING	ICT AUDIT SERVICE PROVIDER	R 482 323,80	Satisfactory	Satisfactory
8/2/1/211	ULM-INFR039/19	SERVICE LEVEL AGREEMENT	MVI CONSTRUCTION JV DEN PLANT HIRE	CONSTRUCTION OF WARD 14 SPORTFIELD	R 7 423 145,25	satisfactory,only challenges caused by COVID 19 pandemic that will cause the project to have extension in terms of completion period	satisfactory
8/2/1/213	ULM-INFR037/19	SERVICE LEVEL AGREEMENT	GOLDEN REWARDS 1420 CC	REHABILITATION OF MUNICIPAL BUILDINGS	R 1 786 356,87	not satisfactory had challenges that were caused by the special lift which is to be fitted and is still awaited to be imported	
8/2/1/214	ULM-INFR036/19	SERVICE LEVEL AGREEMENT	KHULANGWANE TRADING	SUPPLY AND DELIVERY OF INFRASTRUCTURE PROTECTIVE CLOTHING	R -	The Service were not rendered at all we experienced challenges and services had to be terminated	
8/2/1/215	ULM-INFR042/19	SERVICE LEVEL AGREEMENT	SSR SECURITY T/A MAHLUBI TRANSPORT	SURFACING OF UMZIMKHULU TOWNSHIP ROADS - WARD 16 PHASE 4	R 8 597 634,31	Satisfactory	satisfactory

8/2/1/216	ULM-INFR024/19	SERVICE LEVEL AGREEMENT	DENASA CIVILS AND CONSTRUCTION	CONSTRUCTION OF LANDFILL SITE ACCESS ROAD	R	4 799 647,20	Satisfactory	Satisfactory
8/2/1/218	ULM-INFR022/19	SERVICE LEVEL AGREEMENT	INFINITY ALLIANCE	PROVISION OF STREETLIGHTS IN CBD AND TOWNSHIP WARDS 2,11,12 &16(POOL)	R	224 446,43	Satisfactory	The services rendered are not satisfactory ,there are some challenges
8/2/1/219	ULM-INFR022/19	SERVICE LEVEL AGREEMENT	IZINGODLA ENGINEERING	RURAL ELECTRIFICATION FOR WARDS 4,9,13,14 & 18 (POOL)	R	1 361 987,90	satisfactory	Satisfactory
8/2/1/221	ULM-CORP010/19	SERVICE LEVEL AGREEMENT	GIYA TRADING 5CC	PROVISION OF CLEANING SERVICES	R	2 200 000,00	Satisfactory	Satisfactory
8/2/1/222	ULM-PNLG004/20	SERVICE LEVEL AGREEMENT	BRIGHT PICTURES	SUPPLY AND DELIEVRY OF IDP GROCERY	R	493 216,00	Satisfactory	Satisfactory
8/2/1/223	ULM-MM/COM004/18	SERVICE LEVEL AGREEMENT	BRIGHT PICTURES	PROVISION OF AUDIO & VIDEO SERVICES	R	714 700,00	Satisfactory	Satisfactory
8/2/1/224	ULM-INFR022/19	SERVICE LEVEL AGREEMENT	AFRISCOST	PROVISION OF QUANTITY SURVEYING SERVICES	R	141 039,20	satisfactory	Satisfactory
8/2/1/225	ULM-CORP008/19	SERVICE LEVEL AGREEMENT	MOTSWAKO OFFICE SOLUTION (PTY) LTD	PROVISION OF MULT-FUCTIONAL PRINTERS	R	2 392 517,63	Satisfactory	Satisfactory
8/2/1/226	ULM-INFR010/19	SERVICE LEVEL AGREEMENT	SANGE ISTITUTE OF OCCUPATIONAL SAFETY & HEALLTH	HAZARD IDENTIFICATION AND RISK ASSESSMENT SYSTEM	R	1 283 400,00	Satisfactory	Satisfactory

8/2/1/227	ULM-INFR0038/19	SERVICE LEVEL AGREEMENT	BOBOSHE TRADING ENTERPRISE	CONSTRUCTION OF WARD 07 SPORTS FIELD	R	4 152 758,39	Satisfactory	Not satisfactory the contractor has been terminated
8/2/1/228	ULM-MM/COM006/19	SERVICE LEVEL AGREEMENT	DARK OR BLUE MARKETING AND COMMUNICATION	DESIGN, PRINT & SUPPLY MULT-LINGUAL NEWSLETTER, ANNUAL REPORT, DIARIES AND CALENDERS	R	3 294 750,00	Satisfactory	Satisfactory
8/2/1/229	ULM-INFR040/19	SERVICE LEVEL AGREEMENT	VALVET MOUNTAIN TRADING 9 JV LEMALWA TRADING	CONSTRUCTION OF WARD 17 SPORTS FIELD	R	7 859 077,18	Satisfactory	Satisfactory
8/2/1/230	ULM-PLG012/19	SERVICE LEVEL AGREEMENT	IQHAYIYA DESIGN JV MSAVHENI LANDSCAPING	LANDSCAPING, GREENING DESIGN AND INSTALLATION OF WELCOMING SINGNAGE WITHIN UMZIMKHULU MUNICIPALITY	R	1 073 713,99	Satisfactory	Satisfactory
8/2/1/231	ULM-INFR045/19	SERVICE LEVEL AGREEMENT	BAAI HOLDINGS JV CRESTON PHAHLE	CONSTRUCTION OF MALENGE COMMUNITY HALL WARD 03	R	4 968 644,74	Satisfactory	Satisfactory
8/2/1/232	ULM-INFR001/20	SERVICE LEVEL AGREEMENT	TOWER CITY TRADING 193 CC	ROUTINE MAINTANCE OF UMZIMKHULU TOWNSHIP ROADS	R	10 000 000,00	Satisfactory	Satisfactory
8/2/1/233	CORP001/19	SERVICE LEVEL AGREEMENT	DATACENTRIX	SERVER INFRASTRUCTURE UPGRADE WITH 36 MONTHS MAINTENANCE & SUPPORT	R	2 500 000,00	Satisfactory	Satisfactory
8/2/1/234	ULM-INFR002/20	SERVICE LEVEL AGREEMENT	CAKATA TRADING & PROJECTS	CONSTRUCTION OF RETAINING WALL AT NEW TESTING GROUND	R	1 638 598,78	Satisfactory	Satisfactory

8/2/1/235	ULM-NFR041/19	SERVICE LEVEL AGREEMENT	CAKATA TRADING & PROJECTS	CONSTRUCTION OF SMME HUB PHASE 2	R	1 920 115,47	Satisfactory	Satisfactory
8/2/1/237	ULM-CORP001/20	SERVICE LEVEL AGREEMENT	STORAGE TECHNOLOGY SERVICES T/A NEXIO	SUPPLY AND DELIVERY OF ICT EQUIPMENT	R	1 131 667,92	Satisfactory	Satisfactory
8/2/1/238	ULM-INFR047/19	SERVICE LEVEL AGREEMENT	DALEKA TRADING ENTERPRISE	CONSTRUCTION OF DUMISA COMMUNITY HALL WARD 21	R	5 275 147,51	Satisfactory	Satisfactory
8/2/1/239	ULM-INFR048/20	SERVICE LEVEL AGREEMENT	SIYAKWETHEMBA CONTRACTORS	CONSTRUCTION OF KHILIVA COMMUNITY HALL WARD 22	R	5 401 918,14	Satisfactory	Not Satisfactory, there were challenges on honouring certain obligations of sub-contractors and labourers. However the project has been completed.
8/2/1/241	ULM-INFR009/20	SERVICE LEVEL AGREEMENT	GIYA TRADING 5	SERVICE PROVIDER FOR STREET CLEANING SERVICES	R	1 129 571,52	Satisfactory	Satisfactory
8/2/1/242	ULM-CSS003/20	SERVICE LEVEL AGREEMENT	EMERGENCY AFRICAN SERVICES	SUPPLY AND DELIVERY OF FIRE ENGINE TRUCK	R	4 829 891,45	Satisfactory	Satisfactory
8/2/1/243	ULM-INFR046/19	SERVICE LEVEL AGREEMENT	BHEKUANGEL TRADING JV BG MAZONGOLO	CONSTRUCTION OF NONGINGQA COMMUNITY HALL WARD 04	R	4 798 671,24	Satisfactory	Satisfactory
8/2/1/244	ULM-INFR020/19	SERVICE LEVEL AGREEMENT	VEEZ MICRO ENTERPRISES	RURAL ELECTRIFICATION FOR WARD 4, 9, 13, 14 & 18 (835 CONNECTIONS)	R	20 953 660,00	Satisfactory	Satisfactory
8/2/1/245	ULM-INFRCVL04/19	SERVICE LEVEL AGREEMENT	MNTOMNYAMA CONSULTING	IMPLEMENTATION OF MACHUNWINI - GUGWINI ACCESS ROAD	R	6 660 000,00	Projects has just Started	Satisfactory
				THUSI ACCESS ROAD	R	932 430,67		
8/2/1/246	ULM-INFRCVL03/20	SERVICE LEVEL AGREEMENT	VUBA IMAGINNERS CC	IMPLEMENTATION OF LUKHALWENI ACCESS ROAD	R	683 981,19	Projects has just Started	Satisfactory

				NCAMBELE ACESS ROAD	R 570 634,91		
8/2/1/247	ULM-INFRCVL02/20	SERVICE LEVEL AGREEMENT	MASAKHEKULUNGE PROJECT MANAGERS	IMPLEMENTATION OF LUKHASINI ACCESS ROAD	R 517 128,91	Projects has just Started	Satisfactory
				BOVINI ACCESS ROAD	R 879 808,45		
8/2/1/248	ULM-INFRCVL05/20	SERVICE LEVEL AGREEMENT	WNA CONSULTING	IMPLEMENTATION OF THORNBUSH ACCESS ROAD	R 181 977,23	Projects has just Started	Satisfactory
				NIGEL ACCESS ROAD	R 342 587,30		
8/2/1/249	ULM-INFRQS02/20		AFRICOST COST SOLUTIONS	IMPLEMENTATION OF CHANCELE COMMUNITY HALL	R 713 302,69	Project has just Started	Satisfactory
8/2/1/250	ULM-INFRCVL03/20	SERVICE LEVEL AGREEMENT	SIYEZA CONSULTING ENGINEERS	IMPLEMENTATION OF KWAFISH ACCESS ROAD	R 965 608,64	Project has just Started	Satisfactory
				ZAMAZELE-MASAMINI ACESS ROAD	R 732 442,68		
8/2/1/251	ULM-BTO001/20	SERVICE LEVEL AGREEMENT	MFS ACCOUNTANTS	BTO POLICIES PROCEDURE REVIEW AND ASSET MANAGEMENT	R 2 175 324,55		Satisfactory
8/2/1/252		SERVICE LEVEL AGREEMENT	MATAYA SPECIALIST ENGINEERS	FEASIBILITY STUDY FOR DEVELOPMENT OF IRRIGATION SYSTEM AT MUNICIPAL POUND	207 00.00	Project has just Started	Satisfactory
8/2/1/253	ULM-CSS008/20	SERVICE LEVEL AGREEMENT	SOMPISY VEE TRADING	SUPPLY AND DELIVERY OF SOCIAL RELIEF GROCERIES	R 3 074 750,00		Satisfactory
8/2/1/254	ULM-PNLG006/20	SERVICE LEVEL AGREEMENT	GCINUMBUSO	SUPPLY AND DELIVERY OF FENCING MATERIAL FOR WARD 14 AND 17	R 395 710,00		Satisfactory
8/2/1/255	ULM-INFR019/20	SERVICE LEVEL AGREEMENT	BEE AND TEE CONSTRUCTION	SURFACING OF IBIS ROAD PHASE 04	R 497 828,10		Not satisfactory the contractor has been terminated

8/2/1/256		SERVICE LEVEL AGREEMENT	FMA ENGINEERS	LOCAL INTEGRATED TRANSPORT SECTOR PLAN	R 549 510,48	Project has just Started	satisfactory
8/2/1/257	ULM-INFR017/20	SERVICE LEVEL AGREEMENT	MABOZELA TRADING	CONSTRUCTION OF NGUNJIN ACCESS ROAD	R 4 991 199,75		Satisfactory
8/2/1/258	ULM-PNLG003/20	SERVICE LEVEL AGREEMENT	DEEP BLACK	FEASIBILITY STUDY AND A BUSINESS PLAN FOR UMZIMKHULU LIGHT INDUSTRIAL FACILITY	R 815 000,00		Satisfactory
8/2/1/259	ULM-INFR018/20	SERVICE LEVEL AGREEMENT	CAKATA AFRICA TRADING	CONSTRUCTION OF WASHBANK ACCESS ROAD	R 3 617 886,20		Satisfactory
8/2/1/260	ULM-INFR016/20	SERVICE LEVEL AGREEMENT	SSR SECURITY T/A MAHLUBI TRANSPORT	CONSTRUCTION OF GCEBENI ACCESS ROAD	R 4 676 421,95		Satisfactory
8/2/1/261	0	SERVICE LEVEL AGREEMENT	IZINGODLA ENGINEERING	PREPARATION OF ELECTRICITY SECTOR PLAN	R 231 420,00		Satisfactory
8/2/1/262	0	SERVICE LEVEL AGREEMENT	ENVIROPRO ENVIRONMENTAL CONSULTING	ENVIRONMENTAL AUDIT AT MANKOFU DISPOSAL SITE	R 79 546,19		Satisfactory
8/2/1/264	ULM-MM/IA006/20	SERVICE LEVEL AGREEMENT	UMNOTHO BUSINESS CONSULTING	INTERNAL AUDIT OF SUPPLY CHAIN MANAGEMENT AND ASSET MANAGEMENT	R 287 500,00		Satisfactory
8/2/1/265	ULM-INFR015/20	SERVICE LEVEL AGREEMENT	LUPICON TRADING	CONSTRUCTION OF MATSHENI ACCESS ROAD	R 3 963 817,41		Satisfactory

8/2/1/266	ULM-INFR026/20	SERVICE LEVEL AGREEMENT	IMBAWULA TECHNICAL SERVICES	SUPPLY AND INSTALLATION OF 33 STREETLIGHTS AND 5 NEW HIGH MASTS WITHIN UMZIMKHULU MUNICIPALITY	R 3 640 018,22		Satisfactory
2/2/1/267	ULM-CCS009/20	SERVICE LEVEL AGREEMENT	ONKAMALANGA TRADING	LIBRARY PROMOTIONAL MATERIAL	R 500 000		Not Satisfactory, there was a delay in delivery and some of the items were returned due non-compliance with the specification
2/2/1/268	ULM-INFR 020/16	SERVICE LEVEL AGREEMENT	BUYEYE CONSULTING	COMPLETION OF MEMORIAL HALL	R 53 688 674,60	Satisfactory	Satisfactory
8/2/1/269	ULM-CORP 008/20	SERVICE LEVEL AGREEMENT	ORAP MEDICAL SUPPLIES	PROCUREMENT OF COVID 19 PPE	R 854 450,00		Satisfactory
8/2/1/270	ULM-INFR 027/20	SERVICE LEVEL AGREEMENT	BG MAZONGOLO CONSTRUCTION	CONSTRUCTION OF ANTI-CLIMB FENCE AT OLD TRAFFIC DEPARTMENT AND SHED	1 475 139.78		Satisfactory
8/2/1/271	ULM-INFR 021/20	SERVICE LEVEL AGREEMENT	CHAMPION CIVILS	SUPPLY AND DELIVERY OF REFUSE BAGS	288 000.00		Not satisfactory, In most cases the service provider was not honouring the agreed delivery dates.
8/2/1/272	ULM-INFR 022/20	SERVICE LEVEL AGREEMENT	DIPHORORO CONSULTING	SUPPLY AND DELIVERY OF IMPLEMENTS (PLOUGH & DISC)	R 265 425,75		Satisfactory
8/2/1/273	ULM-INFR003/20	SERVICE LEVEL AGREEMENT	MICROZONE TRADING 747	PROVISION OF BACK-UP PLANT CONSTRUCTION PLANT/MACHINERY	R 3 450 000,00		Satisfactory

8/2/1/274	ULM-PNLG009/19	SERVICE LEVEL AGREEMENT	ENVIROPRO ENVIRONMENTAL CONSULTING	ECO FOR LOCAL INTEGRATED PUBLIC FACILITY	R 64 520,00		Satisfactory
8/2/1/275	ULM-CORP 001/21	SERVICE LEVEL AGREEMENT	ITHEMBA LEMPUMELELO CONSTRUCTION T/A DR COOL	SUPPLY, DELIVER AND MAINTENANCE OF AIR-CONDITIONERS	R 1 000 000,00		Satisfactory
8/2/1/276	ULM-INFR 002/21	SERVICE LEVEL AGREEMENT	MNDAYI CIVILS	UPGRADE OF NGUNJINI TO DRIEFONTEIN LOW LEVEL BRIDGE	R 885 247,00		The Contractor has experienced delays in the project due to one of their directors that has passed away and the contract has to be amended, in terms of their performance the contractor was still on track till its was again disturbed by heavy rains and the National unrest occurred within the country, so far their performance is fair. The project is ongoing till the 31st of August 2021

8/2/1/277	ULM-INFR 001/21	SERVICE LEVEL AGREEMENT	MNDAYI CIVILS	UPGRADE OF NGQUMARHENI LOW LEVEL BRIDGE	R 885 247,00		The Contractor has experienced delays in the project due to one of their directors that has passed away and the contract has to be amended, in terms of their performance the contractor was still on track till its was again disturbed by heavy rains and the National unrest occurred within the country. So far their performance is fair. The project is ongoing till the 31st of August 2021
8/2/1/278	ULM-INFR 019/20	SERVICE LEVEL AGREEMENT	SSR SECURITY T/A MAHLUBI TRANSPORT	SURFACING OF IBIS ROAD PHASE 04	R 13 040 913,88		satisfactory
8/2/1/279	ULM-BTO 002/20	SERVICE LEVEL AGREEMENT	DEBT MANAGER	SUPPLY, DELIVER AND INSTALLATION OF CREDIT CONTROL AND DEBT MANAGEMENT SYSTEM	R 698 374,16		satisfactory
8/2/1/280	ULM-PNLG 001/21	SERVICE LEVEL AGREEMENT	KAMOHELO LAND MANAGEMENT CONSULTANTS	REVIEW OF WALL TO WALL SCHEME	R 1 449 000,00		satisfactory but there are challenges
8/2/1/281	ULM-INFR-EL 02/21	SERVICE LEVEL AGREEMENT	HAMSA CONSULTING ENGINEERS	PROVISION OF STREET LIGHTS FOR MANDELA	R 950 000,00		satisfactory
8/2/1/282	ULM-PNLG 001/21	SERVICE LEVEL AGREEMENT	MLALA EMAZWENI TRADING & PROJECTS	TOWNSHIP ESTABLISHMENT FOR PORTION 9 EBUTA FARM	R 1 291 650,00		Satisfactory
8/2/1/283	ULM-BTO 005/21	SERVICE LEVEL AGREEMENT	MATTHEW FRANCIS INC	HANDLING OF LEGAL MATTERS (36 MONTHS)	R 8 050,00		Satisfactory
8/2/1/284	ULM-BTO 004/21	SERVICE LEVEL AGREEMENT	REGENCY OFFICE FURNITURE	SUPPLY AND DELIVERY OF FURNITURE	R 203 088,85		Satisfactory

8/2/1/285	ULM-CORP 007/20	SERVICE LEVEL AGREEMENT	WISE TRAINING CENTRE T/A WISE SECURITY DIVISION	PROVISION OF SECURITY SERVICES (24 MONTHS)	R	20 090 411,02		Satisfactory
8/2/1/286	ULM-PNLG005/21	SERVICE LEVEL AGREEMENT	BHARAMBA (PTY) LTD	SUPPLY AND DELIVERY OF FENCING MATERIAL FOR WARD 21	R	247 500,00		Satisfactory
8/2/1/287	ULM-INFR026/20	SERVICE LEVEL AGREEMENT	PUFF EMERGENCY SERVICES	UPGRADE OF POUND KRAALS AT MUNICIPAL POUND	R	468 613,50		satisfactory
8/2/1/289	ULM-BTO 001/20	SERVICE LEVEL AGREEMENT	FIDELITY CASH SOLUTIONS	CASH -IN TRANSIT		R -		Satisfactory
8/2/1/288	ULM-INFFR 023/20	SERVICE LEVEL AGREEMENT	TS SUPPLIERS AND SERVICES	SUPPLY AND DELIVERY OF 20 WASTE SKIPS	R	1 023 500,00		Satisfactory
8/2/1/290	ULM-CSS 013/19	SERVICE LEVEL AGREEMENT	GIWU FUNERAL SERVICES	PAUPER BURIAL SERVICE PROVIDER	R	19 270,00		Satisfactory
8/2/1/291	ULM-INFR-ENV03/21	SERVICE LEVEL AGREEMENT	BEYOND GREEN ENVIRONMENTAL SERVICES	ENVIRONMENTAL AUDIT AT MANKOFU DISPOSAL SITE	R	67 774,10		Satisfoctory
8/2/1/292	ULM-CORP002/21	SERVICE LEVEL AGREEMENT	KGOLO BUSINESS TRUST	WARD COMMITTEE TRAING	R	169 291,50		satisfactory
8/2/1/293	ULM-PNLG001/21	SERVICE LEVEL AGREEMENT	MLALA EMAZWENI TRADING & PROJECTS	FORMALISATION OF CLYDESDALE	R	485 000,00		Satisfactory
8/2/1/294		SERVICE LEVEL AGREEMENT	MLALA EMAZWENI TRADING & PROJECTS	AMENDMENT OF EXTENTION 5 (SISULU)EFR 444	R	840 000,00		Satisfactory
8/2/1/295		SERVICE LEVEL AGREEMENT	UBUHLEBESU TRADING AND PROJECTS	FEASIBILITY STUDY FOR DELELOPMENT OF HORSE RACING TRACK AND CAR RACING TRACK	R	1 085 000,00		Satisfactory
	ULM-INFR-021/21	SERVICE LEVEL AGREEMENT	MANYOBO GROUP	CONSTRUCTION OF NIGEL ACCESS ROAD	R	4 282 341,25		Satisfactory

8/2/1/314	ULM-BTO002/21	SERVICE LEVEL AGREEMENT	AMCOMMS /AYANDA MBANGA (PTY) LTD	ADVERTISING AGENT (36 MONTH CONTRACT)	R -		Satisfactory
8/2/1/315	ULM-INFR-038/19	SERVICE LEVEL AGREEMENT	B&B TRANSPORT AND PLANT	RE-APPOINTMENT OF THE CONSTRUCTION OF WARD 07 SPORTS FIELD	R 3 591 650,68		satisfactory

4: Organisational Development Performance

Introduction to the Municipal Workforce

Employee totals, Turnover and Vacancies

Figure 24: Employee Totals

Department	2020/21			
	No. of Approved Posts	No. of Employees	No. of Vacancies	Vacancies %
Council & Executive	44	44	0	0%
Finance	31	30	1	3%
Office of the Municipal Manager	13	13	0	0%
Community Services	70	69	1	1%
Infrastructure	67	65	2	3%
Planning, Housing and LED	13	13	0	0%
Corporate Services	49	47	2	1%
Totals* Permanent Staff	**283**	**281**	**2**	

Breakdown of Workforce Levels

Figure 25: Workforce Levels

Position/ Category	No. Of Staff	Permanent/ Contract	Gender		Race		
			M	F	A	W	C
Municipal Manager	1	Contract	1	0	1	0	0
S56 Managers	4	Contract	0	4	4	0	0
Supervisors	32	Permanent	22	10	31	1	0
Other	244	Permanent	132	112	241	0	3
Total	281	Permanent	155	126	277	1	3

Managing the Municipal Workforce Expenditure.

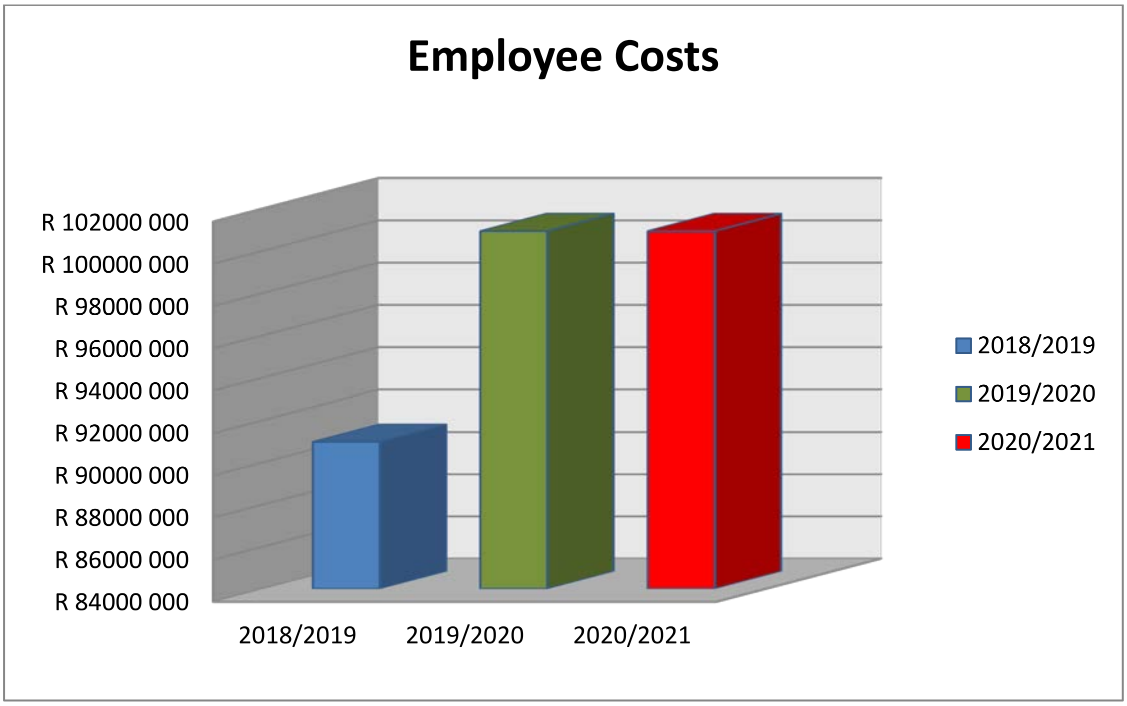
4.11 Employee Expenditure

Employee expenditure over the period of three years

Figure 26: Employee Expenditure

Financial Years	Employee Costs
2018/2019	R90,975,241
2019/2020	R100,934,925
2020/2021	R109 618 152

Figure 27: Employee Costs



ANNUAL FINANCIAL STATEMENTS

Umzimkhulu Local Municipality
Annual Financial Statements
For the period ended 30 June 2021

General Information

Legal form of entity	Local Municipality in terms of section 1 of the local government: Municipality Structures Act(Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of public services to communities in a suitable manner, to promote social and economic development and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finanace Management Act (Act no.56 of 2003). Local government: Municipal Systems Act (Act 32 of 2000), Local Government: Municipal Structures Act (Act 117 of 1998), Municipal Property Rates Act (Act no 6 of 2004), Division of Revenue Act (Act 1 of 2007).
Mayoral Committee	
Mayor	Cllr M B Mpabanga
Deputy Mayor	Cllr S Nkala
Speaker	Cllr J Msiya
Chief Whip	Cllr X Tshazi
Members of the Executive Committee	Cllr B Kleinbooi
Members of the Executive Committee	Cllr T Machi
Members of the Executive Committee	Cllr B Lukakayi
Members of the Executive Committee	Cllr B Z Magaqa
Members of the Executive Committee	Cllr K Mafuleka
Members of the Executive Committee	Cllr N Jaca
Bankers	First National Bank
Auditors	Auditor-General of South Africa
Registered office and business address	169 Main Street Umzimkhulu 3297
Postal address	P O Box 53 Umzimkhulu 3297
Telephone number	039 259 5000
Fax number	039 259 0427
Email address	info@umzimkhululm.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
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Approval of the Annual Financial Statements

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial statements and related financial information included in this report. It is my responsibility, as the Accounting Officer to ensure that these financial statements fairly present the state of the 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 annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant 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.

I acknowledge 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, I have set 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 annual financial statements are prepared on the basis that the municipality is a going concern and that the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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 accounting officer confirms that salaries, allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution

The annual annual financial statements set out on pages 4 to 79, which have been prepared on the going concern basis, were approved by the on 31 August 2021

Mr Z S Sikhosana
Accounting Officer

Statement of Financial Position as at June 30, 2021

Figures in Rands	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	210,483,645	246,184,257
Receivables from exchange transactions	3	2,965,732	3,983,349
Receivables from non-exchange transactions(Statutory receivables)	4	4,747,254	2,852,834
VAT receivable (Statutory receivables)	5	5,955,853	3,213,286
		224,152,484	**256,233,726**
Non-Current Assets			
Investment property	6	31,078,409	31,108,417
Property, plant and equipment	7	507,502,124	455,801,170
Intangible assets	8	794,603	694,914
Heritage assets	9	432,000	432,000
Other investments	47	30,379,144	-
		570,186,280	**488,036,501**
Total Assets		**794,338,764**	**744,270,227**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	17,208,461	17,847,976
Unspent conditional grants and receipts	11	5,113,271	39,044,480
Unspent agent funds	12	-	12,016,561
Employee benefit obligation	13	700,457	127,239
		23,022,189	**69,036,256**
Non-Current Liabilities			
Employee benefit obligation	13	4,929,792	3,363,352
Provisions	14	4,570,086	4,488,216
		9,499,878	**7,851,568**
Total Liabilities		**32,522,067**	**76,887,824**
Net Assets		**761,816,697**	**667,382,403**
Reserves			
Housing Development fund	15	21,650,398	24,840,303
Accumulated surplus	16	740,166,299	642,542,100
Total Net Assets		**761,816,697**	**667,382,403**

Statement of Financial Performance

Figures in Rands	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Interest received - investment	17	8,714,604	13,027,986
Rental of facilities and equipment	18	1,295,099	1,404,031
Agency services	19	1,482,638	831,263
Service charges	21	2,890,854	2,692,111
Interest received (trading)		409,174	457,152
Licences and permits		70,873	88,571
Impairment loss reversal		-	177,000
Other income	22	1,204,394	861,387
Total revenue from exchange transactions		**16,067,636**	**19,539,501**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	9,483,862	9,820,445
Transfer revenue and other revenue from non-exchange			
Government grants & subsidies	24	327,269,210	239,201,271
Donations		-	11,468,004
Fines, penulties and forfeits	20	748,405	752,455
Total revenue from non-exchange transactions		**337,501,477**	**261,242,175**
Total revenue	25	**353,569,113**	**280,781,676**
Expenditure			
Employee related costs	26	(109,618,152)	(100,894,125)
Remuneration of councillors	27	(16,267,338)	(15,964,261)
Bad debts written-off	28	(958,121)	(905,472)
Depreciation and amortisation	29	(38,336,119)	(35,853,668)
Finance costs	30	(837,932)	(772,539)
Lease rentals on operating lease		(476,092)	(451,470)
Contracted services	32	(34,843,101)	(26,372,847)
Transfers and Subsidies		(614,000)	(254,280)
General Expenses	31	(40,826,649)	(38,406,316)
Total expenditure		**(242,777,504)**	**(219,874,978)**
Surplus for the year from continuing operations		**110,791,609**	**60,906,698**
Gains/ losses on disposal of assets	48	(71,747)	(754,064)
Impairment gain/losses	48	(16,753,062)	(4,496,163)
Surplus for the year		**93,966,800**	**55,656,471**

Statement of Changes in Net Assets

Figures in Rands	Housing Development fund	Accumulated surplus	Total net assets
Balance at July 1, 2019	**23,586,445**	**586,885,629**	**610,472,074**
Changes in net assets			
Surplus for the year	-	55,656,471	55,656,471
Interest on Housing development fund	1,253,858	-	1,253,858
Total changes	1,253,858	55,656,471	56,910,329
Opening balance as previously reported	24,840,303	628,504,702	653,345,005
Adjustments			
Correction of prior period errors	-	14,037,400	14,037,400
Restated* Balance at July 1, 2020 as restated*	**24,840,303**	**642,542,102**	**667,382,405**
Changes in net assets			
Surplus for the year	-	93,966,800	93,966,800
Interest on Housing development fund	467,492	-	467,492
Housing dev payments	(3,657,397)	3,657,397	-
Total changes	(3,189,905)	97,624,197	94,434,292
Balance at June 30, 2021	**21,650,398**	**740,166,299**	**761,816,697**
Note(s)	15		

Cash Flow Statement

Figures in Rands	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Receipts from ratepayers and other services		15,577,545	17,430,155
Government Grants and subsidies		293,338,001	260,016,000
Interest income		8,714,604	12,537,566
Funds receipts		6,000,000	13,000,000
		323,630,150	302,983,721
Payments			
Employee costs		(125,885,490)	(115,418,568)
Suppliers and other payments		(80,536,395)	(71,792,386)
Payments from funds		(18,016,978)	(983,439)
		(224,438,863)	(188,194,393)
Net cash flows from operating activities	34	**99,191,287**	**114,789,328**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(104,116,796)	(49,957,476)
Purchase of other intangible assets	8	(775,103)	(277,356)
Sale of asset		-	141,055
Investments		(30,000,000)	-
Net cash flows from investing activities		**(134,891,899)**	**(50,093,777)**
Net increase/(decrease) in cash and cash equivalents		**(35,700,612)**	**64,695,551**
Cash and cash equivalents at the beginning of the year		246,184,257	181,488,706
Cash and cash equivalents at the end of the year	2	**210,483,645**	**246,184,257**

Statement of comparison of budget and actual amounts

Figures in Rands	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2021											
Financial Performance											
Property rates	9,236,767	155,792	9,392,559	-		9,392,559	9,483,862		91,303	101 %	103 %
Service charges	2,753,127	65,689	2,818,816	-		2,818,816	2,890,854		72,038	103 %	105 %
Interest received- investments	11,054,951	(120,000)	10,934,951	-		10,934,951	8,714,604		(2,220,347)	80 %	79 %
Government grants & subsidies	209,938,000	39,212,827	249,150,827	-		249,150,827	327,269,210		78,118,383	131 %	156 %
Other own revenue	1,659,350	681,922	2,341,272	-		2,341,272	1,204,394		(1,136,878)	51 %	73 %
Rental of facilities and equipment	578,962	(37,000)	541,962	-		541,962	1,295,099		753,137	239 %	224 %
Interest received- trading	505,100	(6,977)	498,123	-		498,123	409,174		(88,949)	82 %	81 %
Agency services	1,200,000	100,000	1,300,000	-		1,300,000	1,482,638		182,638	114 %	124 %
Licences and permits	50,000	-	50,000	-		50,000	70,873		20,873	142 %	142 %
Fines, penulties and forfeits	652,500	99,000	751,500	-		751,500	740,405		(11,095)	99 %	113 %
Total revenue (excluding capital transfers and contributions)	**237,628,757**	**40,151,253**	**277,780,010**	**-**		**277,780,010**	**353,561,113**		**75,781,103**	**127 %**	**149 %**
Employee related costs	(108,834,364)	(1,198,130)	(110,032,494)	-	-	(110,032,494)	(109,618,152)	-	414,342	100 %	101 %
Remuneration of councillors	(18,316,183)	-	(18,316,183)	-	-	(18,316,183)	(16,267,338)	-	2,048,845	89 %	89 %
Bad debts written off	(2,618,000)	(140,000)	(2,758,000)			(2,758,000)	(958,121)	-	1,799,879	35 %	37 %
Depreciation and amortisation	(56,692,976)	9,457,960	(47,235,016)			(47,235,016)	(38,336,119)	-	8,898,897	81 %	68 %
Finance costs	-	-	-	-	-	-	(715,981)	-	(715,981)	DIV/0 %	DIV/0 %
Transfers and subsidies	(150,000)	-	(150,000)	(476,000)	-	(626,000)	(578,000)	-	48,000	92 %	385 %
General expenses	(46,898,000)	(5,120,750)	(52,018,750)	1,083,000	-	(50,935,750)	(38,955,836)	-	11,979,914	76 %	83 %
Other materials	(6,550,000)	2,150,000	(4,400,000)	(13,000)	-	(4,413,000)	(1,906,396)	-	2,506,604	43 %	29 %
Contracted services	(72,761,000)	2,693,773	(70,067,227)	(594,000)	-	(70,661,227)	(34,618,007)	-	36,043,220	49 %	48 %

Statement of Comparison of Budget and Actual Amounts

Figures in Rands	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Lease rentals	(550,000)	60,000	(490,000)	-	-	(490,000)	(476,092)	-	13,908	97 %	87 %
Total expenditure	**(313,370,523)**	**7,902,853**	**(305,467,670)**	**-**	**-**	**(305,467,670)**	**(242,430,042)**	**-**	**63,037,628**	**79 %**	**77 %**
Surplus/(Deficit)	**(75,741,766)**	**48,054,106**	**(27,687,660)**	**-**		**(27,687,660)**	**111,131,071**		**138,818,731**	**(401)%**	**(147)%**
Transfers recognised - capital	43,097,000	35,521,192	78,618,192	-		78,618,192	78,618,382		190	100 %	182 %
Impairment gains/losses	-	-	-	-		-	(10,676,048)		(10,676,048)	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**(32,644,766)**	**83,575,298**	**50,930,532**	**-**		**50,930,532**	**179,073,405**		**128,142,873**	**352 %**	**(549)%**
Surplus/(Deficit) for the year	**(32,644,766)**	**83,575,298**	**50,930,532**	**-**		**50,930,532**	**179,073,405**		**128,142,873**	**352 %**	**(549)%**

Capital expenditure and funds sources

Total capital expenditure	95,592,000	29,660,557	125,252,557	-		125,252,557	103,002,424		(22,250,133)	82 %	108 %
Sources of capital funds											
National goverment	43,097,000	21,977,180	65,074,180	-		65,074,180	65,074,180		-	100 %	151 %
Internally generated funds	52,495,000	(5,860,635)	46,634,365	-		46,634,365	25,498,608		(21,135,757)	55 %	49 %
Total sources of capital funds	**95,592,000**	**16,116,545**	**111,708,545**	**-**		**111,708,545**	**90,572,788**		**(21,135,757)**	**81 %**	**95 %**

Statement of Comparison of Budget and Actual Amounts

Figures in Rands

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	464,947,500	(367,836,450)	97,111,050	-		97,111,050	99,191,287		2,080,237	102 %	21 %
Net cash from (used) investing	(95,592,000)	(29,660,557)	(125,252,557)	-		(125,252,557)	(134,891,899)		(9,639,342)	108 %	141 %
Net increase/(decrease) in cash and cash equivalents	**369,355,500**	**(397,497,007)**	**(28,141,507)**	**-**		**(28,141,507)**	**(35,700,612)**		**(7,559,105)**	**127 %**	**(10)%**
Cash and cash equivalents at the beginning of the year	-	246,184,259	246,184,259	-		246,184,259	246,184,257		(2)	100 %	DIV/0 %
Cash and cash equivalents at year end	**369,355,500**	**(151,312,748)**	**218,042,752**	**-**		**218,042,752**	**210,483,645**		**7,559,107**	**97 %**	**57 %**

The variance explanations on the difference between the budget and actual are on note 46, page76.

.

Summary of Significant Accounting Policies

1. Presentation of Annual Financial Statements

1.1.1 Basis of preparation

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.

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

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

1.1.2 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.1.3 Changes in accounting policies, esimates and errors

Changes in accounting policies that are effected by management are applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in stimates are disclosed in the notes to the annual financial statements where applicable.

Change in an accounting estimate is recognised prospectively in terms of GRAP 3 by including it in surplus or deficit in:

(a) The period of the change, if the change affects that period only; or

(b) The period of the change and future periods, if the change affects both

Errors are corrected retrospectively in the period in which the error has occured in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

The municipality changes an accounting policy only in the following instances:
(a) Is required by a Standard of GRAP; or
(b) Results in the annual financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.2 Presentation currency

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

Summary of Significant Accounting Policies

1.3 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.

1.4 Comparative figures

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

1.5 Critical judgements, estimation and assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented 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:

1.5.1 Revenue recognition

Accounting policy 1.18 on Revenue from exchange Transactions and accounting policy 1.19 of Revenue from non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP9: Revenue from Exchange Transactions and GRAP 23: Revenue from non-exchange transactions. In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.5.2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 1.12.1 on Financial Assets Classification and on Financial Liabilities Classification describes the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

1.5.3 Impairment of financial assets

Accounting Policy 1.24 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial instruments and used its judgement to select a variety of methods and made assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment value of financial assets recorded during the year is appropriate.

1.5.4 Useful lives of property, plant and equipment, intangible assets and investment property

As described in Accounting Policies 1.7, 1.8 and 1.9 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the underlying assets. The estimated useful lives of PPE, investment property and intangible assets are assessed annually and this is dependent on the condition of the assets. The residual values are estimated to be zero as the municipality will be utilising these assets of their entire economic life.

Summary of Significant Accounting Policies

. Critical judgements, estimation and assumptions (continued)

1.5.5 Impairment of property, plant and equipment and intangible assets

Accounting Policy 1.8.3 on PPE - Impairment of assets and Accounting Policy 1.9.3 on Intangible assets- Amortisation and impairment. Subsequent measurement describes the conditions under which non- financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing and intangible assets impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [Heavy rains, storms, etc].

1.5.6 Provisions

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

1.5.7 Post Retirement Benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

1.5.8 Principal versus agent relationship

Judgement has been used in assessing and categorising the nature of the respective and independent arrangements between the Municipality and Eskom as done in conjunction with and partly through the National Department of Energy.

1.6 New standards and interpretations

1.6.1 Standards and interpretations approved 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 April 2020 or later periods:

.GRAP 25 Employee benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard requires an entity to recognise:
(a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
(b) an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

Summary of Significant Accounting Policies

. New standards and interpretations (continued)

GRAP 104 Financial instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

1.7 Investment property

1.7.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under an operating lease held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.7.2 Subsequent measurement

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property	30-50 years

1.7.3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

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

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

1.8 Property, plant and equipment

1.8.1 Initial recognition

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.

Summary of Significant Accounting Policies

. Property, plant and equipment (continued)

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 or replace part thereof . If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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.

1.8.2 Subsequent measurement

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

1.8.3 Depreciation and impairment

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives of assets.

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

Item	**Average useful life**
Land	indefinate
Buildings	30-50 years
Infrastructure	
• Roads	10 years
• Stormwater drains	20-50 years
• Bridges	30-50 years
Community	
• Community halls	30-50 years
• Sport stadiums	20-50 years
• Community centres	30-50 years
• Landfill site	15 years

Summary of Significant Accounting Policies

. Property, plant and equipment (continued)

Other fixed assets

• Motor vehicles	5-10 years
• Office equipment	3-10 years
• Furniture and fittings	7-10 years
• Graders	10-15 years
• Tractors	10-15 years
• Tippers	10-15 years
• Other plant and machinery	5-15 years
• Air conditioners	5-7 years
• Computer hardware	5 years

The useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

1.8.4 Derecognition

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.

1.8.5 Work in progress

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.8.6 Land

Land is not depreciated as it is deemed to have an indefinite useful life.

1.8.7 Infrastructure assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

1.9 Intangible assets

1.9.1 Initial recognition

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.

Summary of Significant Accounting Policies

. Intangible assets (continued)

1.9.2 Subsequent measurement

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

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

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

1.9.3 Amortisation and impairment

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	Useful life
Computer software, other	3-5 years

1.9.4 Derecognition

Intangible assets 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 is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.10 Site restoration and dismantling cost

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.

Summary of Significant Accounting Policies

. Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:
(a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
- a decrease in the liability (subject to (b)) is credited 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
- an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) 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; and
(c) 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 end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.11 Heritage assets

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

1.11.1 Recognition

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

1.11.2 Initial measurement

Heritage assets are measured at cost.

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

1.11.3 Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Heritage assets are not depreciated.

1.11.4 Impairment

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

1.11.5 Transfers

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

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

Summary of Significant Accounting Policies

. Heritage assets (continued)

1.11.6 Derecognition

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

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

1.12 Financial instruments

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

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument.

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.

Summary of Significant Accounting Policies

. Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Summary of Significant Accounting Policies

. Financial instruments (continued)

1.12.1 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 equivalent	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

1.12.2 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.

1.12.3 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].

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

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

Summary of Significant Accounting Policies

. Financial instruments (continued)

1.12.4 Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

1.12.5 Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Summary of Significant Accounting Policies

. Financial instruments (continued)

1.12.6 Derecognition

1.12.6.1 Financial assets

The entity derecognises financial assets using trade date accounting.

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

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

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

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

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

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

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

1.12.6.2 Financial liabilities

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

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

Summary of Significant Accounting Policies

. Financial instruments (continued)

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).

1.12.7 Presentation

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

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

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

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

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

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

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.13 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance, and also disclosed in the notes to the financial statements.

1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance, and also disclosed in the notes to the financial statements.

Where it is not possible to recover the revenue recognised from fruitless and wasteful, the receivable is written-off following proper write off processes in terms of the MFMA.

Summary of Significant Accounting Policies

1.15 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Provisions and contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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.

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

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

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

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

Provisions are not recognised for future operating deficits.

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 municipality 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 35.

1.17 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.

Summary of Significant Accounting Policies

. Leases (continued)

1.17.1 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.

1.17.2 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.

1.18 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another municipality (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services. Such transactions are accounted for in accordance with the standard on principals and agents

1.18.1 Measurement

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

1.18.2 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.

Summary of Significant Accounting Policies

. Revenue from exchange transactions (continued)

1.18.3 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 services performed to date as a percentage of total services to be performed.

1.18.4 Interest

Revenue arising from the use by others of entity assets yielding interest 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.

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

1.19 Revenue from non-exchange transactions

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

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

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

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

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

Summary of Significant Accounting Policies

. Revenue from non-exchange transactions (continued)

1.19.1 Recognition

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

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

1.19.2 Measurement

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

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

1.19.3 Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

1.19.4 Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.19.5 Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Summary of Significant Accounting Policies

. Revenue from non-exchange transactions (continued)

1.19.6 Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

1.19.7 Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

1.19.8 Gifts and donations, including goods in-kind

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

1.19.9 Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Services in-kind are not recognised.

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Investment income

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

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

1.22 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.

1.23 Employee benefits

1.23.1 Short-term employee benefits

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

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

Summary of Significant Accounting Policies

. Employee benefits (continued)

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

1.23.2 Retirement benefits

Whilst employees and councillors are employed by the municipality, the municipality contributes to their medical and pension funds. On termination, resignation or retirement of employees and councillors the municipality no longer contributes to the medical and pension funds on their behalf and thus there are no post- employment benefits.

1.23.3 Long service awards

Provision for long services awards represents the present value of the estimated future cash outflow to be made by the municipality resulting from employee services provided up to Statement of Financial Position date. The provision comprises of amounts that the Municipality has a present obligation to pay resulting for employees services provided up to Statement of Financial Position date. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities.

The leave may wholly or partially converted into cash and or sick leave on the date on which the employees qualifies therefore or at any stages. On termination of service of an employee with ten (10) or more year's service, for reason of retirement, death, medical incapacity or retrenchment, leave shall be paid out to an employee on a pro rata basis.Any special leave accrued in this manner will become payable upon termination for whatever reason and not form part of vacation leave credit

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. The Municipality recognises the expected cost of bonus, incentive and performance related payments when and only when: (a) it has a present legal or constructive obligation to make such payments as a result of past events, (b) a reliable estimate of the obligation can be made.

Defined contribution plans

A defined contribution plan is a post-employment pension plan under which the municipality pays fixed contributions into a separate entity (a fund). The municipality has no further payment obligations once the contributions have been paid. Accordingly, the municipality recognises the contributions to the scheme as an expense when the employees have rendered a service. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Termination benefits

Termination benefits are recognised when they accrue to employees.

. Employee benefits (continued)

1.23.4 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.

1.24 Impairment of cash generating assets

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

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

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

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

A cash-generating unit is the smallest identifiable group of assets 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.

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

Summary of Significant Accounting Policies

. Impairment of 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.

1.25 Value added tax

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

Summary of Significant Accounting Policies

1.26 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.

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

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

The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) 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 accounting policy on Revenue from exchange transactions;
• if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
• if the transaction is not within the scope of the accounting 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 municipality 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 accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

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:

Summary of Significant Accounting Policies

. Statutory receivables identification (continued)

• significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
• it is probable that the receivable 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, t he 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 through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

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 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 municipality:
- derecognises the receivable; and
- recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality 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.

Recievables that would fall under statutory receivables are as follows:
- Rates
- Fines
-

1.27 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.

The municipality is in possession of the interest portion of the funds that were kept by the municipality for a long time, and this interest is recorded as a reserve in municipal books, and can only be utilized in line with the conditions of Housing development funds, and upon approval from housing development.

1.28 Use of estimates

The preparation of annual annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management’s best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.29 Related parties

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

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

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

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

1.30 Segmental information

The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Where applicable segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.31 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 covers the fiscal period from 7/1/2020 to 6/30/2021.

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

Summary of Significant Accounting Policies

1.32 Commitments

A commitment is a contract that is non-cancelable or only cancelable at significant cost, to the extent that the amount has not been recorded elsewhere in the financial statements.

Capital commitments are amounts committed to acquire goods and services which are of capital in nature, i.e.; upgrading and/or construction of assets.
These commitments are disclosed in the notes to the annual financial statements.
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.

1.33 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.34 Payables from exchange transactions

The Municipality recognises payables from exhange transactions where liabilities result in counter performance by respective parties as a result of exchange transactions.

Payables from exchange transactions are initially measured at fair value. Where the ouflow is expected to be cash or another financial asset, the payable is classified as financial liability.

The Municipality recognises in payables an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but an invoice or formal request for payment has not been received at the reporting date.

1.35 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term liquid investments that are convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are classified as financial instruments (refer to note 2).

Summary of Significant Accounting Policies

. Events after reporting date (continued)

1.36 Accounting by Principals and Agents

An entity is an agent when in relation to transactions with third parties all three of the following criteria are present:
That the entity concerned does not have the power to determine the significant terms and conditions of the transaction;
That it does not have the ability to use all or substantially all of the resources resulting from the transactions for its own benefit; and that it is not exposed to variability in the results of the transaction.

An exception will apply where an entity has been granted specific powers in terms of legislation to direct terms and conditions of particular transactions, in such a situation it shall not consider the 'not having the power to determine significant terms and conditions of the transaction' criteria to conclude that it is an agent. In such situations, the entity shall apply its own judgement in determining whether such powers exist and whether they are relevant in assessing an entity as an agent.

The Municipality has an agent-principal relationship with KZN Department of Transport, and Eskom administered in conjunction with and partly through the National Department of Energy.

KZN Department of Transport as principal

The Department is responsible for registration, licensing and testing functions in terms of applicable national and provincial road traffic legislation.
The Department, to provide greater access to clients throughout the Province, transfers specified registration, licensing and testing functions to appropriately identified agents, which act as agents for the Department to process these functions.
The Department and the Umzimkhulu Municipality entered into an agreement for the transfer of registration and licensing of motor vehicle and learners license testing functions.

ESKOM as the Principal

With respect to the Eskom principal / agency relationship the Municipality receives a conditional electrification grant from the National Department of Energy, the purpose of which is to address the electrification backlog of permanently occupied residential dwellings entailing the installation and rehabilitation of the electricity bulk infrastructure. The foregoing 'works' on infrastructure are done on behalf of and for the benefit of Eskom. In terms of the existing memorandum of understanding, Eskom approves the design and the construction / rehabilitation of each bulk infrastructure project embarked upon; with a final approval sign-off on project completion prior to the permanent transfer of the project on completion. There were no changes to the foregoing significant terms and conditions of the arrangement during the reporting period.

The foregoing arrangements have been accounted for in terms of the standard on accounting by principals and agents, wherein the Municipality is an agent and two parties referred to above are unrelated and independent principals. Practically, these arrangements have each been accounted for in terms of fund accounting; whereby the funds received are recognised as an effective liability in terms of fund accounting; and upon utilisation of the fund for the intended purposes in the manner described above, the respective fund is reduced by the total approved and compliant expenditure. Accordingly, at any reporting date, each respective fund represents the unexpended portion of the respective designated funds received from the respective principals inclusive of interest received, where expressly stipulated. Each of the funds are duly backed by the matching investment bank accounts at the reporting date. The nature and the identity of conditional capital grant received from the National Department of Energy, has been overridden by the principles of the principal / agent relationship amongst the parties involved and thus accounted for in terms of fund accounting.

There were resources that were duly recognised in the Municipality's financial statements yet held on the principal's behalf. The only risks transferred from the respective principals to the Municipality are 'custody and potential workmanship error' risk on the development and selling of housing schemes as well respective construction and rehabilitation activities vis-à-vis the bulk electricity infrastructure during the construction and rehabilitation phase.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

2. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	5,245,044	1,634,246
Cash on hand	4,553	1,759
Short-term deposits	205,234,048	244,548,252
	210,483,645	**246,184,257**

The municipality's primary bank account is a public sector cheque account with First National Bank. The account is held at the iIxopo branch and the account number is 5255 573 0913.

Primary bank account details

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June, 2021	**June 30, 2020**	**30 June, 2021**	**June 30, 2020**
FNB- cheque account -52555730913	2,061,754	1,573,583	5,245,044	1,634,246
MIG grant- FNB- 62123938055	5,833,983	32,970,453	5,833,983	28,491,775
Neighbourhood grant-FNB-62174358525	3,160,813	3,100,862	3,160,813	3,100,862
Electricity- NFB-62174363508	261,861	9,897,500	261,861	9,897,500
Rietvlei/Cly surv account-FNB- 62123938104	1,044,072	1,024,192	-	-
32 Days acc-FNB- 62132172355	140,820,058	90,947,403	136,949,205	88,035,518
Human settlement housing operating acc- 62396633838	21,532,124	24,288,111	21,650,398	24,840,303
Smalltown dev-FNB- 62396640396	233,441	228,966	233,441	228,966
Sport grant- FNB-62814621901	6,719,846	16,617,657	6,719,845	16,617,657
Nedbank- 37165022759/05	-	42,506,995	-	42,506,995
Nedbank- 37165022759/2	-	30,828,678	-	30,828,678
Nedbank- 03/7165022759	30,424,501	-	30,424,501	-
Total	**212,092,453**	**253,984,400**	**210,479,091**	**246,182,500**

According to MSCOA chart version 6.1 item assets segment only allows for 10 bank accounts to be added on the system, however on the bank the accounts are separate, there is only 1 account (Rietvlei/ Cly surv account) that has been combined with Housing account on the MUNSOFT system.

3. Receivables from exchange transactions

Prepayments	2,392,573	3,330,224
Operating lease receivables	15,670	43,486
Consumer debtors - Other Rentals	163,576	188,326
Consumer debtors - Refuse	393,913	421,313
	2,965,732	**3,983,349**

Refuse		
Gross balance	6,537,019	5,435,541
Less: allowance for impairment	(6,143,104)	(5,014,228)
Net balances	**393,915**	**421,313**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

3. Receivables from exchange transactions (continued)

Refuse Residential		
Current (0-30 days)	332,778	189,619
31-60 days	161,823	177,936
61-90 days	179,713	166,697
91-120 days	175,703	164,401
121-365 days	5,474,351	4,551,723
	6,324,368	5,250,377
Less: allowance for impairment	(6,104,784)	(5,014,228)
	219,584	**236,149**

Refuse commercial		
Current (0-30 days)	24,550	21,778
31-60 days	5,271	3,796
61-90 days	5,360	4,032
91-120 days	4,624	4,273
121-365 days	67,833	8,028
	107,638	41,908
Less: allowance for impairment	(38,320)	-
	69,318	**41,908**

Refuse state owned		
Current (0-30 days)	591	219
31-60 days	300	219
61-90 days	336	219
91-120 days	337	219
121-365 days	8,937	4,570
	10,501	5,446
Less: allowance for impairment	-	-
	10,501	**5,446**

Dumping refuse		
Current (0-30 days)	68,027	53,875
31-60 days	-	52,650
61-90 days	-	4,800
	68,027	**111,325**

Skip waste refuse		
Current (0-30 days)	17,855	21,289
31-60 days	4,786	2,075
61-90 days	1,362	1,336
91-120 days	1,348	1,365
121-365 days	1,134	-
	26,485	**26,065**

Rentals		
Current (0-30 days)	84,880	104,377
31-60 days	19,026	21,422
61-90 days	9,636	9,043
91-120 days	6,914	7,574
121-365 days	43,119	45,909
	163,575	**188,325**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

4. Receivables from non-exchange transactions(Statutory receivables)

Gross Debtors

Fines	1,162,469	1,051,839
Property Rates	7,290,354	4,929,335
	8,452,823	**5,981,174**

Impairment		
Fines impairment	(1,001,542)	(901,503)
Property rates impairment	(2,704,027)	(2,226,837)
	(3,705,569)	**(3,128,340)**

Net debtors		
Fines	160,926	150,336
Property Rates	4,586,328	2,702,498
	4,747,254	**2,852,834**

Statutory receivables included in receivables from non-exchange transactions are as follows, on a gross basis:		
Fines	1,162,469	1,051,839
Property rates- Business and Commercial	765,736	701,030
Property rates- Residential	2,222,645	1,925,897
Property rates- Municipal	438,253	307,042
Property rates- State owned properties	3,617,803	1,771,447
Property rates- Industrial	50,888	52,321
Property rates- Vacant land	195,029	171,599
	8,452,823	**5,981,175**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

4. Receivables from non-exchange transactions(Statutory receivables) (continued)

Traffic fines are issued to offenders in terms of Section 334 of Criminal Procedures Act 51, of 1997, road traffic fines is section 56 and parking fines is section 341, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in tems of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Property rates are levied in terms of section 7 to section 15 of the Municipal Property Rates Act of No.6 of 2004. Property rates are levied as per the tariffs approved by municipal Council using the gazetted General Valuation Roll and levied on a monthly basis for consumers except for government properties that are levied annually. Interest on overdue accounts are not charged in terms of Property Rates Policy. The amount levied is determined by applying the Market Value by approved tariffs in different categories and less Rebates offered by the municipality. The basis used to assess and test whether a statutory receivable is impaired, the municipality considers (Residential) debtors owing more than 90 days with no payment, the whole debt will be provided for and debtors with few payments only debt over 90 days will be provided for. Business properties we do not provide for businesses that have made payment during the financial year and also for business that are owing more than90 days, only amounts more than90 days are provided for. Government properties we do not provide for and Lease agreements we do not provide for. Receivables are grouped and assessed for collective impairment as per Mscoa segments. The discount rate varies as per consumer categories and ranges from 25% to 40%. The determination arises on the debt analysis of the consumers due number of days outstanding on the age analysis.

The basis of impairment takes into account the following:
The estimate were determined in accordance with the debt impairment policy of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt.
In assessing whether statutory receivables are impaired, management considered both individually receivables that may be impaired as well as groups of similar receivables that may be impaired.
The total debtors were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

Figures in Rands	2021	2020

4. Receivables from non-exchange transactions(Statutory receivables) (continued)

Statutory receivables that are past due and impaired included in receivables from non- exchange transactions are as follows:

Fines	(1,001,542)	(901,503)
Property rates- Business and Commercial	(282,119)	(267,995)
Property rates- Residential	(1,900,771)	(1,656,731)
Property rates- Municipal	(320,655)	(295,760)
Property rates- Industrial	(6,351)	(6,351)
Property rates- Vacant land	(194,130)	-
	(3,705,568)	**(3,128,340)**

The basis of impairment takes into account the following:

The estimate were determined in accordance with the debt impairment policy of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt.

In assessing whether statutory receivables are impaired, management considered both individually receivables that may be impaired as well as groups of similar receivables that may be impaired
.
The total debtors were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

Statutory receivables included in receivables form non- exchange transactions above are as follows, net for impairment

Traffic Fines	160,926	150,336
Property rates- Business and Commercial	483,617	433,035
Property rates- Residential	321,873	269,166
Property rates- Municipal	117,598	11,282
Property rates- State owned properties	3,617,803	1,771,447
Property rates- Industrial	44,537	45,970
Property rates- Vacant land	900	171,599
	4,747,254	**2,852,835**

Statutory receivables that are past due but not impaired and included in receivables from non- exchange transactions:

As of 30 June 2021, statutory there were receivables were considered to be past due and not impaired. This was dertemined by taking into account the debt that is outstanding for a period of more than 30-120 days which have not been subjected to impairment, this is done in line with our impairment methodology:

Fines	134,676	101,236
Property rates	4,586,099	2,484,952
	4,720,775	**2,586,188**

Summary of aging of debtors

Traffic fines

Currrent (0-30 days)	26,250	49,100
31-60 days	35,200	19,250
61-90 days	43,200	54,350
91-120 days	40,300	28,750
121 days and over	1,017,519	900,389
	1,162,469	**1,051,839**

Figures in Rands	2021	2020

4. Receivables from non-exchange transactions(Statutory receivables) (continued)

Property Rates		
Currrent (0-30 days)	544,216	367,883
31-60 days	132,508	164,266
61-90 days	123,741	141,855
91-120 days	113,941	136,683
121 days and over	6,375,948	4,118,480
	7,290,354	**4,929,167**

5. VAT receivable (Statutory receivables)

VAT	5,955,853	3,213,286

Vat is imposed as per Value Added Tax Act 89 of 1991, section 7 (3) *(a)* Where any goods manufactured in the Republic, being of a class or kind subject to excise duty or environmental levy under Part 2 or 3 of Schedule 1 to the Customs and Excise Act, have been supplied at a price which does not include such excise duty or environmental levy and tax has become payable in respect of the supply in terms of subsection (1) *(a)*, value-added tax shall be levied and paid at the rate of 15 per cent for the benefit of the National Revenue.

Fund on an amount equal to the amount of such excise duty or environmental levy which, subject to any rebate of such excise duty or environmental levy under the said Act, is paid.

The amount is determined by subtracting Vat Payable from Vat Receivable.

6. Investment property

	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	31,802,115	(723,706)	31,078,409	31,802,115	(693,698)	31,108,417

Reconciliation of investment property - June 2021

	Opening balance	**Depreciation**	**Total**
Investment property	31,108,417	(30,008)	31,078,409

Reconciliation of investment property - June 2020

	Opening balance	**Disposals**	**Depreciation**	**Total**
Investment property	31,139,309	(740)	(30,152)	31,108,417

6.1 Rental Income from Investment Property

Direct income from rentals	1,293,600	917,208

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

6. Investment property (continued)

6.2 Details of property

Property 1
Erven 229, 735 and 736
Duration : 50 years
Termination date : 18 June 2046
The Rhino centre has 10% of the net rental and 2% is payable to the municipality, which is calculated on the turnover.

- Purchase price: 1 July 1996	5,300,000	5,300,000

Property 2
Erven 231 and 232
Duration : 50 years
Termination date : 30 November 2061
Rental income is R148 620 per annum. The rental shall escalate by an amount equivalent to the CPI index every year.

- Purchase price: 1 December 2011	904,992	904,992
- Accumulated depreciation	(723,706)	(693,698)
	181,286	**211,294**

Municipal Vacant Land
Erven 152

- Purchase price: 1 December 1997	13,136,123	13,136,123
- Additions since purchase or valuation	2,461,000	2,461,000
	15,597,123	**15,597,123**

Property 4
Erven 155
Duration: 50 years
Termination: 31 December 2062
Rental income is R285 952 per annum. The rental shall escalate by an amount equivalent to CPI index every year, but this escalation shall never be less than 4% nor be greater than 8% per annum.

- Purchase price: 1 January 2013	10,000,000	10,000,000

- Land- Shopping complex	5,300,000	5,300,000
- Building- Hotel and housing	181,286	211,294
- Municipal vacant properties	15,597,123	15,597,123
- Land- Umzimkhulu mall	10,000,000	10,000,000
Total Investment property	**31,078,409**	**31,108,417**

There were no repairs and maintainance on the investement property in this financial year.

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 Rands

7. Property, plant and equipment

	2021			2020		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	9,409,000	-	9,409,000	9,409,000	-	9,409,000
Buildings	51,295,659	(17,020,717)	34,274,942	49,756,319	(15,844,045)	33,912,274
Infrastructure Assets	507,355,827	(303,337,766)	204,018,061	475,067,208	(279,649,081)	195,418,127
Community Assets	266,266,655	(43,505,847)	222,760,808	218,849,131	(30,894,056)	187,955,075
Other Fixed Assets	68,565,003	(31,525,690)	37,039,313	57,250,735	(28,144,041)	29,106,694
Total	**902,892,144**	**(395,390,020)**	**507,502,124**	**810,332,393**	**(354,531,223)**	**455,801,170**

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	9,409,000	-	-	-	-	9,409,000
Buildings	33,912,274	1,539,340	-	(1,176,672)	-	34,274,942
Infrastructure Assets	195,418,127	32,594,715	-	(24,071,760)	76,979	204,018,061
Community Assets	187,955,075	56,058,637	-	(6,463,030)	(14,789,874)	222,760,808
Other fixed assets	29,106,694	13,924,104	(72,245)	(5,919,240)	-	37,039,313
	455,801,170	**104,116,796**	**(72,245)**	**(37,630,702)**	**(14,712,895)**	**507,502,124**

The opening balances on the above reconcilliation were restated
Reconcilliation of opening balances for 2021.

Reconcilliation of opening balances

	Opening balance as previously reported	Reclassification	Adjustment correction of prior period error	Re-stated opening balance
Land	9,409,000	-	-	9,409,000
Buildings	32,638,274	-	1,274,000	33,912,274
Infrastructure assets	192,617,074	2,828,412	(27,359)	195,418,127
Community Assets	179,473,825	(2,828,412)	11,309,662	187,955,075
Other fixed assets	29,106,694	-	-	29,106,694
	443,244,867	**-**	**12,556,303**	**455,801,170**

Notes to the Annual Financial Statements

Figures in Rands

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2020

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	9,409,000	-	-	-	-	9,409,000
Buildings	33,281,711	1,771,109	-	(1,140,546)	-	33,912,274
Infrastructure Assets	203,049,084	16,180,902	-	(22,814,045)	(997,814)	195,418,127
Community Assets	163,272,270	31,269,103	-	(5,212,221)	(1,374,077)	187,955,075
Other fixed assets	30,827,145	5,406,049	(896,375)	(6,230,125)	-	29,106,694
	439,839,210	**54,627,163**	**(896,375)**	**(35,396,937)**	**(2,371,891)**	**455,801,170**

Pledged as security

There are no assets pleadged as security.

Depreciation rates

Item	Depreciation method
Buildings	Straight line
Plant and machinery	Straight line
Furniture and fixtures	Straight line
Motor vehicles	Straight line
Office equipment	Straight line
IT equipment	Straight line
Computer software	Straight line
Infrastructure	Straight line
Community	Straight line
Other fixed assets	Straight line

7. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	6,123,275	49,732,933	238,680	56,094,888
Re-classification	2,559,247	(2,828,412)	1,274,000	1,004,835
Additions/capital expenditure	32,594,712	55,633,165	1,521,139	89,749,016
Capitalised during the year	(17,216,084)	(44,151,980)	(1,475,139)	(62,843,203)
Impairment	(45,247)	(3,725,923)	-	(3,771,170)
	24,015,903	**54,659,783**	**1,558,680**	**80,234,366**

Other information

	2021	2020
Included in property, plant and equipment are property that have been identified as taking significantly longer period of time to complete than expected, due to the following:		
WIP- Memorial hall	32,719,016	18,295,523
WIP- Ward 13 sports field	-	5,528,973
	32,719,016	**23,824,496**

WIP Memorial Hall: The reasons for delays in WIP Memorial Hall: The construction of the Memorial hall was delayed by the covid 19 cases and unrest , and is expected to be completed in 28 March 2022.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

7. Property, plant and equipment (continued)

Repairs and Maintainance

Repairs and maintenance incurred to maintain property, plant and equipment is represented as follows:		
Buildings	314,385	1,675,021
Infrastructure	7,066,624	5,091,870
Community assets	374,877	221,403
Repairs on other PPE	3,244,468	2,780,431
	11,000,354	**9,768,725**

There are no items of PPE that are pleadged as security
Contracted committments for PPE are shown in note36
Carrying amounts for PPE items approximate fair values

The total for this note showing Repairs and Miantenance will not be the same as the amount in the face of the statement of performance since there, the expenditure is classified according to their nature, but since we have our own plan machinery this note allows us to actually show other expenses incured in repairing and maintaining our assets.

8. Intangible assets

	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	2,453,971	(1,659,368)	794,603	1,833,740	(1,138,826)	694,914

Reconciliation of intangible assets - June 2021

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Computer software	694,914	775,103	(3)	(675,411)	794,603

Reconciliation of intangible assets - June 2020

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Computer software	844,142	277,356	(3)	(426,581)	694,914

9. Heritage assets

	2021			2020		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Heritage assets under construction/development	432,000	-	432,000	432,000	-	432,000

Reconciliation of heritage assets- June 2021

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

9. Heritage assets (continued)

	Opening balance	Total
Heritage assets under construction/development	432,000	432,000

Reconciliation of heritage assets- June 2020

	Opening balance	Impairment losses recognised	Total
Heritage assets under construction/development	255,000	177,000	432,000

Included in heritage assets are assets that have been identified as taking significantly longer period of time to complete than expected, due to the following:

Heritage assets under construction/ major rennovations	255,000	255,000

The reasons for delays in WIP Memorial Hall: The construction of the Memorial hall was put on hold due to investigations on allegations however the investigation has been concluded, since then the project has resumed, and is expected to be completed in october 2021

There was no repairs and maintenance expenditure incurred on Heritage assets that took place in the current financial year.

10. Payables from exchange transactions

	2021	2020
Payments received in advance	884,647	568,021
Accrued leave pay	5,744,826	5,068,109
Creditors accruals	2,178,312	1,146,711
Deposits received	329,089	326,309
Retention	8,065,591	7,081,430
Creditors	5,996	-
Provision for Planning studies	-	3,657,396
	17,208,461	**17,847,976**

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Sports Grant	3,648,001	13,544,012
MIG Grant	-	24,092,371
Development planning title deeds	1,465,270	965,270
Disaster relief (Covid 19 Grant)	-	442,827
	5,113,271	**39,044,480**

12. Unspent Agent funds

Electrification Fund	-	12,016,561

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

12. Unspent Agent funds (continued)

Electrification Fund

Opening balance	12,016,561	-
Current- year receipts	6,000,000	13,000,000
Conditions met	(18,016,561)	(983,439)
	-	**12,016,561**

Electrification grant funds received: The municipality is operating as an agent on behalf of Eskom.

13. Employee benefit obligations

Long service awards

Current service cost	3,490,592	2,332,984
Past service cost	433,927	320,712
Interest cost	322,135	166,474
Actuarial (gains) losses	1,805,864	978,650
Expected return on plan assets	(422,268)	(308,228)
	5,630,250	**3,490,592**

Employees who achieve 5 years of service are granted 5 days paid leave, whilst employees who achieve 10 years of service are granted 10 days paid leave. Employees who achieve 15 years of service are granted 20 days paid leave. Employees who achieve 20 years of service are granted 30 days paid leave. Employees who achieve 20/25/30/35/40 and 45 years of service are granted 30 days paid leave. The abovementioned leave is only applicable to those employees who achieve the stated years of services after the effective date of these conditions. The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2021. It has been assumed that the staff turnover will be insignificant based on historical data. A discount rate of 8.90% (2020 : 9.40%) was used on internal rate of return.

in dertemining the provision for Long service awards the municipality utilized the services of indipendant actuarials.

Split between short term and long term portion of obligation

Actuarial (gains) losses – Obligation	700,457	127,239
Actuarial (gains) losses – Plan assets	4,929,793	3,363,353
Total accrued liability	**5,630,250**	**3,490,592**

Key assumptions used

The financial and demographic assumptions used in the valuation are as follows:

Discount rates used	8.90 %	9.40 %
Expected rate of return on reimbursement rights	5.68 %	4.73 %
Expected increase in salaries	6.68 %	5.73 %
Proportion of employees opting for early retirement	2.15 %	3.47 %

The mortality rate of an individual is assumed to be 85-90.

The normal retirement age is assumed to be 65 years.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

14. Provisions

Reconciliation of provisions - June 2021

	Opening Balance	Additions	Total
Landfill site provision	4,488,216	81,870	4,570,086

Reconciliation of provisions - June 2020

	Opening Balance	Additions	Total
Landfill site provision	4,202,863	285,353	4,488,216

Landfill site

The environment compliance audit on the landfill site was conducted by Beyond green environmental services PTY(LTD)
.
BGES Pty Ltd undertook an assessment and produced an audit report, which indicated that the lifespan of the landfill site is three (3) months. Despite the lifespan being limited to 3 months, recommendations were provided as means to prolong the lifespan of the landfill site operation. The recommendations were proposed as an interim measure while the municipality is preparing for decommissioning process and reallocating to the new site.

15. Housing operating account

Human Settlement Housing Development Fund

	2021	2020
Opening balance	24,840,304	23,586,446
Transfer in/out	(3,657,397)	-
Current year interest	467,492	1,253,858
	21,650,399	**24,840,304**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

16. Accumulated surplus

Reconciliation of accumulated surplus- June 2021

	Opening balance	Surplus for the year	Prior period adjustments	Adjustment during the year	Total
Opening balance	642,542,102	93,966,800	-	3,657,397	740,166,299

Reconciliation of accumulated surplus- June 2020

	Opening balance	Adjustments during the year	Surplus for the year	Total
Opening balance	585,508,420	14,037,400	42,996,282	642,542,102

17. Interest received - investment

	2021	2020
Interest revenue		
Bank	131,827	352,823
Short term investments	8,582,777	12,675,163
	8,714,604	**13,027,986**

18. Investment Property Rentals

	2021	2020
Premises		
Facilities and Buildings	482,045	585,832
Rentals on Municipal Land	813,054	818,199
	1,295,099	**1,404,031**

19. Agency services

	2021	2020
Learners and licenses	812,027	409,490
Vehicle Registration	670,611	421,773
	1,482,638	**831,263**

20. Fines, Penalties and Forfeits

	2021	2020
Traffic fines	490,550	489,500
Pound fees	249,250	261,335
Overdue books fine	8,605	1,620
	748,405	**752,455**

21. Service charges

	2021	2020
Solid waste	138,826	133,983
Waste disposal	846,629	798,854
Refuse removal	1,905,399	1,759,274
	2,890,854	**2,692,111**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

22. Other revenue

Tender income	218,523	287,865
Clearance certificates	2,300	6,409
Cemetry fees	12,021	7,237
Hall fees	17,781	58,100
Copyright/ royalty	52,040	48,257
Seta fund	135,127	201,010
Isurance refund	622,216	66,944
PDA applications for land usage	44,717	7,952
Advertising income	42,292	61,697
Building plans and servitudes	55,501	41,230
Staff recoveries	1,500	-
PDA application for MAP	252	1,513
Proceeds on Disposals	-	73,028
Over banking	124	145
	1,204,394	**861,387**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

23. Property rates

Rates raised

Residential	1,842,659	1,690,169
Commercial	4,094,125	4,144,890
State	5,652,265	5,874,699
Municipal	367,142	314,067
Industrial	3,100	3,100
Vacant	86,859	92,945
Less: rebates	(2,562,288)	(2,299,425)
	9,483,862	**9,820,445**

Valuations

Residential	327,835,000	342,143,800
Commercial	263,814,000	270,101,000
State	17,271,000	2,100,000
Municipal	153,527,000	170,614,000
Small holdings and agriculture	120,810,000	235,526,190
Industrial	3,179,000	3,179,000
Place of worship	12,854,000	12,854,000
Agriculture	706,220,000	764,552,500
Public service infrastructure	12,449,000	12,778,000
Communal property	2,066,000	2,365,780
Vacant land	20,987,000	19,851,200
Public service purposes	617,715,000	689,662,900
	2,258,727,000	**2,525,728,370**

Description	Number of properties	Tariffs
Agriculture	446	0.0022
Agricultural smallholding	216	0.0022
Commercial	64	0.0135
Communal properties	4	0.0021
Industrial	2	0.0022
Municipal	757	0,0088
Public service infrastructure	78	0.0088
Residential	2,577	0.0088
Public service purpose	176	0.0088
Vacant land	613	0.017, 0.022
State owned	11	0.0088
Place of worship	13	0.0088
	4,957	

As per the amended MPRA valuations on land and buildings are performed every 5 years. The new general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Different rate randage are charged for the various categories of ratepayers. No additional rebates were granted to any categories of ratepayers except for any exemptions and compulsory phasing-in of certain rates as contained in Council's approved Rates Policy.

Old age pensioners were granted 100% subsidy as categorised as indigents and pensioners over 65 years were granted 25% rebate as per Council's approved Rates policy.State properties were granted a 10% rebate and Public Service infrastructures were granted 30% rebate as per Council's approved policy. Rates are levied monthly in 12 equal instalments payable on a monthly basis. Interest is charged at 15.5% on the outstanding balance of service charges, 60% rebate granted for commercial properties as per Council approval.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

24. Government grants and subsidies

Operating grants		
Equitable share	241,483,000	189,217,000
FMG Grant	1,900,000	1,900,000
Arts and Culture- Library	1,816,000	1,714,000
Expanded Public Works Program	3,009,001	2,352,000
Development planning tittle deeds	-	203,143
Disaster relief (Covid 19 Grant)	442,827	302,173
EDTEA Grant	-	100,000
	248,650,828	**195,788,316**
Capital grants		
MIG Grant	65,074,371	40,718,560
Sports Grant	13,544,011	2,542,316
Building plans management system	-	152,079
	78,618,382	**43,412,955**
	327,269,210	**239,201,271**

Equitable Share

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

There was an amount of R39 408 000 that the municipality received as addition to equitable share that is for Covid 19. This amounts is not a grant, but it is an addition to Equitable share.

The Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) on 30 March 2020 to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster. To respond to the COVID-19 pandemic, municipalities may be required to expand their scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases.

The table bellow shows the unspent on this:

Covid-19 Equitable share		
Current- year receipts	39,408,000	-
Conditions met	(2,973,018)	-
	36,434,982	**-**

Development planning tittle deeds

Balance unspent at beginning of year	965,270	696,413
Current-year receipts	500,000	472,000
Conditions met - transferred to revenue	-	(203,143)
	1,465,270	**965,270**

24. Government grants and subsidies (continued)

Withheld/delayed grant : None.

Reason(s) for conditions not met : None.

Reason(s) for unspent grant : The municipality initiated a Public Notice to call forward all the missing beneficiaries in June 2019 and has a number of beneficiaries who have not presented themselves to the municipality as means of confirming their existence. The municipality has further formed a Dispute Resolution Committee which has so far sat once on the Month of March 2020.

Due to the National Lockdown, the municipality has been constrained to perform further duties pertaining to the programme and therefore, has not been able to carry out any fiscal expenditure in this regard. Taking cognisance of the subtle nature of the remaining work which requires full support from all committee representatives as well as presence of public and/or disputants, this has called for a temporary stalling of the programme until such a time as when lockdown regulations have been uplifted and all participants of the programme are officially able to render their services to the utmost degree to successfully accomplish the set targets.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

24. Government grants and subsidies (continued)

Finance Management Grant

Current-year receipts	1,900,000	1,900,000
Conditions met - transferred to revenue	(1,900,000)	(1,900,000)
	-	-

The purpose of this grant is to promote sound financial management

Withheld/delayed grant : None.

Reason(s) for conditions not met : None.

Reason(s) for unspent grant : None.

Arts and Culture Grant

Current-year receipts	1,816,000	1,714,000
Conditions met - transferred to revenue	(1,816,000)	(1,714,000)
	-	-

The purpose of this grant is to fund the salaries for the Librarians.

Withheld/delayed grant : None.

Reason(s) for conditions not met : None.

Reason(s) for unspent grant : None.

Municipal Infrastructure Grant

Balance unspent at beginning of year	24,092,371	9,437,931
Current-year receipts	42,568,191	55,373,000
Conditions met - transferred to revenue	(65,074,371)	(40,718,560)
Prior year unspent paid back to Treasury	(1,586,191)	-
	-	**24,092,371**

The purpose for this grant is for infrastructure development.

Withheld/delayed grant : None.

Reason(s) for conditions not met : .

Reason(s) for unspent grant :

Sports Grant

Balance unspent at beginning of year	13,544,012	7,843,328
Current-year receipts	3,648,001	8,243,000
Conditions met - transferred to revenue	(13,544,012)	(2,542,316)
	3,648,001	**13,544,012**

Conditions still to be met - remain liabilities (see note 11).

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

24. Government grants and subsidies (continued)

Reason(s) for conditions not met : None.

Reason(s) for unspent grant : The municipality spent all the amount that was approved as roll over, however that amount of R3 648 001 is for 2021/2022 but was received before the end of the financial year.

Building plan management system grant

	2021	2020
Balance unspent at beginning of year	-	152,079
Conditions met - transferred to revenue	-	(152,079)
	-	**-**

Conditions still to be met - remain liabilities (see note 11).

Provide explanations of conditions still to be met and other relevant information.

EDTEA Grant

	2021	2020
Balance unspent at beginning of year	-	100,000
Conditions met - transferred to revenue	-	(100,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 11).

.

Expanded Public Works Programme

	2021	2020
Current-year receipts	3,009,000	2,352,000
Conditions met - transferred to revenue	(3,009,000)	(2,352,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 11).

The purpose of this grant is to reduce peverty and unemployemnt.

Disaster relief (Covid 19)

	2021	2020
Balance unspent at beginning of year	442,827	-
Current-year receipts	-	745,000
Conditions met - transferred to revenue	(442,827)	(302,173)
	-	**442,827**

Conditions still to be met - remain liabilities (see note 11).

Reason(s) for conditions not met : None.

Figures in Rands	2021	2020

25. Revenue

Fines, penulties and forfeits	748,405	752,455
Service charges	2,890,854	2,692,111
Rental of facilities and equipment	1,295,099	1,404,031
Interest received (trading)	409,174	457,152
Agency services	1,482,638	831,263
Licences and permits	70,873	88,571
Impairment loss reversal	-	177,000
Other revenue	1,204,394	861,387
Interest received - investment	8,714,604	13,027,986
Property rates	9,483,862	9,820,445
Government grants & subsidies	327,269,210	239,201,271
Public contributions and donations	-	11,468,004
	353,569,113	**280,781,676**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Fines, penulties and forfeits	748,405	752,455
Service charges	2,890,854	2,692,111
Rental of facilities and equipment	1,295,099	1,404,031
Interest received (trading)	409,174	457,152
Agency services	1,482,638	831,263
Licences and permits	70,873	88,571
Impairment loss reversal	-	177,000
Other Revenue	1,204,394	861,387
Interest received - investment	8,714,604	13,027,986
	16,816,041	**20,291,956**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	9,483,862	9,820,445
Transfer revenue		
Government grants & subsidies	327,269,210	239,201,271
Public contributions and donations	-	11,468,004
	336,753,072	**260,489,720**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

26. Employee related costs

Basic	66,591,901	63,562,503
Bonus	5,665,860	4,477,387
Medical aid - company contributions	5,707,737	4,764,876
UIF	478,921	468,255
Leave encashment	3,699,430	3,112,344
Shift and danger allowance	1,474,123	1,410,248
Bargaining council	24,899	21,203
Pension fund- municipal contributions	9,801,089	7,948,943
Travel, motor car, accommodation, subsistence and other allowances	7,589,806	7,261,414
Overtime payments	3,547,377	3,558,657
Acting allowances	214,113	180,381
Housing benefits and allowances	1,694,827	1,826,477
Actuarial gain/loss	1,805,864	978,650
Cellphone expenses	821,760	798,999
Standby Allowance	500,445	523,788
	109,618,152	**100,894,125**

Remuneration of Municipal Manager

Annual remuneration	817,625	799,067
Bonus contract	149,898	119,303
Backpay	-	30,930
Travel allowance	340,677	276,160
Contribution to UIF, medical aid and pension fund	204,406	199,766
Cellphone allowance	27,000	27,000
Subsistance allowance	-	16,007
Leave encashment	51,618	50,212
	1,591,224	**1,518,445**

Remuneration of Chief Finance Officer

Annual remuneration	716,214	716,214
Bonus contract	131,306	100,233
Travel allowance	298,422	298,416
Contribution to UIF, medical and pension funds	89,527	89,527
Cellphone allowance	27,000	27,000
Subsistance allowance	-	27,433
Housing allowance	89,527	89,526
Leave encashment	45,216	201,978
	1,397,212	**1,550,327**

Remuneration of Infrastructure and Engineering Manager

Annual remuneration	650,928	628,571
Bonus contract	119,338	93,615
Backpay	-	37,273
Travel allowance	271,224	261,905
Contribution to UIF, medical and pension funds	108,490	104,762
Cellphone allowance	27,000	27,000
Subsistance allowance	1,751	18,814
Housing allowance	54,240	43,340
Leave encashment	41,094	39,400
	1,274,065	**1,254,680**

Remuneration of Community and Social Services Manager

Annual remuneration	319,262	616,586

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

26. Employee related costs (continued)

Bonus contract	115,962	91,930
Backpay	-	36,562
Travel allowance	133,026	256,911
Contribution to UIF, medical and pension funds	79,816	154,146
Cellphone allowance	13,500	27,000
Subsistance allowance	-	20,442
Leave encashment	175,362	38,648
	836,928	**1,242,225**

Remuneration of Strategic Planning and Development Manager Heading

Annual remuneration	522,134	672,260
Bonus contract	127,633	100,122
Backpay	-	39,863
Travel allowance	217,555	280,108
Contribution to UIF, medical and pension funds	130,533	168,065
Cellphone allowance	20,250	27,000
Subsistance allowance	1,730	7,571
Leave encashment	137,653	42,139
	1,157,488	**1,337,128**

27. Remuneration of Councillors

Mayor	860,859	830,507
Deputy Mayor	688,688	664,404
Executive members	2,837,417	2,177,233
Speaker	688,688	443,674
Chief Whip	645,646	622,878
Councillors' basic allowance	5,311,704	5,902,775
Councillors' travel allowance	1,967,396	2,015,187
Councillors' pension fund contribution	1,245,576	1,278,934
Councillors' medical aid contribution	123,842	124,753
Councillors' cellphone allowances	1,693,200	1,706,800
Housing allowance	204,322	197,116
	16,267,338	**15,964,261**

Ward committee expenses

In-kind-benefits:

The Mayor has a fixed contract secretary and a driver.

The Deputy Mayor has a full time secretary (sharing the same secretary with the Mayor).

The Speaker's office has a full time secretary.

Number of employees:

The number of Councillors is 41 and 242 employees as at 30 June 2021 (June 2020 : 245).

28. Bad debts written-off

Rates and refuse	958,121	905,472

Contributions to debt impairment relates to increase in bad debt provision made to traffic fines, and rates and refuse.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

29. Depreciation and amortisation

Property, plant and equipment	37,630,701	35,396,935
Investment property	30,008	30,152
Intangible assets	675,410	426,581
	38,336,119	**35,853,668**

30. Finance costs

Landfill site provision	(40,081)	285,353
Actuarial interest	756,062	487,186
	715,981	**772,539**

31. General expenses

External Audit fees	1,930,409	1,784,291
Advertising	2,071,568	1,184,516
Bank charges	107,542	94,603
Electricity	8,751,853	7,288,768
Equipment hire	140,705	383,085
Insurance	1,952,486	1,249,743
IT expenses	5,999,806	3,663,969
Skills development fund	864,664	791,514
Artists and performers	22,000	741,800
Motor vehicle expenses	477,606	176,982
Materials and supplies	1,906,397	1,493,737
Fuel and oil	3,515,785	3,074,296
Postage and courier	18,656	17,537
Printing and stationery	1,293,940	1,308,199
Subscriptions and membership fees	1,368,422	1,450,795
Telephone and fax	3,089,742	2,862,976
Transport	207,995	349,630
Subsistance and travelling	1,674,090	3,260,159
Assets expensed	110,965	91,490
Water	115,475	99,286
Uniform and protective closing	1,103,263	414,717
Workman's compansation	451,378	410,343
Ward committee stipent	2,689,780	2,655,000
Office Decorations	29,800	71,144
Servitutes and land survey	207,357	1,329,931
Achievements and Awards	-	145,000
Workshops and Events	347,730	761,827
Travel Agency and Visa	30,483	124,362
Learnershiops and Internships	314,000	380,000
Bursaries (Employees)	-	723,060
Archieves	32,752	23,556
	40,826,649	**38,406,316**

Figures in Rands	2021	2020

32. Contracted services

Consultants fees	4,457,578	1,973,711
Security services	7,677,306	8,071,459
Catering services	3,810,906	1,053,098
Repairs and maintenance	11,000,354	9,768,722
Audio and visuals	446,600	604,250
Litter picking and street cleaning	878,127	500,783
Accounting and auditing	737,427	632,816
Legal advice and litigation	1,185,458	455,969
Subject Matter Training	952,370	147,542
Administrative and support staff	26,000	218,600
Animal care	77,511	-
Burial services	19,270	-
Occupational Health and Safety	459,498	25,826
Business and advisory	296,368	107,500
Qualification verification	42,245	25,400
Research and advisory	365,000	402,469
Personnel and labour (Casuals)	1,239,290	880,898
Commissions and Committees	16,515	26,603
Cleaning services	1,155,278	1,201,297
Fire protection	-	275,904
	34,843,101	**26,372,847**

33. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Equipment		
• Contractual amounts	476,092	451,470

Loss on sale of financial instruments - at fair value	(14,712,896)	(2,371,891)
Gain on sale of financial instruments - at cost	2,040,166	2,124,272
Amortisation on intangible assets	675,410	426,581
Depreciation on property, plant and equipment	37,630,701	35,396,935
Depreciation on investment property	30,008	30,152
Employee costs	125,885,490	116,858,386

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

34. Cash generated from operations

Surplus	93,966,800	42,996,282
Adjustments for:		
Depreciation and amortisation	38,336,119	35,853,668
Loss on Dispoals of assets	16,753,062	4,496,163
Finance costs	715,981	772,539
Bad debts written-off	958,121	905,472
Finance income	-	(490,420)
Other non-cash items	(377,226)	(3,513,383)
Changes in working capital:		
Receivables from exchange transactions	1,017,617	250,174
Receivables from non-exchange transactions	(1,894,420)	273,942
Payables from exchange transactions	(639,519)	(1,210,335)
VAT	-	1,623,936
Unspent conditional grants and receipts	(33,931,209)	20,814,729
Unspent agent funds	(12,016,561)	13,000,000
Housing development and electrification fund proceeds paid	(3,657,397)	(983,439)
Movement in provision	(40,081)	-
	99,191,287	**114,789,328**

35. Contingent liabilities

Legal claims

Various claims submitted to the municipality are in the process of being resolved.
Should the respective claimants be successful with their claims, the estimated Municipal liability on such claims, is disclosed below’.

Legal disputes relate to:

Invasion of municipal land and illegal structures	181,000	390,000
Municipal investigations and employees disputes	150,000	70,510
Contractual dispute	120,000	90,000
Review of building plan disapproval	130,208	-
Outstanding settlements	-	50,000
Opposing action for damages	-	60,000
PIE application	80,000	60,000
Business licence application	-	60,000
Interdict application	-	120,000
Evictions	-	110,000
Claim for refund	-	1,457
Action of damages	91,500	-
	752,708	**1,011,967**

The decrease on the estimated contingent liability is due to many of the previous year's litigations being resolved.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

36. Commitments

36.1 Authorised capital expenditure

Already contracted for but not provided for		
• Buildings	207,000	-
• Community assets	48,875,509	102,513,365
• Infrastructure assets	26,590,236	9,882,709
	75,672,745	**112,396,074**
Total capital commitments		
Already contracted for but not provided for	75,672,745	112,396,074

Buildings:The Memorial hall has been re-classified into community assets, and there are not commitments .

Community: The decrease on the commitments, is due to the progress on the memorial hall and Harry Gwala Sports center, and completion of mony projects.

The amounts of commitments include VAT

36.2 Operating leases - as lessee (expense)

At the reporting date the Municipality has outstanding commitments under operating leases which fall due as follows:

8 Photocopy Machines (Nashua): The municipality then entered into new lease agreement of 8 machines that started on 1st of June 2016, and the monthly rental is payable at the end of each month over the period of 36 months.

36.3 Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	1,636,570	1,856,919
- in second to fifth year inclusive	2,666,831	3,723,132
- later than five years	17,962,765	18,455,176
	22,266,166	**24,035,227**

The municipality leased vacant land to a property developers whom has developed uMzimkhulu Mall, Rhino Centre and Umzimkhulu Hotel. The lease agreement has a term of 50 years. The rental shall escalate by an amount equivalent to the the CPI index, rounded of to the nearest rand, which the escalation will be effective on the commencement date every year. The Rhino centre has 10% of the nett rental plus 2%payable to the municipality, which is calculated on the turnover of each site. Rentals will be recognised when the lessee is invoiced and will not be smooth over the period of the lease.

Umzimkhulu Mall and Hotel commitments have been calculated and will not perform the smoothing on a straight-line over the period of the lease.

Figures in Rands	2021	2020

37. Risk management

37.1 Financial risk management

The Municipality has exposure to the following risks from its use of financial instruments:

Liquidity Risk
Interest Rate Risk
Credit Risk

This note presents information about the Municipality’s exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

The Council and the Municipal Manager have overall responsibility for the establishment and oversight of the Municipality’s risk management framework. The Municipality’s risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Municipality’s activities.

The Municipality through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations

The Municipal Manager is of the opinion that the values reflected in the financial statements are a true reflection of fair values of both the financial assets and liabilities.

The fair value of consumer debtors is estimated to be the actual receipts expected adjusted for possibility of doubtful debt. Payables are settled within 30 days of receipt of invoice and therefore are reflected at the settlement amount.

Financial Assets		
Petty cash	4,553	1,759
Bank balance	5,245,461	1,634,246
Short-term deposits	205,234,048	244,548,252
Receivables from exchange transactions	2,965,732	3,983,349
Receivables from non-exchange transactions	4,747,254	2,852,835
	218,197,048	**253,020,441**

Financial Liabilities		
Payables from exchange transactions	17,208,461	17,847,976
Uspent conditional grants	5,113,271	39,044,480
Unspent agent funds	-	12,016,561
	22,321,732	**68,909,017**

37.2 Liquidity risk

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

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Payables from exchange transactions	17,208,461	17,847,976

Figures in Rands	2021	2020

37. Risk management (continued)

37.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the Municipality's capacity to service such debt from future earnings.

Balances exposed to the interest rate risk:		
Bank balance	5,245,461	1,634,246
Short-term deposits	205,234,048	244,548,252
	210,479,509	**246,182,498**

37.4 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to the Municipality, thereby causing financial loss to the Municipality. It is the Municipality's policy that all customers who wish to trade on credit terms are subject to payment of a deposit. In addition, receivable balances are monitored on an ongoing basis with the result that the Municipality's exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

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

Financial instrument	**2021**	**2020**
Receivables from exchange transactions	2,965,732	3,983,349
Receivables from non exchange transactions	4,747,254	2,852,835
	7,712,986	6,836,184

Past due but not impaired		
Receivables from exchange past due not impaired	343,538	550,232
Receivables from non-exchange past due not impaired (government debt included)	4,242,561	2,634,569
	4,586,099	**3,184,801**

38. Fruitless and Wasteful Expenditure

There was no fruitless and wasteful expenditure in the financial year.

39. Irregular Expenditure

Opening balance	13,547,387	20,882,306
Add: irregular expenditure- current year	21,385,537	4,754,031
Add: irregualr expenditure- prior year discovered this year	-	717,067
Less: Amount written-off by Council	(30,151,972)	(12,806,017)
Closing balance	**4,780,952**	**13,547,387**

39. Irregular Expenditure (continued)

Irregular expenditure of R4 179 952 : The municipality appointed a service provider for road construction, but the service provider had some challenges with SARS and abandoned project at a critical stage of construction and projects were exposed to the damage by the effects of non-conducive weather conditions which was likely to cause damages to the underlying layers and incomplete items in general if left unattended for too long and that would cost the Municipality to redo those items, hence immediate Contractor replacement measures had to be made priority. Over and above, the roads project has life threatening risky elements to the community as there were trenches dug into people's entrances thus required urgent attention to avoid the accidents from occurring.

The municipality then evaluated from the service provider that had tendered for this project, and were scored for functionality and appoited a service provider to complete the project based on the remaining work. This was in line with Municipalal Supply chain policy, however upon futher delibarations the municipality realised that this is in contravention with the regulations, since the process could not allowed other service providers to also bid for the projects.

further reasons that compelled the municipality to treat this as an urgent metter are as follows:
1. The project is funded through MIG and the MIG framework require Municipalities to commit monthly expenditure targets for the year ahead and failure to meet the minimum targets results to the stopping and re-allocation of grant to other Municipalities in terms of section 19 and 20 of the Division of Revenue Act, this is why we had to manage the situation internally and ensure a quick measure for the replacement Contractors that will immediately proceed with the works to avoid losing funds to performing Municipalities.

2. Secondly, the Municipality was at high risk considering that it had suffered MIG rollovers 3 years in a row (18/19, 19/20, 20/21), by luck all 3 rollovers where approved accordingly, however chances were very slim that a fourth rollover application could be approved, the Municipality had to therefore be quick to manage that situation to avoid losing the MIG funds whereas the Municipality lacks sufficient finances to build infrastructure.

3. lastly, re-adverts may have resulted to escalated rates considering the time elapsed since original tender, but with the second runner up approach it was a matter of accepting the previously tendered rate if deemed still within market. This approach let the Municipality get away with applications for additional funding with CoGTA which was likely to occur and on its own is a + - 3 months process whilst the project suffers.

Irregular expenditure of R30 500: the municipality booked in the hotel in durban only to find that the one of the shareholders is in the service of the state, but on the CSD printout prio appointment it was not reflecting that there is a person in the service of the state.

Irregular expenditure of R570 500: Bid evaluation criteria not specified to suppliers upfront.

The municipality set out terms of reference which outlined the objective of the contract or services required from the service providers' quote

Service provider to be appointed was required to demonstrate sound project and programme management skills to ensure effective delivery and timeous outcome in their methodology

Township establishments in South Africa are conducted in terms of the Spatial Planning and Land Use Management Act (Act No. 16 of 2013). Within the Act there are timeframes which are mandatory to be applied when developing townships. Service providers must therefore in their bid documents demonstrate knowledge of SPLUMA by indicating SPLUMA time frames. The service providers therefore needed to demonstrate the SPLUMA time frames as stipulated in the legislation. The exclusion of SPLUMA time frames by the said service providers indicated limited knowledge of processes applied in developing township establishments in terms of SPLUMA.

With the above being said, when developing township establishment, requires one to demonstrate, and take note of National Legislation which is SPLUMA and service providers needed to outline compliance and alignment of timeframes that are in line with the framework.

Figures in Rands	2021	2020

39. Irregular Expenditure (continued)

Therefore, the municipality considered the proposals of the two service providers as non-responsive since they failed to outline SPLUMA time frames.

40. Unauthorised Expenditure

There was no unauthorised expenditure in the current financial year, and there was nothing in the prior year as well.

41. Additional disclosures in terms of the Municipal Finance Management Act

Contributions to organised local government

	2021	2020
Current year subscription / fee	1,338,990	1,144,230
Amount paid - current year	(1,338,990)	(1,144,230)
	-	-

Audit fees

	2021	2020
Current year subscription / fee	1,930,409	1,784,291
Amount paid - current year	(1,930,409)	(1,784,291)
	-	-

PAYE and UIF

	2021	2020
Current year subscription / fee	18,636,986	17,153,842
Amount paid - current year	(18,636,986)	(17,153,842)
	-	-

VAT

	2021	2020
VAT receivable	5,604,262	3,213,286

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

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

42. Related parties

Related party balances

Councillors- in arrears more than 90 days

No councillors were in arrears at the end of the current financial year

Section 57 employees		
Remuneration paid	6,256,917	6,902,805

The detailed section 57 employees cost break down is on note 25]

Councillors		
Remuneration paid	16,267,338	15,923,461

Remuneration of councillors disclosed in note26

Employee lease rentals		
N.Tyekela	13,069	16,532
K. Dweba	17,425	16,532
T. Sondzaba	9,000	-
S Maphumulo	2,400	2,549
S Sosibo	2,400	2,549
TM Sikhosana	2,400	2,549
Mncwabe	-	2,124
I Jokweni	600	-

43. 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 Council and includes a note to the annual financial statements.

There were deviations amounting to R2 980 522 in the current financial year.

the breakdown of these deviations is as follows:
- Provision of security services (emegency) of R2 363 588
- Accommodation (the municipaltiy did not have a travel agent,and could not get 3 quotes) of R565 972
- Short course (other institution do not cater for online sourse for the certificate) of R27 000
- Car hire (emegency) of R19 963
- Actuarial services (impractical to follow SCM process), of R4000

44. Events after the reporting date

There were no events after reporting date.

45. Prior period errors

There was amount of R103 885 that was paid for services that were not yet received, in the previous year resulting in the Prepayments being understated by R103 885, and the accommodation being overspent with the same amount.

There was an amount of R40 800 that was mapped incorrectly into the Employee costs (Travel, motor car) instead of remuneration of Councillors (Cellphone allowance), thus resulting in the employee costs being overstated, and Remuneration of councillors understated with the same amount of R40 800.

Bad debts written-off(previously reported as debt impairment) were overstated by an amount of R2 124 272, this amount was for impairment provision, and it was incorrectly included to bad debts written-off. we have now correctly mapped it to gains/losses.
The impairment for property, plant and equipment of R2 371 891 was incorrectly reported under general expenses, but was supposed to be on gains/losses.

in 2019 financial year the municipality raised a provision for planning studies, how ever the amount paid on those studies is less than the amount that was raised, therefore the payables from exchange transaction were over-stated by R1 377 210

the amount of 409 490 thas was previously reported as leaners and licences has been reclassified into Agency services.

Property, Plant and Equipment

There is an asset that was recorded on community, but its nature is Infrastructure. The community assets were over stated by R2 828 412, and Infrastructure assets were understated by the same amount.

The landfill site was constructed by Environmental affairs, and later on trasferred into our municipality in the previous financial year, even though we have not yet started utilizing it, but we were supposed to capitalise it in our books. This resulted in the muicipal community assets being understated by R11 467 904, and the Donations revenue also understated with the same amount. the accumulated depreciation was understated by R158 241.50 and depreciation understated by the same amount.

Drawings for new municipality offices were previously recorded as contracted services. This resulted in Buildings beinge understated by R1 274 000, and contracted services oversated by the same amount.

..

The impact of the foregoing errors is as follows:

Statement of financial position		
Prepayments	-	103,885
Infrastructure assets	-	2,828,412
Community assets	-	(2,828,412)
Community assets	-	11,467,904
Buildings (WIP)	-	1,274,000
Community assets: Accumulated depreciation	-	158,242
Payables from exchange transactions	-	(1,377,210)
Accumulated surplus	-	(1,377,210)

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

45. Prior period errors (continued)

Statement of Financial Performance

Donation revenue	-	11,467,904
Subsistance and travelling	-	(103,885)
Employee related costs	-	(40,800)
Remuneration of Councillors	-	40,800
Contracted services	-	(1,274,000)
Depreciation	-	157,242
Bad debts written-off	-	(2,124,272)
Gains/losses	-	2,124,272
Learners and licences	-	(409,490)
Agency services	-	409,490

Statement of Financial Performance	Previously Reported	Restated
Donation revenue	-	11,467,904
Sustistance and travelling	3,364,045	3,260,159
Employee costs	100,934,925	100,894,125
Councillors remuneration	15,923,461	15,964,261
Contracted services	27,646,847	26,372,847
Depreciation	35,668,067	35,853,668
Bad debts written-off	3,029,744	905,475
Impairment gains/losses	-	4,496,163
Learners and licences	409,490	-
Agency services	421,773	831,263
	187,398,352	**200,045,865**

Statement of Financial Position	Previously Reported	Restated
Community assets	210,209,639	218,849,131
Infrastructure assets	472,238,796	475,067,202
Buildings	48,482,319	49,756,319
Community asets acc depre	30,735,814	30,894,056
Payables from exchange transactions	19,225,186	17,847,976
Prepayments	3,226,338	3,330,223
Accumulated surplus	628,504,702	642,542,100
	1,412,622,794	**1,438,287,007**

Cash flow statement	Previously reported	Restated
Receipts form ratepayers and other services	15,233,879	13,888,139
Funds receipts	-	15,000,000
Supplier and other payments	(83,080,346)	(104,936,556)
Payment from funds	-	(15,000,000)
Electrification receipts	15,000,000	-
Housing development and electrification funds proceeds paid	(36,856,210)	-
	(89,702,677)	**(91,048,417)**

46. Budget differences

Material differences between budget and actual amounts

<u>Budget vs Actual Variance Explanations for 2020/2021</u>

46. Budget differences (continued)

The budget is approved on an accrual basis nature of classification. The approved budget covers the period of 01 July 2020 to 30 June 2021
Material variances on final budget compared to actuals.

Variance Explanations

Revenue

Interest earned – external investments – This is due to the amount that matured in March and it was not re-invested as it was anticipated on the adjustment budget. The municipality planned to re-invest in September.

Interest earned – outstanding debtors - Interest were budgeted based on debt however during the financial year, there were writes offs processed as well as rebates offered due to covid 19 effect that had impact on debt.

Licenses and permits – this is due to Hawkers renewed their license for 2021-2022 financial year, in the last quarter of 2020-2021 financial year and that was not anticipated during adjustment budget.

Agency services - Due to applications from applicants around KZN towns. Dates from uMzimkhulu traffic department are near yet in their towns they usually get far dates to obtain their learners licenses.

Other revenue - Due to error made during the adjustment budget on budget for Building plans and Servitudes, the budget was supposed to be R45 000.00 not R450 000.00

Expenditure by type

Remuneration of councilors - no increments for councilors for this financial year while the municipality anticipated on the budget.

Debt impairment - Impairment calculations are based on closing debt at that period. Therefore, municipal debt increases as at June and the impairment increased.

Depreciation and Amortization - The reduction on the depreciation is due to impairment loss on the most of community assets, therefore it led the depreciation and amortization to decrease.

Other Material - Ward 13 Bakery - The project was re-advertised due to issues on local content not being considered.

Sewing Machine and material (ward 12) - The project was re-advertised twice due to not getting the suitable service provider.

Contracted Services – SPLUMA - Municipal Planning Tribunal meeting had not sat physically due to due to regulations issued in terms of Disaster Management Act (Covid-19). MPT Members are remunerated on seating and travelling.

Rural Housing Ward 1,2,3 and 4 and Formalisation of ext. 9 & 10 in-sutu - Feasibility studies are not yet approved by the Department of Human Settlements, The Municipality will spend upon approval of feasibility studies.

Tourism Festival (performing artist), Tourism Festival (Gala Dinner-Catering) and Tourism Aloe Festival - These projects were cancelled due to Covid 19 regulations restriction to events.

Title Restoration - Rollover application has not been approved by the department of Human Settlements and Provincial Treasury; therefore, we are unable to spend.

Emergency repairs on Public Facilities - The budget projection for these projects is mainly conducted through a three-quote process when the damages have been identified and assessed on the public facilities, there were no, or minor damages assessed during the financial year hence there is no expenditure.

46. Budget differences (continued)

Medical Surveillance – The project was put on hold - due to deceased contracted Doctor.

District Marathon, Youth Day Celebration, Disability Day, Youth Summit, Disability Sports Day, Library Road Show, Mayors Cup - These projects were not implemented due to Covid 19 restrictions.

General expenses

- Branding Sign Boards and Uniform - These projects were depending on the EPWP beneficiaries and these beneficiaries were appointed toward the end of the year (May) due to the shortage of staff and the number of applications were massive.

- Postage/Stamps/Franking Machines – There were non-response from the service provider to supply franking machine

- Printing Publications and Books - During policy review it was resolved that employees should purchase books and claim from the municipality therefore the municipality did not receive any claims.

- Jazz Festival, Youth Summit – The municipality planned for 100 participants due to covid 19 were reduced to 50.

-Subsistence and Travelling - Due to covid 19 travelling were limited and the municipality could not spend as per plan. Meetings, conference, and training were held through virtual.

- **Impairment Loss** – The municipality has conducted the conditional assessment and impairment testing upon concluding the report there was an impairment loss on community assets. The impairment loss is due vandalism of the facilities by the community members.

Capital Expenditure – Internal Generated Fund

Acquisition of GPS and Unmanned Aerial Vehicle - These projects were advertised numerous times, but no appointment could be made as there were insufficient bids to proceed with the procurement.

Furniture and Office Equipment – The municipality contracted with Regency Office Furniture for the procurement of furniture and office equipment, the municipality place an order in May and the Service Provider did not deliver on time.

Audit and Risk System -The tender was readvertised after non-compliance from service providers

Renewal of existing Intangible Assets – The municipality appointed Microsoft through SITA to supply licenses through enterprise agreement therefore budget was not used for any Microsoft license as the budget was intended to make an additional Microsoft license.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

47. Other investments

Bank investment		
STD bank -248875078-002	30,379,144	-

48. Impairment gain/losses

The decision was made by the to discontinue these operations due the lack of return on investment.

Impairments		
Impairment on Property, plant and equipment	14,712,896	2,371,891
Impairment on Receivable assets	2,040,166	2,124,272
	16,753,062	**4,496,163**

Disposals		
Furniture and office equipment disposal	43,764	(328)
Machinery and equipment disposal	3,533	-
Computer equipment disposal	24,443	18,385
Intangible assets disposal	3	-
Transport assets disposal	4	913,007
Heritage assets (impairment reversal)	-	(177,000)
	71,747	**754,064**

49. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of two major functional areas: Roads, and Community services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates is the most populated of the Harry Gwala municipalities, accounting for 39% of the district's population. The population of UMzimkhulu is about 197 286 people. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

The management purpose, the municipality is organised and operates in 3 key functional segments(business units). Management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance.

These reportable segments/ business units comprise of:

Reportable segment	Goods and/or services
Community and public safety	Community and social related services, sports and recreation
Economic and environmental affairs	Road transport services, planning and development
Trading services	Waste management services

49. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

2021

	Community and public safety	Economic and environmental affairs	Trading services	Unallocated	Total
Revenue					
Revenue from non-exchange transactions	36,750,743	163,058,621	-	137,692,113	337,501,477
Revenue from exchange transactions	81,842	1,973,559	2,918,946	11,167,875	16,142,222
	36,832,585	**165,032,180**	**2,918,946**	**148,859,988**	**353,643,699**
Expenses					**Total**
Expenses	(36,595,138)	(46,528,688)	(5,399,307)	(115,524,791)	(204,047,924)
Depreciation	(6,366,652)	(29,262,438)	(126,385)	(2,591,649)	(38,347,124)
	(42,961,790)	**(75,791,126)**	**(5,525,692)**	**(118,116,440)**	**(242,395,048)**
					Total
Total segment surplus/deficit	(6,129,205)	89,241,054	(2,606,746)	30,743,548	111,248,651
Assets					**Total**
Segment assets	233,165,563	279,917,784	1,783,383	285,907,702	800,774,432
Segment liabilities	(13,547,346)	(886,123)	(399,608)	(18,944,240)	(33,777,317)
Additions to non-current asseets	42,402,944	32,421,755	1,855,182	28,212,017	104,891,898
	262,021,161	**311,453,416**	**3,238,957**	**295,175,479**	**871,889,013**

Measurement of segment surplus or deficit, assets and liabilities

Notes to the Annual Financial Statements

49. Segment information (continued)

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

50. Compliance with the Municipal Finance Management Act and other Laws and Regulations

The municipality complied with all the requirements of the MFMA as required. There were no instances of material non-complienace identified during the period under reporting, except for the items disclosed in note 39 (irregular expenditure) and note 44 (deviations).

51. Significant losses incurred during the financial year

Municipality did not incure any significant losses during the financial year; except those disclosed on the Note 28 for impairment and write-off receivables.

AG report:

Auditor-General of South Africa

Umzimkhulu Local Municipality

Audit report for the year ended 30 June 2021

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Umzimkhulu Local Municipality set out on pages … to …, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the 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 Umzimkhulu Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No.4 of 2020) (Dora).

Basis for opinion

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

Material impairments - receivables from exchange transactions

7. As disclosed in note 3 to the financial statements, the municipality increased its provision for impairment to R6,14 million (2019-20: R5,01 million) on receivables from exchange transactions as the recoverability of these amounts was doubtful.

Material impairments - receivables from non-exchange transactions

8. As disclosed in note 4 to the financial statements, the municipality increased its provision for impairment to R3,71 million (2019-20: R3,13 million) on receivables from non-exchange transactions as the recoverability of these amounts was doubtful.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

11. 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.

12. 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

13. 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.

14. 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

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

16. 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.

17. 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 key performance area* presented in the municipality's annual performance report for the year ended 30 June 2021.

18. 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.

19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the *basic service delivery and infrastructure development key performance area.*

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. The annual performance report on pages xx to xx sets out information on the achievement of planned targets for the year.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of *the basic service delivery and infrastructure development key performance area*. As management subsequently corrected 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

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

24. The material finding on compliance with specific matters in key legislation is as follows:

Financial statements

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified opinion.

Other information

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

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

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. The other information I obtained prior to the date of this auditor's report is the mayor's and the municipal manager's foreword. The audit committee report is expected to be made available to me after 3 December 2021.

29. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

30. When I do receive and read the audit committee's report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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. Senior management did not implement effective oversight over the year-end processes and reconciliations to ensure that reliable accounting records supported the financial statements.

Auditor - General

Pietermaritzburg

3 December 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

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

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate 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.

Glossary

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

Integrated Development Plan	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.

Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

Annexures

- **Auditor General Action plan**

ACTION PLAN REGARDING AUDITOR GENERAL'S RECOMMENDATIONS

NAME OF INSTITUTION ISSUEING REPORT	YEAR OF REPORT		NATURE OF THE FINDING	FINDING	ACTION PLAN	IMPLEMENT ACTION DATE	RESPONSIBLE DEPARTMENT	RESPONSIBLE PERSON
Auditor-General	2020/2021	1	**Material Impairments**	As disclosed in note3 to the financial statements, the municipality recognised a provision for impairment of R6.14 million (2019-20: R5.01 million) on receivables from exchanged transactions as the recoverability of these amounts were doubtful.	The municipality has noted the cautioning of the debt impairment and is currently enforcing its credit control and debt collection management policies, and we will also conduct revenue collection awareness campaigns.	on going	Budget and Treasury Office	Mrs. T Ngcemu
Auditor-General	2020/2021	2		As disclosed in note4 to the financial statements, the municipality recognised a provision for impairment of R3,71 million (2019-20: R3,13 million) on receivables from non-exchance transactions as the recoverability of these amounts were doubtful.	The municipality has noted the cautioning of the debt impairment and is currently enforcing its credit control and debt collection management policies, and we will also conduct revenue collection awareness campaigns.	on going	Budget and Treasury Office	Mrs. T Ngcemu
Auditor-General	2020/2021	3	**Property,Plant & Equipment**	Management did not adequately perform reviews on the financial statements at all levels to prevent material adjustments of property plant and equipment.	The municipality will ensure that the review of the annual financial statements is adequately performed, and that no material errors are overlooked. We will also utilise the services provided by provincial treasury for external reviews. The municipality will develop a checklist of key aspects to be reviewed in order to eliminate material misstatement.	30 July 2022	Budget and Treasury Office	Mrs. T Ngcemu
Auditor-General	2020/2021	4	**Policies and procedures**	The municipality did not adequately update its standard operating procedures and technical indicator descriptions to address the collection, monitoring and reporting of performance information.	The municipality will ensure that the review of the Technical indicator description is adequately updated to address the mornitoring and reporting of performance information, including refuse collection and the construction of Harry Gwala multipurpose sports center, and that no misstatements are overlooked.		Monitoring and evaluation	Mr. M Mkize

Auditor-General	2020/2021	5	**Action plans to address internal control deficiencies**	Management did not adequately monitor the achievement of the audit action plan as similar findings relating to the cash flow statement, commitments, performance information and procurement and contract management were identified during the current audit.	The management will do a proper review of these to ensure that similar findings do not keep on appearing.	30 July 2022	Budget and Treasury Office	Mrs. T Ngcemu
Auditor-General	2020/2021	6	**Daily and monthly processing and reconciling of transactions**	Fixed asset register reconciliations against the financial statements were not appropriately conducted to detect errors surrounding the updating of the impairment adjustment adjustment for the financail period.	In the current AFS preparation plan updating of FAR is to be finished ealier so that there will be sufficient time to perform reconciliations between FAR and AFS. Accounting Services Officer will perfom reconcilliations and they will be reviewed by Deputy CFO	30 July 2022	Budget and Treasury Office	Mrs. T Ngcemu
Auditor-General	2020/2021	9	**Adjustment of material misstatements on annual performance**	We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the basic service delivery development priority. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.	The municipality will ensure that the review of the Annual Performance Report is adequately performed, and that no material misstatements are overlooked. The municipality will develop a checklist of key aspects to be reviewed in order to eliminate material misstatement.	30 July 2022	Monitoring and evaluation	Mr. M Mkize
Auditor-General	2020/2021	10	**Leadership**	The municipality did not adequately monitor the asset consultant to ensure agreed upon deliveries were satisfactorily met and in accordance with the GRAP standards. Work performed was not appropriately reviewed to confirm that proposed impairment adjustments were adequately supported against credible evidence prior to recording on the financial statements.	The management will ensure that the consultant submits the information 30 days before the submission of the financial statements in order for the municipality to do the review on time.	30 July 2022	Budget and Treasury Office	Mrs. T Ngcemu
Auditor-General	2020/2021	11	**Internal Audit and audit committee**	Internal audit and audit committee's review of the financial statements and performance report can be improved as various discrepancies were still identified	The municipality will ensure that the draft AFS are provided to internal audit and audit committee on time, to give them enough time to do their reviews.	05-Aug-22	Budget and Treasury Office	Mrs. T Ngcemu

				by audit in the areas of cash flow statement, property plant and equipment and disclosure items.				