



ANNUAL REPORT

**2020-2021
FINANCIAL YEAR**

Table of Contents

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	8
1.1. Executive Mayor's Foreword	8
1.2. Municipal Manager's Foreword.....	11
1.3. Municipal Overview	14
CHAPTER 2: GOVERNANCE	24
2.1. Governance Structures	24
2.1.1. Political Governance Structures.....	24
2.1.2. Administrative Governance Structures.....	25
2.2. Intergovernmental Relations	28
2.2.1. Provincial Intergovernmental Relations	28
2.2.2. District Intergovernmental Relations.....	29
2.3. Public Accountability and Public Participation	29
2.3.1. Stakeholder Engagement and Consultation on the IDP Process	29
2.3.2. Community Consultation meetings	30
2.3.3. The IDP Process followed.....	32
2.4. Corporate Governance.....	35
2.4.1. Risk Management	35
2.4.2. Anti-Corruption and Fraud.....	37
2.4.3. Supply Chain Management.....	38
2.4.4. By-Laws and Policies	39
2.4.5. Website and Public Satisfaction on Municipal Services.....	44
2.4.6. All Municipal Oversight Committees	45
CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	48
3.1. Organizational Performance Report against Targets set in the Service Delivery and Budget Implementation Plan (SDBIP).....	49
3.1.1. Key Performance Area: Service Delivery and infrastructure Development	50
3.1.2. Key Performance Area: Local Economic Development.....	79
3.1.3. Key Performance Area: institutional Development and Transformation	80
3.1.4. Key Performance Area: Public Participation and Good Governance.....	84
3.1.5. Key Performance Area: Financial Viability and Management	88
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)...	93
4.1. Post Establishment Report for the 2020/2021 Financial Year	93
4.2. Workforce Profile.....	94
4.2.1. Occupational Levels	94

4.2.2. Pension Funds	95
4.2.3. Medical Aid Schemes	95
4.3. Capacitating the municipal workforce	95
4.4. MFMA Implementation Report: Municipal Regulations on Minimum Competency Levels	96
4.5. Municipal workforce expenditure	97
CHAPTER 5: FINANCIAL PERFORMANCE	98
CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS.....	112
6.1. Auditor General’s Report.....	112
6.2. Annexure – Auditor General’s Responsibility for the audit	119
6.3. Remedial Action Plan to address audit findings and Clean Audit Roadmap	121
APPENDIX A: COUNCILORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	129
APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE	136
APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE.....	150
APPENDIX D: FUNCTIONS OF MUNICIPALITY / ENTITY	151
Appendix D (i): Functions of Municipality.....	151
Appendix D (ii) Functions of Entity	154
APPENDIX E: WARD REPORTING	155
APPENDIX F: WARD INFORMATION	167
APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT	168
APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP.....	187
APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE.....	188
APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST	189
APPENDIX K: REVENUE COLLECTION PERFORMANCE	190
Appendix K (i): Revenue Collection Performance by Vote.....	190
Appendix K (ii): Revenue Collection Performance by Source	190
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG.....	191
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWAL.....	192
Appendix M (i): Capital Expenditure – New Assets Programme.....	192
Appendix M (ii): Capital Expenditure – Upgrade/Renewal Programme.....	197
APPENDIX N: CAPITAL PROGRAMME BY PROJECT CURRENT YEAR	200
APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD CURRENT YEAR	201
APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.....	202
APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	203
APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	204
APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71	205

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT	206
Volume II: Audited consolidated Annual Financial Statements.....	207

Table of Tables

Table 1: Municipal Regions and Wards.....	15
Table 2: Age, Sex Composition.....	17
Table 3: Racial Profile.....	18
Table 4: Persons Living with Disability	18
Table 5: Public Health Facilities	20
Table 6: Unemployment Rates from 2001-2016	21
Table 7: Poverty Rate 2011 – 2016	21
Table 8: Priorities Alignment to National, Provincial and District	33
Table 9: Strategic Risks.....	36
Table 10: Policies and By-Laws list 2019-2020.....	40
Table 11: Councilors Oversight Committee List.....	45
Table 12: IDP Development Priority.....	48
Table 13: Council meeting Attendance Register.....	132

Table of Figures

Figure 1: National, Provincial and District Context.....	14
Figure 2: Population Distribution in Ehlanzeni District Area (2001 - 2016).....	16
Figure 3: Level of Education	23
Figure 4: Systems Approach - Governance Decision Making.....	25
Figure 5: Top Layer of the approved organizational structure	26

LIST OF ABBREVIATIONS/ ACRONYMS

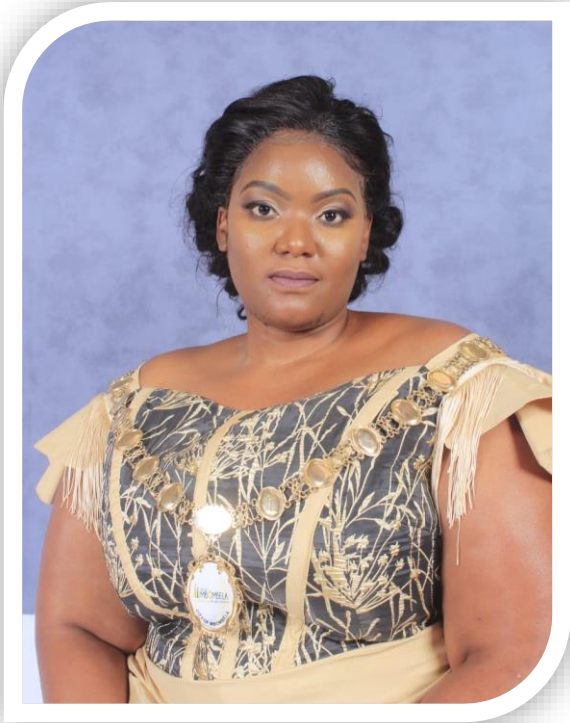
ACRONYM	MEANING
AIDS	Acquired Immune Deficiency Syndrome
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
CBD	Central Business District
CDW	Community Development Worker
CFO	Chief Financial Officer
CWP	Community Works Programme
DCSR	Department of Culture, Sport and Recreation
DEA	Department of Environmental Affairs
DMM	Deputy Municipal Manager
DRP	Disaster Recovery Plan
DWA	Department of Water and Sanitation
EA&ES	Environmental Awareness and Education Strategy
EDM	Ehlanzeni District Municipality
EE	Employment Equity
EIA	Environmental Impact Assessment
EMS	Emergency Medical Services
EPWP	Expanded Public Works Programme
FY	Financial Year
GEPF	Government Employees Pension Fund
GM	General Manager
GRAP	Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
HR	Human Resources
HVAC	Heating, Ventilation and Air Conditioning
ICT	Information Communications Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IMQS	Infrastructure Management Query System
JMPF	Joint Municipal Pension Fund
KLCBT	Kruger Local Chamber of Business and Tourism
KM	Kilometers
KPA	Key Performance Area
KV	Kilovolts
LDV	Light Duty Vehicle
LED	Local Economic Development
LLF	Local Labour Forum

LUMS	Land Use Management System
MCPF	Municipal Councillors Pension Fund
MEDA	Mbombela Economic Development Agency
MEDP	Mbombela Economic Development Partnership
MEPF	Municipal Employees Pension Fund
MGF	Municipal Gratuity Fund
MFMA	Municipal Finance Management Act
MLAC	Mbombela Local AIDS Council
MLM	Mbombela Local Municipality
MM	Municipal Manager
MMC	Member of Mayoral Committee
MMS	Multimedia Message Service
MoU	Memorandum of Understanding
MPLS	Mpumalanga Provincial Library Services
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium Term Revenue and Expenditure Framework
MTSF	Medium-term Strategy Framework
MRM	Moral Regeneration Movement
MVA	Megavolt Ampere
NAFCOC	National African Federated Chamber of Commerce and Industry
NFMW	National Fund of Municipal Workers
OHS	Occupational Health and Safety
PCF	Premier's Coordinating Forum
PIU	Project Implementation Unit
PTIS	Public Transport Infrastructure System
RBWIG	Regional Bulk Water Infrastructure Grants
RPL	Recognition of Prior Learning
SALGA	South African Local Government Association
SONCO	South African National Civic Organisation
SAPOA	South African Property Owners Association
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small Medium Macro Enterprises
SMS	Short Message Service
SPLUMA	Spatial Planning and Land Use Management Act
STATS SA	Statistics South Africa

ToR	Terms of Reference
TUT	Tshwane University of Technology
UDZ	Urban Development Zone
WWTW	Waste Water Treatment Works

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1. Executive Mayor's Foreword



This Annual Report for 2020/2021 marks the last year term of office of the previous council. It must be noted that in the last two (2) financial years, the previous council works was one that was filled with many challenges, chief amongst them being Covid-19. The Municipal Finance Management Act 56 of 2003 requires Local Government entities to have in place their indicative revenue and projected expenditure for the budget year and the two outer financial years in line with the Municipal Term Revenue and Expenditure Framework (MTREF). The outbreak of the Covid-19 pandemic required a particular focus on the planned programmes of the City in assisting our communities to be able to have all preventative measures in place in combatting the spread of the

Covid-19. Our government had to take major steps in protecting the citizens of South Africa by implementing the national lockdown in order to minimize the spread of the virus and that resulted in major disruptions of our economic activities thus further leaving a number of people without income. On local government level, in response to the Covid-19 pandemic, municipalities were required to expand their scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic. This response meant that municipalities had to adjust their current budget in order to meet the required service delivery objectives of its communities to help combat the Covid-19 pandemic.

While this period was and is still difficult to everyone, I would to take this opportunity to also thank the City's employees, their commitment to the institution and the City of Mbombela community is valued. As an expression of the commitment to improving service delivery, despite challenges encountered, the Annual Report aims to reflect on the progress made in executing the mandate of the City. Some of the achievements reported include the provision of:

- Basket of services to indigent households,
- supply of basic services to people living in the informal settlements to alleviate the plight of informality,
- Improvement of road and infrastructure in our communities
- provision of connected households that never had connection to water, electricity and sanitation services, and
- Job opportunities through the EPWP programme.

This report serves as an account of the performance of the municipality for the year 2020/2021 in terms of the annual performance targets set in the Service Delivery and Budget Implementation Plan (SDBIP). These service delivery targets as well as development targets that are articulated through the SDBIP are based on the strategic objectives set in the approved Integrated Development Plan (IDP). Accordingly, this annual report provides all key stakeholders with a tool to assess the overall performance of the municipality. Council will be able to hold the Executive political leadership accountable, while the Executive political leadership will also be holding the municipal top management accountable. Similarly it presents the Municipal Council with the opportunity to give feedback to the community on progress made towards realizing the community aspirations expressed in the IDP.

With the 2020/2021 budget, we continued with directing substantial resources away from non-core expenditure items towards service delivery related infrastructure. The municipality in the 2020/2021 financial year has allocated 13% of its budget towards capital projects that would improve service delivery. In the year under-review the municipality was able to achieve 100% of 11.3km's for Road Construction Programmes and 28.8km's are still under construction with a performance of 60% as at 30 June 2021. In water reticulation and sanitation programmes, the Nsikazi South via Karino bulk water project is nearly complete and is 91%. Nsikazi North water reticulation project is complete. For sanitation programme both the Barberton and Tekwane South waste water treatment works and outfall sewer are completed. Electrification programmes, a total of 442 dwellings were connected and 98 high mast installed in various wards in all the regions.

The City continued to function within a constrained environment, owing largely to a national economy that is currently under recession and also the impact of Covid-19 on our economic activities which is forecasted to be the case for a little longer. This had a negative bearing on the ability of the City to collect revenue for services as more and more people fell into the unemployment line.

The Annual Report demonstrates that during the year under-review the municipality continued to strive towards realising its vision of a **City of Excellence, The Ultimate Destination**. It also

provides a comprehensive yet honest account of performance of the municipality, highlighting key achievements as well as rationale for the under-achievement in instances where there has been under-performance by the municipality.

In the 2020/2021 financial year, I look forward to continued progress in making it possible for the City to realize its vision of a ***City of Excellence, The Ultimate Destination*** as a beacon of opportunity.

I therefore presents to Council the 2020/2021 Annual Report for the City of Mbombela.



CLLR SE MAKUSHE

EXECUTIVE MAYOR

1.2. Municipal Manager's Foreword



It is my great pleasure to present the Annual Report for the financial year 2020/2021. This report is meant to communicate how the performance of the municipality for the year under review. The Municipal Systems Act (2000) as amended requires the municipality to compile annual reports which should be a reflection of progress made by the municipality towards achieving targets set in the Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP is the annual performance plan of the municipality which provides quarterly performance targets and key performance indicators per key municipal performance areas.

This report was further compiled as per the requirements of the Municipal Financial Management Act 56 of 2003 which requires the Accounting Officer to report to the Executive Mayor at the end of each quarter on the Municipality's performance in implementing the SDBIP. In accordance with this legislative requirement, this Annual Report covering the period 1 July 2020 to 30 June 2021 has been prepared in order to highlight the extent to which the SDBIP was implemented. It is necessary to indicate that what was planned during the reporting period emanates from the strategic objectives with specified performance indicators and targets. The report also ensures that accountability is upheld, and all the stakeholders of the municipality are informed of the decisions that were taken in this period under review.

The 2020/2021 financial year was very challenging with the emergence of the Corona Virus pandemic with its effects felt in livelihoods, business and in all aspects of life. These effects were mainly felt economically as many people lost their employments and businesses closing down due to the ailing economy caused by the pandemic. The municipality's revenue collection rates declined as many of our customers fell into the unemployment basket and affordability was affected. This had a negative impact in the implementation of other programmes. It must also be noted that due to Covid-19 and directive from the National Treasury, municipalities were requested to amend their budget and adjust their programmes and prioritize those that will assist communities to be able to have measures in place for the prevention of the Covid-19.

In the previous financial year we launched "Operation Tatische" working together with GIZ. This programme is basically an interaction between the municipality and our customers or account

holders to update their information on our billing system with its main objective being to ensure the data for customers on our billing system is updated to be accurate and credible.

During the course of the 2020/2021 financial year, the municipality had vacancies of Senior Management level due to resignations and expiring of contracts. These positions were all filled for the better operations and stability of the institution.

The municipality has maintained a functional status in the Back to Basics and the Scorecard Programmes for the past financial years. Reports are submitted provincially and nationally to COGTA. These reports are submitted on a monthly and quarterly basis so as to allow for the progress of the municipality to be carefully monitored. Assessments conducted have showed that the municipality is functional.

This Annual Report presents a consolidated report on progress made by the municipal departments towards achieving the service delivery targets set according to the seven Development Objectives as stipulated in our 2020/2021 Integrated Development Plan (IDP) and the 2020/2021 SDBIP:

- To provide infrastructure and sustainable basic services
- To provide sustainable social amenities to the communities
- To strengthen the delivery of sustainable integrated human settlement and environmental management
- To initiate a strong and sustainable economic development
- To build a strong good governance and institutional capacity
- To ensure legally sound financial viability and management
- To maintain and sustain the 2010 legacy projects

The municipality also implemented an enterprise-wide risk management system as required by Municipal Finance Management Act (Act 56 of 2000). The identification, categorization, rating and mitigation of all risks, were conducted in terms of a Risk Management Framework that is in accordance with the Public Sector Risk Management Framework (National Treasury) as well as the ISO 91 000 standard and the King four Report. To manage its risks, the municipality appointed risk owners as well as action owners and risk champions in all departments. All role players received the appropriate training to capacitate them to mitigate the risks.

During the reporting period, the job descriptions, performance contracts of General Managers as well as the System of Delegations, were amended to include specific responsibilities and powers with regards to risk management. In terms of the System of Delegations, all Members of the Mayoral Committee as well as the Section 79 Oversight Committees, are responsible to monitor and evaluate progress pertaining to the mitigation of the strategic risks.

Risk Management is a standing item on the monthly General Manager Forum meetings where the mitigation of the following five strategic risks are closely monitored and evaluated.

NO	STRATEGIC RISK	MITIGATION STRATEGIES
1.	Compromised service delivery infrastructure.	1. Implementation of the infrastructure maintenance plan as per the allocated budget. 2. Implementation of security measures to protect municipal infrastructure.
2.	Insufficient provision of potable water to the community.	1. Implementation of the water services master plan.
3.	Uncontrolled urbanization	1. Discussion, liaison and cooperation between Local Tribal authorities, and the Provincial Government. 2. Review of planning processes. 3. By law enforcement.
4.	Financial unsustainability/Inadequate cash flow.	1. The municipality is implementing various strategies and plans to manage the cash flow situation and keep service delivery going. An arrangement with major service providers has been made in order to ensure continued supply of services. 2. Cost containment measures as well as a Financial Recovery Plan, are in the process of implementation.
5.	Inefficiencies in Governance and service delivery operations.	1. Managers and supervisors are enforcing all the internal controls and where there is transgressions, consequence management is applied.

To increase levels of efficiency and effectiveness, the System of Delegations were also updated and reviewed. A Loss Control and Fraud and Corruption Prevention and Detection Policies were implemented. All this was done to enhance good governance and service delivery.



WJ KHUMALO
MUNICIPAL MANAGER

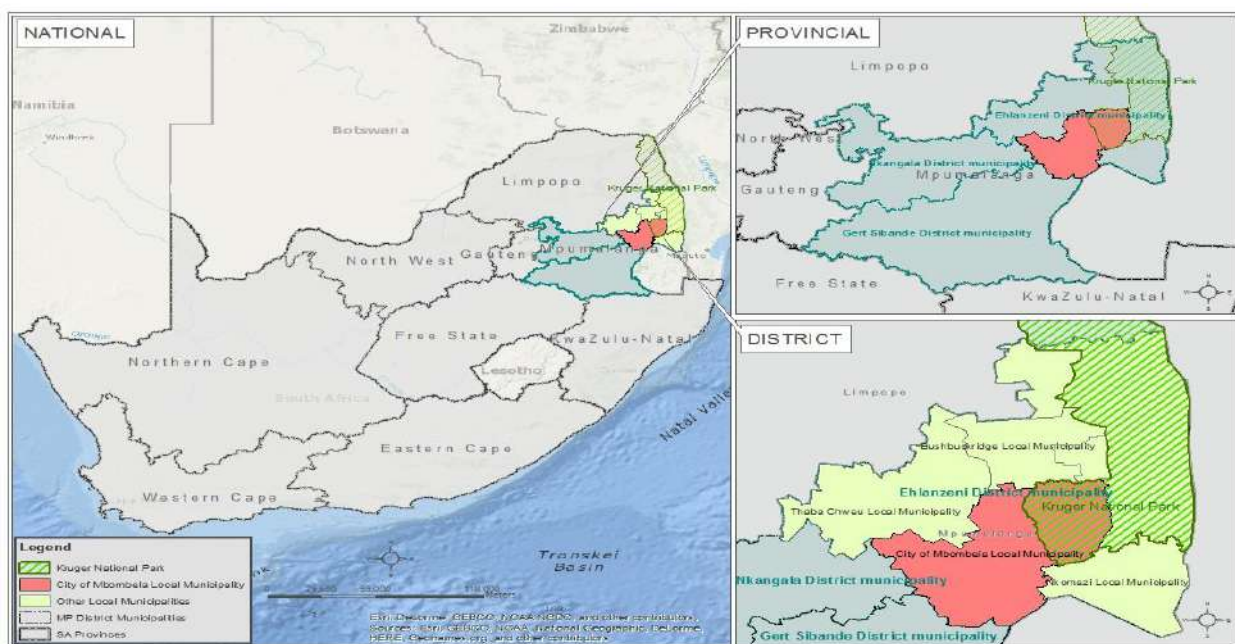
1.3. Municipal Overview

1.3.1. Geographical Location

The City of Mbombela is one of the municipalities of South Africa, located in the Ehlanzeni District Municipality, Mpumalanga province. The City of Mbombela was established in terms of Section 12 of the Municipal System Act (2000) by the MEC for Cooperative Governance and Traditional Affairs in Mpumalanga subsequent to the disestablishment of two municipalities, Mbombela Local Municipality (MP322) and uMjindi Local Municipality (323).

The municipality is situated in the North Eastern part of South Africa within the Lowveld sub-region of the Mpumalanga Province. The geographic coordinates of the Municipality are 25.4° South and 30.9° East. Figure 1 is a map showing the location of the Municipality's area of jurisdiction.

Figure 1: National, Provincial and District Context



Source: Mbombela GIS, 2017

The metropolitan areas of Pretoria and Johannesburg are located 320 km inland, with the border post at Komatipoort approximately 120 km to the east and the Mozambican coastline being around 200 km away and 55 km from the famous Kruger National Park. The Municipality is also bordered by Swaziland, situated 167km from the CBD, and 127km from Barberton. Urban areas in the municipality include Mbombela, White River, Hazyview and Umjindi as well as former homelands towns such as Kabokweni, Kanyamazane and Matsulu.

The municipality is the capital city of the Mpumalanga province and the head office of the provincial government (legislature). The location and its status of a capital city provide the municipality with a competitive advantage as a corridor for growth and development. The City

has two airports, Kruger Mpumalanga International Airport to the north east, and the general aviation Mbombela Airport to the south west. Kruger Mpumalanga is used for scheduled flights to Johannesburg and, less frequently, to Cape Town and other cities.

It is also a home of the Government Research Institute for Citrus and Subtropical Fruits, and the Lowveld Botanical Gardens. The City of Mbombela is a major stopover point for tourists travelling to the Kruger National Park and to Mozambique.

1.3.2. Municipal Regions and Wards

The municipality is made up of 45 wards and 4 regions as per the new municipal demarcation and section of the 12 notice by the MEC for Cooperative Governance and Traditional Affairs.

The regions include Central region, Eastern region, Northern region and Southern region.

Table 2.3.2 below show the municipal regions and the respective wards.

Table 1: Municipal Regions and Wards

No.	Municipal Regions	Wards
1.	Central Region (Mbombela, Kanyamazane, Piennaar, Daantjie, Nelsville, Mataffin, Elandshoek)	12,14,15,16,17, 2, 4, 22, 23, 24, 26, 29 & 40, 18, 19, 20, 21,
2.	Northern Region (Hazyview)	1, 3, 5, 6, 7, 8, 9, 25, 37 & 39
3.	Eastern Region (Nsikazi, White river, Kabokweni, Malekutu)	10,11,30, 38, 31,32,33, 34, 35,36
4.	Southern Region (Barberton, Lows creek, Matsulu)	13, 27, 28, 41, 42, 43, 44 & 45

Source: IDP Unit, 2017

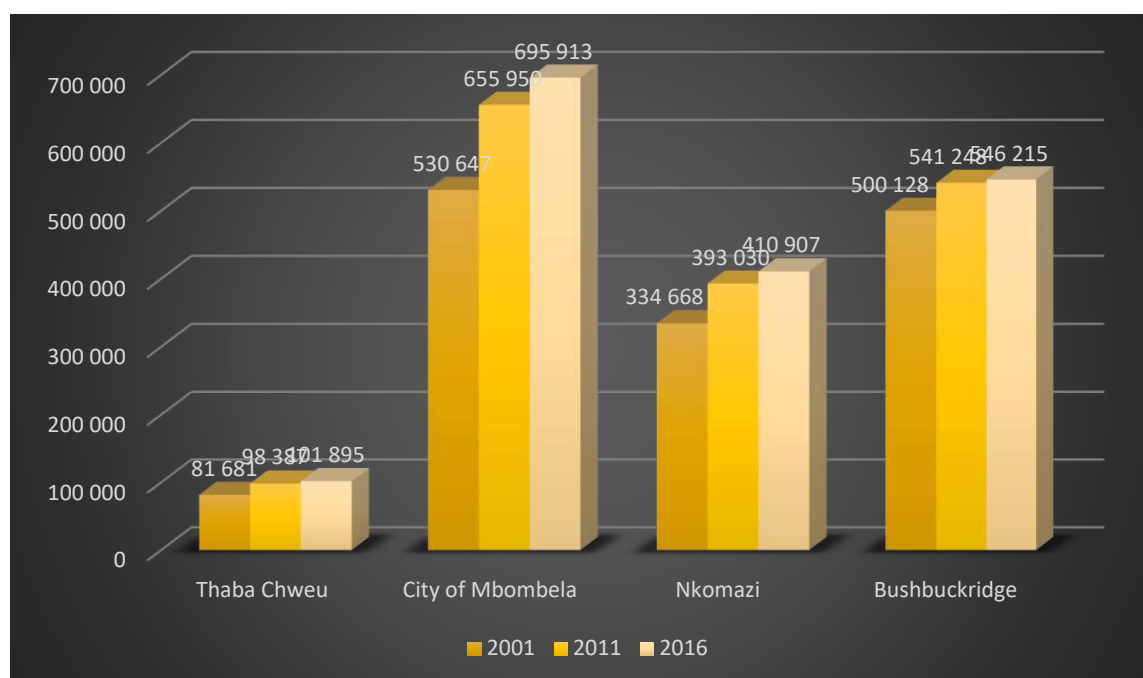
1.3.3. Demographic Overview

Demography is the statistical study of human populations. It encompasses the study of the size, structure, and distribution of these populations. Population dynamics constitute a key feature in development planning because one needs to be aware of the composition of the population before embarking on a process of improving the lives of the people making up the population. All spheres of government are entrusted with providing services to the people and thereby improving the livelihood of these people. In doing so, a critical analysis of the structure of the population is necessary. It is necessary to know whether population is predominantly young or old. This helps the government in allocating its resources effectively as people of different age groups may at times require different services from the government. Not only is the different age group important but also other elements such as the size, fertility, mortality, race, health and wellbeing are equally important. The following is a synopsis of the population dynamics of the Mbombela municipal area also known as demographic overview.

1.3.3.1. Population Size

According to Community Survey 2016 results which is based on the 2016 municipal boundaries, the Mbombela municipal area had a total population of 695 913. This population constitutes 39.6% of the entire population of Ehlanzeni District. Hence, the municipal area of Mbombela is the most populous within the Ehlanzeni District (Community Survey, 2016). With regards to the municipal area's population trends over the past 15 years, the Municipality has been one of the fastest growing municipalities in the district (refer to figure 2.3.3.1 below).

Figure 2: Population Distribution in Ehlanzeni District Area (2001 - 2016)



Source: Stats SA, Census, 2001, 2011 and CS 2016

The Mbombela municipal area has recorded annual population growth rate 2.3% per annum between 2001 and 2011 (Stats SA, 2011). Between 2011 and 2016, however, an annual population growth rate of 1.2% was observed within the municipal area. These trends can be attributed to the municipality's economic potential to attract people from other countries, provinces and municipalities.

According to Community Survey 2016, the municipal area of Mbombela is a destination for about 35.6% of all immigrants (both from other provinces and other countries) coming into Ehlanzeni District. The City of Mbombela is currently in a process of developing a strategy to manage the challenges of migration.

1.3.3.2. Age and Sex, Composition

Age and sex are the most basic characteristics of a population. Every population has a different age and sex composition. The number and proportion of males and females in each

age group have considerable impact on the population's social and economic situation, both present and future (refer to table 2 below).

Table 2: Age, Sex Composition

Description		Years		
		2001	2011	2016
Age	0-14	33.81%	29.58%	32.20%
	15-34 (Youth)	39,03%	40.05%	37.30%
	15-64 (Economically active)	62.25%	66.20%	63.80%
	65+ (Elderly)	3.93%	4.15%	3.90%
Gender	Female	51.75%	51.08%	51%
	Male	48.24%	48.91%	49%
Sex ratio		93	96	98

Source: Stats SA Census Surveys 2001, 2011 and CS 2016

The above table shows that the municipality has a relatively young population. This is indicated by the 37.3% compared with the 32.2% of children between the ages of 0-14 as well as the mere 3.9% of the elderly people. It is however evident from the above that there was a decline in the percentage contribution to the total population of the youth, from 40% in 2011 to 37.3% in 2016. An increase in the percentage contribution to the total population of children aged 0-14 was however witnessed, from 29.5 in 2011 to 32.2% in 2016. This presents challenges regarding services like the provision of early childhood development centres, education, sports development facilities. This was also confirmed during the IDP community consultative meetings where the majority of wards raised the need for early childhood centres, schools and sport fields.

The economically active group presents the youth together with adults above 34 years. This component indicates that there biggest chunk of the population are able to work and can take up a job at any time. This is positive sign especially towards the economic growth of the Mbombela municipal area. The downside of it is that it has declined from 66.2% in 2011 to 63.8 in 2016. This could either mean that people are losing hope to seek jobs or that many people die under these age groups.

With regard to sex composition, the Mbombela municipal are has seen females being in majority since Census 1996 to the most recent Community Survey conducted in 2016. This has also been quantified by the sex ratios. There have been fluctuations in sex ration between the three Censuses. In 2001, the sex ratio was 93 males for every 100 females. This increased to 96 in 2011 and then further up to 98 males per 100 females in 2016.

1.3.3.3. Racial Profile

The Community Survey 2016 conducted by Statistics South Africa (StatsSA) indicates that the Mbombela municipal area is dominated by people of African (Black) descent most of whom

speak the SiSwati language. The total contribution of the African group has increased between 2011 and 2016, from 89.1% to 95.9%. White people are the second dominant population group with 2.6% contribution to the total population whilst the Asian group remained the least contributing group on 0.4%. This information is indicated on the table below and is based on the 2016 municipal boundaries.

Table 3: Racial Profile

RACE/POPULATION GROUP	2016	
	NUMBER OF PEOPLE	PERCENTAGE (%)
Blacks (African)	667 827	95.96%
Whites	18 695	2.69%
Coloureds	6 535	0.94%
Asian	2 855	0.41%

Source: Stats SA, Community Survey 2016

Linked to the race, the dominating language is SiSwati, followed by Xitsonga and Afrikaans respectively. The dominance of African people who are speaking SiSwati forced the municipality to approve a language policy which gave provision for the translation of key strategic documents such as IDP, Budget and Service Delivery and Budget Implementation Plan (SDBIP) into SiSwati. The primary objective of this was to ensure that the majority of the people understand the core business of the Municipality through their own language.

1.3.4. Social Analysis

1.3.4.1. Disability

Disability is a physical or mental condition that limits a person's movements, senses or activities. In development planning, it is also used as a tool to measure the health of the population as well as the ability of persons to execute certain tasks or activities. A healthy population or less disabled population may thus mean more prospects of economic growth and least financial resources on mitigating the effects of disability. Likewise an unhealthy population or population dominated by people with physical impairments will mean that the government must channel more financial resources in addressing these problems.

Table 4: Persons Living with Disability

Type of disability	No difficulty	Some difficulty	A lot of difficulty	Cannot do at all	Do not know	Not applicable	Unspecified
Sight	560574	38180	9927	779	278	253	85923
Hearing	588623	16209	4096	554	256	253	85923
Communicating	598334	8478	2183	695	48	253	85923
Walking	576028	22397	9785	1418	109	253	85923
Remembering	589110	15918	4096	434	180	253	85923
Self-care	592328	12458	3577	1212	60	355	85923

Source: Stats SA, Community Survey 2016

In terms of the latest statistics from the Community Survey 2016, the highest form of disability within the Mbombela municipal area was on people who have walking difficulty followed by people who have sight problems. These numbers stood at 1 418 and 779 respectively. According to this Survey, there were also 1 212 people who indicated that they were unable to take care of themselves due to one or more forms of physical impairment. The City of Mbombela under the Transversal Services unit has programmes aimed at assisting and empowering special targeted groups including people with disability.

1.3.4.2. HIV/AIDS and TB

HIV/TB still remain the municipality's biggest challenge. According to the Stats SA, 2016, the municipality has an HIV/TB prevalence of 48.1%. It is the second highest in Ehlanzeni District and over 765 32 people are already receiving ARV's.

There are 650 orphans and vulnerable children in the municipal area that are accessing services through drop in centres. Department of Social Development is funding 11 Drop in centres within the City of Mbombela, the municipality is involved in 53 home based care projects, of which 42 are funded by the Department of Health.

The Municipality has an Implementation Plan on HIV, TB and STI's Strategy which is aimed at achieving the following goals

- Accelerate prevention to reduce new HIV and TB infections and STI's
- Reduce morbidity and mortality by providing treatment, care and adherence support to all.
- Reach all key and vulnerable populations with customized and targeted interventions.
- Address the social and structural drives of HIV, TB and STI's and link these efforts to NDP.
- Ground the response to HIV, TB and STI's in human rights principles and approaches.
- Promote leadership and shared accountability for a sustainable response to the HIV, TB and STI epidemics
- Strengthening strategic information to drive progress towards achievement of NSP and PIP goals.

In a move to deal with the HIV/TB, the Municipality has created a fully-fledged division with Senior Manager, Manager and Coordinators to deal directly with issues of HIV/TB.

The Municipality has also established the City of Mbombela Aids Council which is chaired by the Executive Mayor. The identified goals are supported by clear objectives and sub-objectives and activities are aligned to the National Strategy Plan. The City Of Mbombela is to implement the programmes working with the District and the Province.

1.3.4.3. Public Health Facilities

Various health facilities exist within the municipal area and the status quo thereof of indicated in the table below:

Table 5: Public Health Facilities

Accredited clinic	Linked clinic	Public Hospitals
Kanyamazane CHC	Zwelisha, Msogwaba, Eziweni, Sibuyile, Tekwane, Luphisi, Mpakeni	Rob Ferreira Hospital; Barberton Provincial Hospital; Themba Hospital; Barberton TB Hospital, Bongani TB Hospital
Phola Nsikazi CHC	Hazyview, Skukuza, Mthimba, Sandriver, Shabalala, Manzini, Legogote and Jerusalem	
Matsulu CHC	Nkwalini and Kaapmuiden	
Mbombela CHC	Mbombela mobiles and Valencia/Nelsville	
Bhuga CHC	Clau-clau, Khumbula, Makoko, Mjejane	
Kabokweni CHC	Mbonisweni, Dwaleni, Gutshwa, Kabokweni/ White River Mobiles	
M'Africa Clinic	Kathyville; Barberton Town; Boulders Clinic; Louisville Clinic; Lowscreak Clinic; Renee Clinic; Glenthorpe; Kaapsehoop Clinic	

Source: Department of Health, Ehlanzeni District Office, 2015

According to the Department of Health, there were 7 accredited clinics as well as 33 linked clinics within the municipal area of Mbombela. There were however 5 public hospitals within the Mbombela municipal area. When taking into consideration the total population of Mbombela, there exist a huge backlog in the provision of clinics within the municipal area. There is a need to increase access and upgrading of existing clinics and this has been confirmed by various wards during the IDP community consultations. Furthermore, there are only 3 private hospitals within the municipal area which are Nelspruit Medi-Clinic, Barberton Medi-Clinic, and Kiaat Private Hospital.

1.3.4.4. Employment Profile

Employment is one of the indicators that could tell of the municipality's ability to generate revenue. This is so because when people are employed, they are likely to be able to pay for the services they receive from the Municipality. Likewise, when people are unemployed they are less likely to afford to pay for the services rendered to them by the Municipality. Currently, there are no official statistics on labour indicators for the newly formed City of Mbombela which is made up of the former Umjindi Local Municipality (MP323) and Mbombela Local Municipality (MP322). Therefore the trends on unemployment, depicted below, are presented for each of the former local municipality.

Table 6: Unemployment Rates from 2001-2016

Unemployment rate (strict definition)	Age	Years	Percentage		
			Total	Male	Female
	General (15-65 years)	2011	28.0	-	-
		2016	24.8	22.7	27.1

Source: Stats SA Census 2011 and SERO Report 2018

From the above table, it can be deduced that unemployment within the Mbombela municipal area has declined by 3.2% between 2011 and 2017. The unemployment rate (strict definition) thus stood at 24.8% during 2017 from 28.0% in 2011. It can also be observed that females were the most affected by unemployment within the municipal area with 27.1% of unemployed females whilst male unemployment rate stood at 22.7%.

Even though the unemployment rate in Mbombela is still not at a desirable level, the implementation of the Local Economic Development (LED) programmes, Extended Public Works Programme (EPWP) and Community Works Programme (CWP) helped in creating job opportunities to the communities including women, youth and people with disabilities. Moreover, it is anticipated that the LED strategy, Spatial Development Framework (SDF), and the Vision 2030 Strategy will also assist in identifying key areas that the City of Mbombela can invest in to create more job opportunities.

1.3.4.5. Poverty Rate

Poverty is one of the elements used to measure the level of development within a country. It can be described as a lack of income and productive resources to ensure sustainable livelihoods such as lack or limited access to food, safe drinking water, sanitation facilities, health, shelter, education and information. The United Nations describes people who are affected by poverty as those who live below \$1 a day. In terms of its Millennium Development Goals, the United Nations has set a target of halving the proportion of people whose income is less than \$1 a day by 2015. In as far as poverty is concerned, the only latest statistical data available is for the two former local municipal areas of Umjindi and Mbombela. There is currently no information on the poverty rate for the newly demarcated area of the City of Mbombela. This information is presented below as per the latest SERO Report.

Table 7: Poverty Rate 2011 – 2016

Local Municipal Area	Poverty rate (lower bound poverty line) 2014	Poverty rate (lower bound poverty line) 2017	Poverty numbers (lower bound poverty line) 2017
Steve Tshwete	24.8%	28.5%	76 459
Thaba Chweu	26.8%	30.3%	61 603
Emalahleni	26.0%	32.4%	145 255
Govan Mbeki	30.2%	34.6%	111 815
Emakhazeni	33.1%	35.8%	17 338

Local Municipal Area	Poverty rate (lower bound poverty line) 2014	Poverty rate (lower bound poverty line) 2017	Poverty numbers (lower bound poverty line) 2017
Lekwa	37.1%	39.7%	47 199
City of Mbombela	36.9%	41.1%	295 186
Dipaleseng	33.9%	42.4%	18 663
Msukaligwa	37.6%	42.9%	68 491
Victor Khanye	38.5%	46.6%	39 105
Chief Albert Luthuli	48.3%	50.0%	92 627
Thembisile Hani	48.6%	52.7%	180 961
Dr JS Moroka	51.0%	53.8%	137 249
Dr Pixley Ka Isaka Seme	50.5%	56.1%	46 756
Nkomazi	55.0%	58.4%	249 794
Mkhondo	54.1%	59.5%	111 369
Bushbuckridge	56.8%	63.5%	360 949

Source: Socio-Economic Review and Outlook (SERO) Report 2018

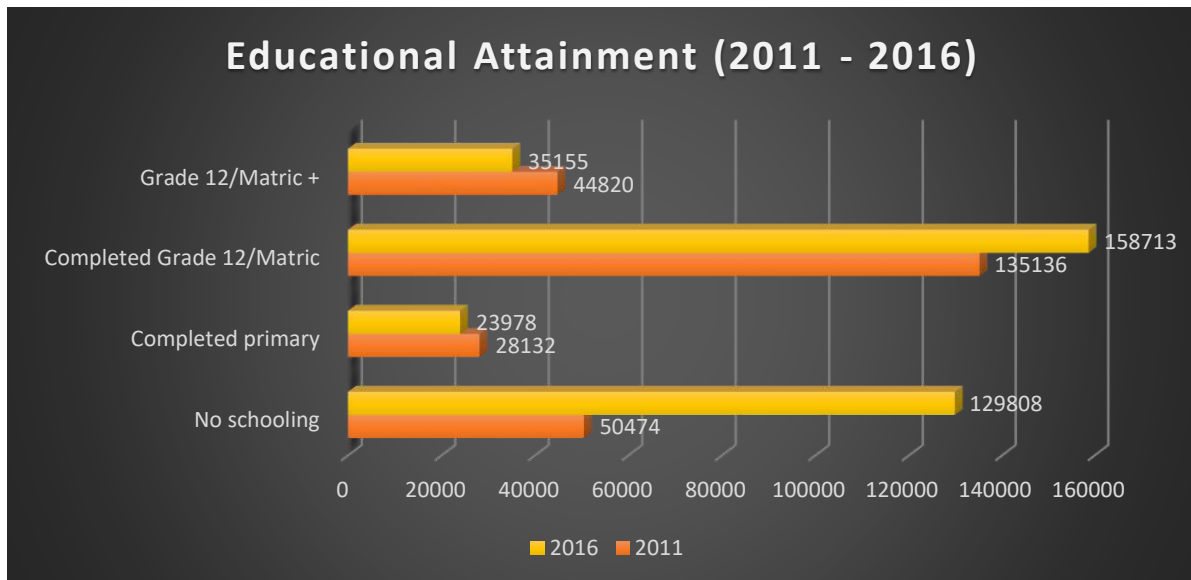
According to the SERO Report (2017), the share of the population in City of Mbombela below the lower-bound poverty line deteriorated from 36.9% in 2014 to 41.1% in 2017. The municipal area of Mbombela ranked the seventh amongst other local municipalities in the Province in terms of lower bound poverty rate and had 295 186 people living in lower bound poverty line. The City of Mbombela has in the past devised various means to curb poverty within the municipal area such as job creation, support for small agricultural businesses, and implementation of Food for Waste programmes. However, there is a need to intensify the poverty alleviation programmes by the City of Mbombela together with other external stakeholders. The municipality has approved an indigent policy and register to assist poor households who cannot afford to pay for basic services.

1.3.4.6. Education Attainment

Education is one of the indicators that depict the level of development as well as potential for one to have better chances of employment; hence the contribution to personal capacity as well as development of the Municipality.

In terms of the latest StatsSA Community Survey 2016, there was a significant improvement in the number of persons who have completed their Grade 12/Matric within the Mbombela municipal area. In 2011, there were 135 136 people who completed their Grade 12 and this increased to 158 713 in 2016, recording a 17% increase. It is nonetheless imperative to note that during the same period, a dramatic increase was recorded in the number of people who have not been to school coupled with a decrease in the number of people with post matric qualifications. The results thereof indicated an increase by 79 334 in the number of people with no schooling and a 27.4% decline in the number of people in possession of post matric qualifications as depicted in the figure below (*NB: 2011 results based on a combined 2011 municipal boundaries for the former Umjindi and Mbombela Municipalities whilst 2016 results based on 2016 municipal boundary for the newly formed City of Mbombela*).

Figure 3: Level of Education



Source: Stats SA Census 2011 & Community Survey 2016

Even though the Provincial Department of Education has introduced ABET programme to address the past injustices where the past system made it difficult for the majority to attend school, it appears that there is a need to intensify this programme particularly in rural areas where such service is in short supply. The City of Mbombela and Mpumalanga Provincial Government have been offering bursaries to learners who have passed matric with a view to encourage learners who come from poor families to further their studies.

Poverty and lack of access to educational facilities are major contributing factors for no schooling as well as the low level of tertiary education. This was confirmed during the IDP consultative meetings when most wards raised the need for additional schools (primary and secondary) and tertiary institutions to increase access to education within the municipal area. The establishment of the University of Mpumalanga in the province specifically within the municipal area will encourage those that have passed matric to further their studies.

According to the Mpumalanga Department of Education, the municipality has 151 public primary schools, 59 public secondary schools, 25 independent (private) schools and 5 tertiary institutions. Comparing the number of educational facilities and the total population of 695 913, it is clear that there is a need for more schools within the Mbombela municipal area. The municipality must allocate land for educational purposes in terms of its Spatial Development Framework and that should also be linked to the infrastructure master plans for water, roads and electricity.

CHAPTER 2: GOVERNANCE

2.1. Governance Structures

Local government function in a highly sophisticated environment. To be successful in its endeavours to render quality, affordable and sustainable municipal services, it needs to be structured in the best possible way to facilitate effective governance as well as to ensure proper oversight and to measure performance. The municipality has approved the governance model which separates the Legislative and Executive functions.

2.1.1. Political Governance Structures

2.1.1.1. Legislative Arm

This component consists of the following:

- Council (including the Traditional Leaders)
- The Speaker
- The Chief Whip
- Chairperson of MPAC
- Chair of Chairs
- Section 79 Oversight Committees, namely, City Planning and Development; Community Services; Corporate Services; Energy; Financial Management; Public Safety; Public Works and Transport; Regional Centre Co-ordination; Strategic Mangement Services and Water and Sanitation
- Section 79 Standing Committees, namely, Chairpersons Committee; Public Participation and Petition Committee; Programming Committee; Rules & Ethics Committee; Municipal Public Accounts Committee & Party Whips Forum.
- Ward Committees.

2.1.1.2. Executive Arm

This component consists of the following:

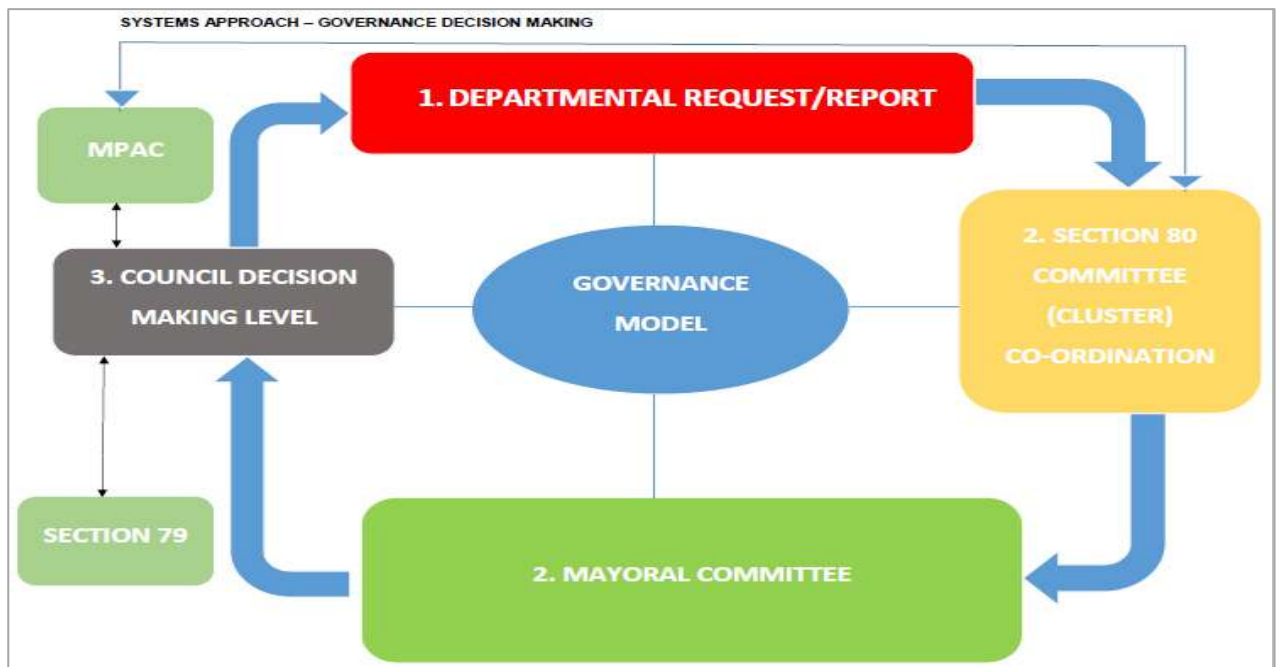
- Executive Mayor (Head of the Executive)
- Members of the Mayoral Committee with delegated powers.
- Mayoral Committee (MMC) comprising of MMC for Water and Sanitation; MMC for Public Works and Transport; MMC for Corporate Services; MMC for City Planning and Development; MMC for Energy; MMC for Public Safety; MMC for Financial

Management; MMC for Service Cente Coordination; MMC for Community Services and MMC for Strategic Management Services.

- Section 80 Committees, namely, Concession Monitoring Committee; Local Geographical Names Committee, Appeals Committee, Local Labour Forum, Bursary Committee, Employment Equity Committee.
- Administration with the Municipal Manager as Head. This incumbent also serves as the Accounting Officer of the municipality.

The figure below shows the governance decision making approach of the City of Mbombela

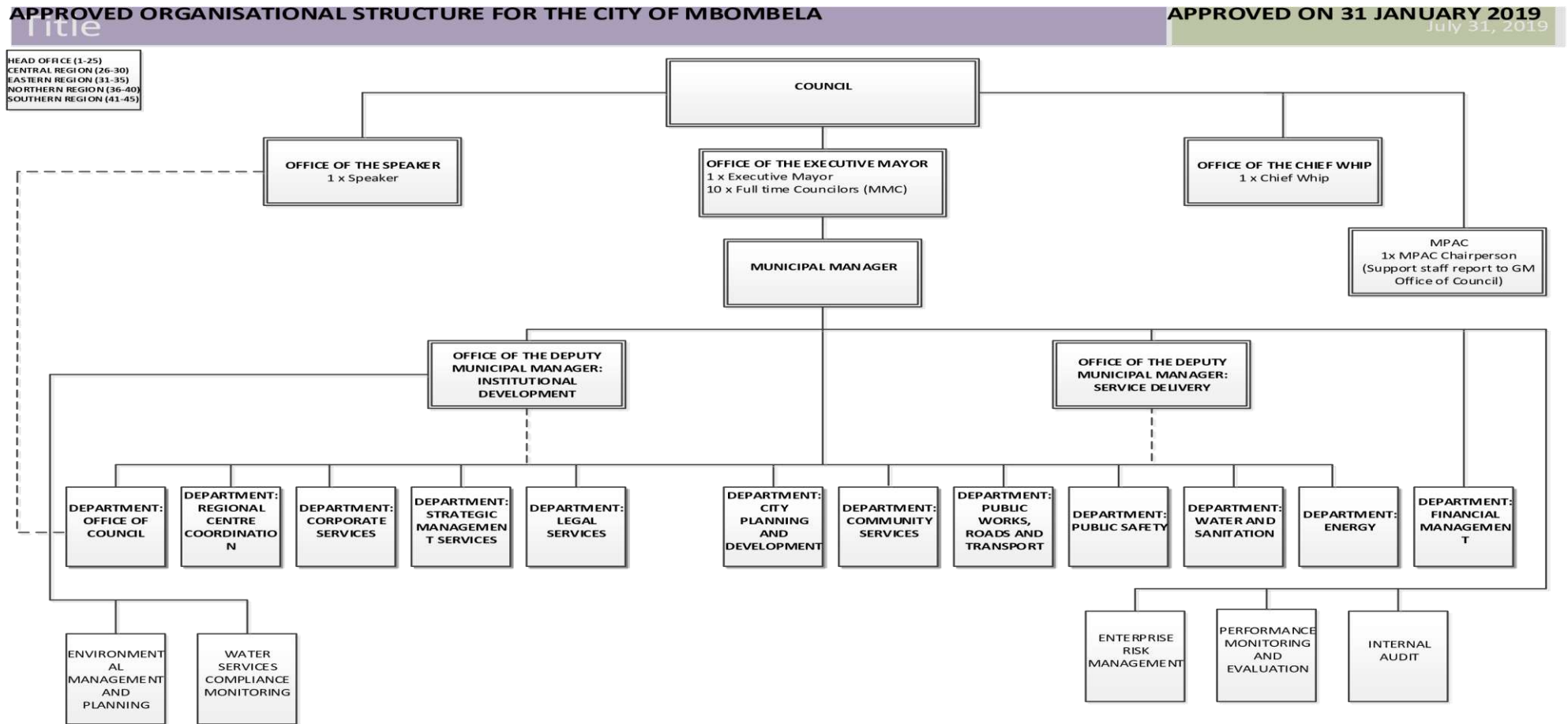
Figure 4: Systems Approach - Governance Decision Making



2.1.2. Administrative Governance Structures

There is a significant relationship between an IDP and the institutional arrangement. The Municipality cannot implement its IDP effectively without proper organizational structure. As a result, the Municipality assisted by GIZ has developed an organizational structure which was approved by Council on 31 January 2019.

Figure 5: Top Layer of the approved organizational structure



All the section 56/57 Managers positions have been filled. The municipality is currently in the process of appointing a qualified service provider to do an overall organisational review which will include the development of a comprehensive Human Resources Strategy aligned to the IDP and long-term vision of the Municipality. The objectives of the organisational review are to:

- Diagnose and define the status quo of the municipality, its current structure, systems, processes and its alignment to the vision, mission and the IDP.
- Confirm defined roles and responsibilities for management and key organizational functions.
- Analyze skills and competencies of managerial staff and their placement and utilization.
- Analyze possible skills gaps and recommend remedies for same and draft individual Personal Development Plans.
- Conduct an organizational culture analyses and develop a change management strategy.
- Develop a comprehensive human resource strategy for the city to ensure alignment with the IDP and long-term vision of the municipality.
- Analyze internal communication and recommend communication strategies to ensure effectiveness.
- Conduct a financial system compliance analysis with the view to bring control to minimize fraud and corruption.

All the TASK Job Evaluation project is underway and will ensure that all job descriptions are updated and that all post levels are correctly placed in the organogram and salary curve. On the other hand, a Performance Management System (PMS) for non-section 56/57 employees was developed and is currently cascaded to lower employees on levels 1-7, PMS will be further cascaded to the remaining levels in the next financial years using a phased approach to ensure recognition of good performance and to establish development gaps which might exist.

The Municipality through the Training and Skills Development Section has the Workplace Skills plan in place. The plan is aimed at responding to the capacity challenges of the Municipality.

The Municipality has a draft Retention Strategy that still needs to go through administrative processes before tabled before Council for approval. The purpose of this strategy is to outline the mechanisms, tools and strategies that can be applied at the municipality to retain critical, scarce and high risk skills, whichever is applicable. The primary emphasis of this strategy is to ensure

that the Municipality proactively retains employees to ensure that the Municipality has the best, well trained and suitable employees occupy key positions at all times.

The municipality has approved the Recruitment, Selection and Induction policy. The objective of the policy is to provide for a comprehensive policy which accommodates the need for staff provisioning in the most efficient, professional and cost-effective way as to the effect that:

- No unfair discrimination practices exist in the provisioning discipline of Council;
- Such policy contributes and enhances a diverse culture and environment whereby all staff can contribute to the goals of Council and where such staff make-up is representative of the demographic environment of the area it serves.
- Introduction of fair and objective principles and procedures for that staffing of the employer.
- Provision of guidelines for the appointment of candidates to the employer.
- Establishing principles and procedures insuring that the Employer complies with legislative principles in respect of employment equity and affirmative action.
- Setting out the procedural steps for the advertisement of a vacant post, the selection of applicants for interviews, the conducting of interviews and the appointment of candidates to the permanent staff of the Employer.

Apart from the above mentioned policies, the municipality has approved the following policies associated with institutional development, namely, employment equity policy, adult basic education policy, promotion policy, internal and external bursary agreement policy, acting allowance policy, long service award policy, sexual harassment policy, experiential training policy, Work attendance and absenteeism management policy and policy on the attendance of Local Labour Forum Meetings by members.

2.2. Intergovernmental Relations

In order to strengthen intergovernmental relations, the municipality has established Intergovernmental (IGR) unit. Its primary objective is to facilitate intergovernmental dialogue with relevant provincial and national government. Moreover, the unit also creates a conducive working relationship of the municipality with the district municipalities and other stakeholders.

2.2.1. Provincial Intergovernmental Relations

The Municipality participates in the following structures:

- Premier's Coordinating Forum (PCF) attended by the Executive Mayor and Technical PCF attended by the Municipal Manager.

- The Provincial International Affairs Coordinating Committee attended by the IGR&IR Senior Manager.
- SALGA Provincial Municipal Manager's Forum

2.2.2. District Intergovernmental Relations

The District Municipality coordinate the following forums for the different Political and Administrative offices:

- Executive Mayor's Forum
- Municipal Manager's Forum
- Ehlanzeni District Municipality Governance and Administration Cluster
- Ehlanzeni District Municipality Social Cluster
- Ehlanzeni District Municipality IDP Rep Forum
- Ehlanzeni District Municipality Performance Management Forum
- Ehlanzeni District Municipality Economic Growth and Infrastructure Development Cluster
- Ehlanzeni District Municipality Communicator's Forum

2.3. Public Accountability and Public Participation

In terms of the strategy (public participation), the participation of communities is driven through a Ward Committee System managed by the Public Participation Unit located in the Office of the Speaker and the IDP Representative Forum arranged through the Office of the Executive Mayor. Moreover, the municipality's public participation process comprises of community meetings, zonal meetings, Mayoral Imbizo(s), Speakers Outreach programmes, business and commercial stakeholders engagements and traditional leaders engagements.

2.3.1. Stakeholder Engagement and Consultation on the IDP Process

Community and stakeholder participation in matters of local government is a cornerstone of democracy. Section 152 of the South African Constitution (Act 108 of 1996) puts it succinctly that: *"the objects of local government includes, amongst others, the encouragement of involvement of community and community organisations in matters of local government"*. Furthermore the Local Government: Municipal Systems Act (Act 32 of 2000) states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan.

In order to give effect to the above legislative provisions, the City of Mbombela has adopted a public participation strategy that outlines the processes, mechanisms, and procedures for community and stakeholder participation. According to the Public Participation Strategy, the participation of communities is driven through a Ward Committee System managed by the Public Participation Unit located in the Office of the Speaker and the IDP Representative Forum arranged through the Office of the Executive Mayor. Moreover, the Municipality's public participation process comprises of community meetings, zonal meetings, Mayoral Imbizo(s), Speaker's Outreach programs, business and commercial stakeholders engagements and traditional leaders engagements.

2.3.2. Community Consultation meetings

As alluded above, the first round of community consultation meetings within the municipal area took place from 16 October until 31 October 2020. The meetings took place at ward level whereby feedback on the performance of the Municipality in relation to the implementation of programs and projects that respond to the previously raised community priorities was given. Furthermore, the Municipality has put in place a feedback mechanism where regular reports on the implementation of programs and projects are shared with the community. This is done through ward committees where a ward councillor together with the members of the ward committee he/she chairs convene quarterly ward community meetings to present SDBIP reports (progress on implementation of projects and budget spent).

2.3.2.1. Preparation Phase

The City of Mbombela Municipal Council, under Council Resolution No. A3/2020, adopted an IDP Process Plan on the 25th of August 2020. The IDP Process Plan outlined the legislative framework, institutional structures to guide, manage and monitor the IDP Review processes, mechanisms for community participation as well as key deadlines of the activities that led to the development of the Draft IDP for 2021-2022 financial year.

The IDP Process Plan was developed in line with the Ehlanzeni District Municipality's IDP Framework Plan adopted for the entire district after consultations with the local municipalities, including the City of Mbombela. The Process Plan was advertised on the Lowvelder dated 02 September 2020 in order to give notice to the affected stakeholders and the community members. The Process Plan was also placed on the Municipality's website and placed in all the Regional Service Centres of the Municipality.

Briefing sessions on the adopted IDP Process Plan were also held with the various stakeholders including Ward Committees, Traditional Leadership and organised business such as Mbombela

Economic Development Partnership (MEDP), Kruger Lowveld Chamber of Business and Tourism (KLCBT), Sappi-Lomati, Barberton Mines, South Africa Property Owners Association (SAPOA), BATOBIC, etc.

2.3.2.2. Analysis Phase

During this phase, it was critical for the municipality to understand the current existing situation within the municipal area. An in depth diagnostic assessment was done by the Municipality in relation to the levels of development, service delivery gaps or challenges, causes of existing problems, identification of priority issues (issues that needed to be addressed first), and available resources to help deal with identified challenges or problems.

Sources of information that were used as baseline include annual reports, mid-year performance report, Service Delivery and Budget Implementation Plan (SDBIP) quarterly reports, StatsSA Community Survey 2016, and SERO reports. Sector plans were also used to inform the planning of the IDP in terms what programmes or projects needs to be implemented to address the service delivery gaps within the municipal area. The GIS system was also used in identifying communities that do not have access to municipal basic services within the municipal area. The information obtained through this process helped the municipality to identify priority issues according to the Municipality's perspective. Furthermore, an assessment was done in terms of the internal institutional gaps or needs (i.e. shortage of staff, governance issues, etc.) as well as internal resources (revenue generation capacity, ICT infrastructure, etc.) that may assist in addressing the identified priority issues.

A community and stakeholder consultation process also took place during this phase whereby consultation meetings were held from 16 - 31 October 2020 in each of the 45 wards in the City of Mbombela. As alluded earlier, this IDP Review took place under extremely difficult circumstances when the country was facing the corona virus (COVID-19) pandemic. The country was under Alert level 1 lockdown during this period as announced by the President of the Republic, Hon. Cyril Ramaphosa, on the 16th of September 2020. While gathering were allowed during this period, the Municipality in conducting its community consultation process, devised other mechanisms over and above physical community meetings held at ward level. Because these gatherings of people limited the attendance to not more 100 persons in terms of Alert Level 1 Lockdown Regulations promulgated by the Minister of Cooperative Governance & Traditional Affairs, the municipal resorted to mechanisms such as virtual consultative meetings, drop-in boxes where community members posted their issues, social media engagement platforms, local radio slots

where community members called in to voice their issues thus enhancing community participation.

During the ward community meetings led by the Ward Councillors, community members had an opportunity to interrogate their ward priorities which they raised during the previous IDP analysis phase as well as raise other issues affecting each ward. A progress report was also given by the Municipality in terms of the implementation of programs and projects that speak to the ward priorities proposed during the development of the five-year IDP (IDP 2017 – 2022).

Contact meetings with the Traditional Leadership, Organized Business stakeholders and Transport Fraternity (Taxi Associations, Buscor, etc.) were held on the 20th and 21st of October 2020 respectively to raise issues affecting them.

2.3.3. The IDP Process followed

The process that was followed to guide the review of the City of Mbombela's 2019-2020 financial year involved various phases which had their respective outputs. The phases include preparation, analysis, strategies, projects, integration and approval phases.

2.3.3.1. Strategy Phase

The City of Mbombela had its strategic planning sessions to devise means to respond to the priority issues identified during the analysis phase. Institutional strategic planning sessions (Technical Lekgotla) were held on 10 – 11 December 2020. Departments reviewed their strategies and objectives taking into consideration the results of the internal assessment of the Municipality. Furthermore, departments identified programmes and projects which might be critical to respond to the ward priorities as well as the institutional needs.

2.3.3.2. Projects

The project phase involved Municipal Departments designing programmes and projects with clear targets and indicators which are specific, measurable, achievable, realistic and time-bound. The location, beneficiaries, as well as project costing was also done. These programmes and projects were informed by the ward priorities, the Municipality Vision 2030, sector plans, policy imperatives and planning requirements from the national and provincial spheres of government. The programmes and projects devised also gave effect to national priorities as pronounced during the State of the National Address (SONA) and State of the Province Address (SOPA) respectively.

2.3.3.3. Integration

During this phase, the Municipality held a broader institutional Technical Lekgotla chaired by the Municipal Manager from 10-11 December 2020. The aim of these session was to align and

integrate departmental programmes and projects as well as to devise interventions that will assist in the attainment of the Municipality's programmes/projects objectives and outcomes that responds to the IDP priorities. The aim was also to ensure that all efforts are directed towards the realisation of the Municipality long-term plan (i.e., City of Mbombela Vision 2030).

The Municipality aligned its five-year programmes with the Budget (MTREF) and also with its performance management system. An operational plan (SDBIP) was also developed to track performance on planned activities in relation to budgeted projects. Sessions with sector departments were also held, through platforms created by Ehlanzeni District Municipality (EDM) and Provincial Department of Cooperative Governance and Traditional Affairs (COGTA) such as the District Development Model, to integrate programmes and projects of all the local municipalities in Ehlanzeni district with that of the provincial and national sector departments, as well as state-owned enterprises (SOE's) such as ESKOM and other private companies i.e. Barberton Mines, etc. Hence, projects from provincial and national sector departments, private sector and state parastatals are also incorporated in this reviewed IDP. This was to ensure that there is vertical alignment of plans and programs aimed at achieving national and provincial policy imperatives, strategies and plans (i.e. National Development Plan, Medium-Term Strategic Framework, Mpumalanga Province Vision 2030, Mpumalanga Economic Development Path, etc.).

2.3.3.4. Approval

The draft IDP review for 2020-2021 financial year will be table before Council on 31 March 2021. After approval, the Municipality will embark on public participation to afford the communities and stakeholders an opportunity to make inputs or comments on the Draft IDP for 2021-2022 financial year.

Table 8: Priorities Alignment to National, Provincial and District

National Priorities (Manifesto)	Outcomes	National Planning Plan Priorities	Provincial Priorities	District Priorities	10 Point Plan	Community Priorities	IDP Priorities
Creation of decent work & sustainable livelihoods	Decent employment through inclusive economic growth	Job creation	Economic growth & job creation	LED	LED	LED	Economic development
	An efficient, competitive and responsive economic		Energy & mining				

National Priorities (Manifesto)	Outcomes	National Planning Plan Priorities	Provincial Priorities	District Priorities	10 Point Plan	Community Priorities	IDP Priorities
	infrastructure network						
Education	Quality Basic Education	Education & training	Skills development	Institutional transformation & development	Capacity building	Education	Good governance & public participation
	Skilled & capable workforce to support an inclusive growth path						
Health	A long and healthy life for all South Africans	Provide quality health care	Environment			Health	Community development & good governance & public participation (transversal services)
						Waste management	Waste management & greening
Rural development, food security & land reform	Vibrant, equitable, sustainable rural communities contributing towards food security for all.	Expand infrastructure	Strategic infrastructure	Basic water & infrastructure development	Improve municipal basic services	Water	Water supply
	Sustainable human settlements & improved quality of life	Transform urban & rural space	Agriculture			Roads & storm water	Roads infrastructure development & storm water
						Electricity	Electrical supply & energy management
						Sanitation	Sanitation
						Community facilities	Community development
						Housing	Integrated human settlement
Social services	Rural development						
Crime & corruption	All people in SA are and feel safe	Fight corruption			Fraud & corruption	Safety & security	Good governance & public participation

National Priorities (Manifesto)	Outcomes	National Planning Plan Priorities	Provincial Priorities	District Priorities	10 Point Plan	Community Priorities	IDP Priorities
							n & community development
Others	Responsive, accountable, effective and efficient Local Government System.	Transition to a low carbon economy	Social cohesion		Good governance		Good governance & public participation
	An efficient, effective and developmental orientated public service and an empowered, fair and inclusive citizenship.	Build a capable state	Tourism, biodiversity & cultural heritage	Financial management	Democracy		Financial management & viability
	Create a better South Africa, a better Africa and a better World	Transformation & unity			Credible IDP		
	Protect and enhance our environmental assets and natural resources				Stability, Integrity		

2.4. Corporate Governance

2.4.1. Risk Management

During the 2020/2021 financial year, the Municipality implemented an enterprise-wide risk management system as required by Municipal Finance Management Act (Act 56 of 2000). The identification, categorization, rating and mitigation of all risks, were conducted in terms of a Risk Management Framework that is in accordance with the Public Sector Risk Management Framework (National Treasury) as well as the ISO 31 000 standard and the King four Report. To manage its risks, the municipality appointed risk owners as well as action owners and risk champions in all departments. All role players received the appropriate training to capacitate them to mitigate the risks.

During the reporting period, the job descriptions, performance contracts of General Managers as well as the System of Delegations, were amended to include specific responsibilities and powers

with regards to risk management. The Performance Measurement System was also amended to include progress made with the mitigation of risks on a quarterly basis.

In terms of the System of Delegations, all Members of the Mayoral Committee as well as the Section 79 Oversight Committees, are responsible to monitor and evaluate progress pertaining to the mitigation of risks.

Risk Management is a standing item on the monthly General Manager Forum meetings where the mitigation of the following five strategic risks are closely monitored and evaluated.

Table 9: Strategic Risks

NO	STRATEGIC RISK	MITIGATION STRATEGIES
1.	Financial unsustainability. (Inadequate cash flow.)	Implementation of the Revenue enhancement strategy. Implementation of a new collection automated system.
2.	Inefficiencies in Governance and service delivery operations.	Updating and enforcement of the internal control framework. Establishment of a Monitoring and Evaluation Unit as well as Contract Management Unit. Strengthening of the Internal Audit Unit.
3.	Land invasion.	Discussion, liaison and cooperation between Local Tribal authorities, and the Provincial Government. Review of planning processes. By law enforcement.
4.	Compromised service delivery infrastructure.	Maintenance master plan compiled and budgeted for. Council also budget for a water pipe replacement program as well as for projects to upgrade infrastructure Storm water channels are continuously cleared and sewerage systems unblocked. Leaking water reticulation pipes are fixed and pot holes on the roads are patched.
5.	Delays in the implementation of capital projects.	The affected department's needs to report any incidents at the SA Police and the relevant MMC and General Manger must be informed about an incident. It is further proposed that with following steps be taken at project planning and design development stage: The PSC be established as soon as possible the ward councilors be informed about projects implemented in their wards That any community subcontracting be agreed with the PSC at project planning stage to ensure that future delays are avoided.
6.	High Unemployment	Implementation of the Local Economic Development Strategy.
7.	Insufficient provision of potable water to the community.	Implementation of the water services master plan.

NO	STRATEGIC RISK	MITIGATION STRATEGIES
8.	Saddleback tunnel may collapse.	There is a budget of R 2 million which has been made available to address this problem.
9.	Pollution of the environment.	Effective waste management services are being rendered in all formalized areas of Mbombela. A service provider is rendering waste management services in in some of the eastern suburbs. Illegal dumping sites are being assessed on a continuous basis and cleared.
10	Unauthorized Fruitless, Irregular and Wasteful expenditure.	All Heads of Departments strengthened internal controls in their departments to prevent unauthorized, fruitless, irregular and wasteful expenditure. The loss control policy as well as the Fraud and Corruption Prevention and Detection policies are being implemented in all departments.
11.	Death/injury to personnel.	Employees are provided with protective clothing and briefed on occupational; health and safety matters. Regular "Tool box talks" are being held to create awareness and reflect on incidents that happened.

2.4.2. Anti-Corruption and Fraud

Implementation of the Anti-Corruption Strategy

During the reporting period; the Fraud and Corruption Prevention and Detection Policy was reviewed and approved by Council.

- A fraud hotline, fax, e-mail and SMS system were created to enable the public to report any case of misconduct or criminal event to the municipality.
- An external audit company was appointed to investigate any complaints received via the system.
- Procedures were compiled to submit reports conducted by the external audit company, to the Municipal Manager.
- The possibility of fraud and corruption is one of the enterprise risks that need to be mitigated by every General Manager. This mean that every General Manager in the beginning of every financial year, needs to compile action plans on how he/she intend to minimize the possibility of misconduct and criminal behaviour in the Department. The General Manager then needs to submit quarterly progress reports on how he/she progresses with the implementation of the anti-corruption strategy. This progress reports are then submitted to the Risk Management Committee for discussion and verification. A report is then submitted to the Municipal Manager.

2.4.3. Supply Chain Management

2.4.3.1 Establishment of Supply Chain Management Unit

The unit has been established to implement Supply Chain Management policy as per regulation 7(1) of Supply Chain Management Regulations. The unit operates under the direct supervision of the Chief Financial Officer as required by regulation 7(3) of Supply Chain Management.

2.4.3.2 Implementation of Demand Management Plans

The unit is obliged in terms of the Supply Chain Management Policy to develop and implement the demand management plans. The demand management plans were developed and approved by the Municipal Manager. The Municipality submitted the approved demand Management plans to the Provincial Treasury. The Department of Treasury in the province plays an important role in the monitoring of the supply chain management activities within the province.

The main objective of the demand management plans is to ensure that the resources required to fulfil the needs identified in the Integrated Development Plan (IDP), Approved Medium Term Budget and the Service Delivery and Budget Implementation Plan (SDBIP) of the City are delivered at the right time, price and place and that the quantity and quality will satisfy those needs of the user (ultimately the provision of services to the community). As part of this element of Supply Chain Management, a total needs analysis was undertaken in line with the approved Budget and SDBIP. The analysis was included as part of the strategic planning process of the City of Mbombela.

2.4.3.3 Training of Supply Chain Management Officials

Supply Chain Management practitioners involved in the implementation of Supply Chain Management processes are currently receiving on-going training on the functioning of Supply Chain Management System in accordance with regulation 8 of the MFMA Supply Chain Management Regulations. The trainings are conducted by various accredited institutions. Further in-house trainings are held on a continuous basis to ensure that stakeholders are always equipped with knowledge to deal with any challenge and developments regarding supply chain management matters.

2.4.3.4 Functionality of Bid Committees

The municipality has established three committees, namely, The Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee in consistent with the MFMA Supply Chain Management regulations. The members of the respective committees have been appointed

by the Accounting Officer in written. The provincial treasury in the Province has assisted the municipality in training of the bid committee members.

2.4.3.5 Establishment of Supply Chain Management Process Awareness

In order to ensure the supply chain management processes are in line with Supply Chain Management Regulations and Policy of the municipality are institutionalized, a supply chain management forum was established by the Municipal Manager. Supply chain management division convened various meetings with different departments to educate them of the requirements in the procurement of goods and services.

National Treasury has established the Supply Chain Management forum at the national level. The municipality is participating on that forum and lessons learned from the forum are cascade down to all the relevant stakeholders through the Municipality Supply chain management forums.

2.4.3.6 Supply Chain Management Policy

The Supply Chain Management policy was amended to incorporate the requirements of the Preferential Procurement regulations of 2017 implementable as from the 01 April 2017. The policy was approved in line with the budget related policies tabled before council in March 2018 for the implementation in 01 July 2018.

The Model SCM Policy for Infrastructure Procurement and Delivery Management policy was approved in the Council meeting held on the 28th of June 2017 as per Resolution A (5). The Model Supply Chain Management policy for infrastructure Procurement was implemented with effect from 01 July 2017.

2.4.3.7 Supply Chain Management Reports to Executive Mayor

All supply chain management quarterly reports were consistently reported to the Executive Mayor as required by regulation 6 (3) of the Supply Chain management of 27636 dated 30 May 2005 issued by National treasury which stipulates that: "Municipal Manager must within ten (10) days of the end of each quarter, submit a report on the implementation of the Supply chain management policy to the Mayor of the Municipality or the board of directors of the municipal entity".

2.4.4. By-Laws and Policies

Section 11 (3) of the Municipal Systems Act 32 of 2000 allows a municipality to exercise its legislative and executive authority by developing and adopting policies, passing and implementing its by-laws, as well as monitoring the impact and effectiveness of any policies.

While section 160 (4) of the Constitution states that no by- law may be passed by a Municipal Council unless:

- All the members of the Council have been given reasonable notice; and
- The proposed by-law has been published for public comment.

Table 10: Policies and By-Laws list 2020-2021

Item No	Policy /By-law Name	Councillors Workshop Date	Council Resolution No	Annexure No	Status Quo	Department /Division
YEAR : 2020						
1.	By-law relating to Streets, Public Places ,Prevention of Noise Disturbance and Noise Nuisance	24/11/2017	A (13) of 30/07/2020	341/2018	Approved by Council for publication	Public Safety
2.	Reviewed Fraud ,Corruption Prevention and Detection Policy	No record	A(12) of 30/10/2020	1422/2020	Approved by Council. Policy be presented to all newly appointed officials of the City of Mbombela during the induction period.	Office of the Municipal Manager
3.	Draft Policy on Arts ,Cultural Affairs and Heritage for the City of Mbombela	20/11/2019	A(13) of 30/10/2020	1106/2020	Approved by Council for a Public Participation process to be undertaken in accordance with section 21 Municipal Systems Act 32 of 2000	Community Services
4.	Draft By-law Relating to the Hiring of Community Halls and Cultural Centres for the City of Mbombela	20/11/2019	A(17) of 30/10/2020	1107/2020	Approved by Council for a Public Participation process to be undertaken in accordance with section 21 of the Municipal Systems Act 32 of 2000.An operational budget be made available for the payment of the annual subscription fee for the	Community Services

Item No	Policy /By-law Name	Councillors Workshop Date	Council Resolution No	Annexure No	Status Quo	Department /Division
					South African Music Rights Organization (SAMRO) license, to cover the halls and cultural centers belonging to the City of Mbombela.	
5.	Draft Policy on the Naming and Renaming of Streets and Other Public Places for the City of Mbombela	20/11/2019	A(14) of 30/11/2020	1105/2020	Approved by Council for a Public Participation process to be undertaken in accordance with section 21 Municipal Systems Act 32 of 2000.	Community Services
6.	Updated Policy for the City of Mbombela Expanded Public Works Program (EPWP)	05/11/2020	A(15) of 30/11/2020	1247/2020	Approved by Council in accordance with the National EPWP Phase 4 Principles	Public Works Roads and Transport
7.	Roads & Streets By-laws for the City of Mbombela	24/11/2017	A(18) of 30/10/2020	965/2020	Public participation done on the 11 th /08/2020. Approved by Council on the 30th /10/2020 for publication	Public Works Roads and Transport
8.	Cemetery Development and Management By-law	24/11/2017	A(8) of 29/03/2019	801/2019	Promulgated in the Provincial gazette on the 18th/12/2020	Community Services
	Tariffs for the By-law			802/2019		
9.	City of Mbombela Parks and Open Spaces By-law	24/11/2017	A(6) of 29/03/2019	803/2019	Promulgated in the Provincial gazette on the 18th/12/2020	Community Services
	Tariffs for the By-law			804/2019		
10.	City of Mbombela Street Tree Management By-law	24/11/2017	A(7) of 29/03/2019	509/2018	Promulgated in the Provincial gazette on the 18th/12/2020	Community Services
	Tariffs for the By-law					
YEAR :2021						
1.	Danger Allowance Policy for the City of Mbombela	No record	A(6) of 29/01/2021	801/2021 to 804/2021	Approved by Council for implementation	Corporate Services

Item No	Policy /By-law Name	Councillors Workshop Date	Council Resolution No	Annexure No	Status Quo	Department /Division
2.	Traffic By -laws relating to regulations and control of all traffic matters within the municipal area of the City of Mbombela	24/11/2017	A(5) of 31/03/2021	08/2015	Approved by Council for publication, gazetting and implementation	Public Safety
3.	<p>Finance Management Policies: Draft policies for the 2021/2022 financial year with no proposed amendments: Asset Management policy (ii) Budget policy (iii) Cash Management policy (iv) Contract Management policy Infrastructure Procurement and Delivery Management policy (vi) Indigent policy (vii) Investment policy (viii) Proof of Residence policy (ix) Virement policy (x) Deposits and Refunds policy (xi) Fleet Management policy (xii) Travelling and Subsistence Allowance policy (xiii) Cost Containment policy (xiv) Overtime policy (xv) Funding and Reserves policy Unauthorised, Irregular, Fruitless and Wasteful Expenditure policy; Policies with proposed amendments : Property Rates policy Tariff policy Credit Control and Debt Collection policy. Supply Chain Management policy No proposed amendments to the following by-laws as promulgated in the Mpumalanga Provincial Gazette no 2835 dated 28 July 2017 and shall be applicable for enforcement in the 2021/2022 financial year: Credit Control and Debt Collection policy and by-law (ii) Solid Waste Management by-law (iii) Tariff policy and by-law (iv) Electricity Supply by-law (v) Water Supply Services by-law</p>	9 June 2021, as per Council resolution A(4) of 31 /05/ 2021	A(4) of 31/05/2021	-	Approved by Council for implementation	Finance

Item No	Policy /By-law Name	Councillors Workshop Date	Council Resolution No	Annexure No	Status Quo	Department /Division
	(vi) Property Rates by-law (vii) Waste Water and Industrial Effluent by-law.					
4.	Policy on the Naming and Re-naming of Streets and other Public Places for the City of Mbombela	20/11/2019	A(4) of 30/06/2021	913/2021	Approved by Council for implementation	Community Services
5.	By-laws relating to the Hiring of Community Halls and Cultural Centers for the City of Mbombela	20/11/2019	A(5) of 30/06/2021	1107/2021	Approved by Council for Promulgation in the Provincial Gazette	Community Services

2.4.5. Website and Public Satisfaction on Municipal Services

The City of Mbombela has a function website, compliant to applicable legislation. Section 75 reports and general information is readily available on the website. The website also accommodates social media pages like Facebook, Twitter and YouTube. It serves as an extended communication tool of the city from main stream communication channels. The website also has links to critical government departments and services as well as state owned enterprises.

The website allows for comments, complaints and suggestions on service delivery issues by citizens. The complaints management system is in place where customers interact with the city. Issue tracking has been further enhanced through the new introduced provincial app called Satise Silalele.

2.4.6. All Municipal Oversight Committees

Table 11: Councilors Oversight Committee List

CITY OF MBOMBELA: SECTION 79 OVERSIGHT- AND HOUSE COMMITTEES (6 SEPTEMBER 2020)

Table 12: Section 79 Oversight Members

CITY PLANNING AND RURAL DEVELOPMENT	COMMUNITY SERVICES	CORPORATE SERVICES	ENERGY	FINANCIAL MANAGEMENT	PUBLIC SAFETY	PUBLIC WORKS AND TRANSPORT	REGIONAL CENTRE CO-ORDINATION	STRATEGIC SUPPORT	WATER AND SANITATION
Chairperson: Cllr J J Khoza	Chairperson: Cllr M J Hlophe	Chairperson Cllr J M Mazibane	Chairperson Cllr T G Mabuza	Chairperson Cllr E M Mutobvu	Chairperson: Cllr L T Mlombo (Until 15 June 2020)	Chairperson: Cllr D D Ngwenyama	Chairperson Cllr D B Mkhathswa	Chairperson Cllr T M Charles	Chairperson: Cllr S I Mokoena
S M Banda	L M Bhembe	T M Bulunga	G C B Anthony	V S Gwebu	A E Fankomo	N L Lukhele	H B Fakude	N M Maganga	V S Gwebu
E G Janse van Rensburg	M J Malomane	T P Manave	V S Gwebu	V L Mlimo	M S Mashele	S R Masuku	M E Jacobs	J V Mhlaba	R C Matola
S E Makushe	T Marshall	M E Mhawule	E K Manzini	N A Mokoena	K Mdhuli	P C W Minnaar	S T Masha	T K Nyathi	P P Mbowane
S E Mbuyane	R F Mgwenya	W W Motha	R C Matola	D J Nkosi	G M Nkambule	W W Motha	J J Mkhabela	E N Sibambo	M N Mlambo (From 31 May 2021)
D D T Ngobe	K Maila (From 30 October 2020)	N M Zulu (From 31 May 2021)	M C Mhlanga (Mpumelelo)	S R Schormann	J J Mhlanga (From 31 May 2021)	B A Nyalungu	D B Nkosi	L M Sikonela	K G Ndhlovu
G M Nkambule	L Ngwenyama	M G Moyana	B P Nkhoma	E M Sebashe (Until 31 May 2021)	M C Nkosi		E N Sibambo		B A Nyundu
							L C Sibiya		

CITY PLANNING AND RURAL DEVELOPMENT	COMMUNITY SERVICES	CORPORATE SERVICES	ENERGY	FINANCIAL MANAGEMENT	PUBLIC SAFETY	PUBLIC WORKS AND TRANSPORT	REGIONAL CENTRE CO-ORDINATION	STRATEGIC SUPPORT	WATER AND SANITATION
<i>Chairperson: Cllr J J Khoza</i>	<i>Chairperson: Cllr M J Hlophe</i>	<i>Chairperson Cllr J M Mazibane</i>	<i>Chairperson Cllr T G Mabuza</i>	<i>Chairperson Cllr E M Mutobvu</i>	<i>Chairperson: Cllr L T Mlombo (Until 15 June 2020)</i>	<i>Chairperson: Cllr D D Ngwenyama</i>	<i>Chairperson Cllr D B Mkhathshwa</i>	<i>Chairperson Cllr T M Charles</i>	<i>Chairperson: Cllr S I Mokoena</i>
L B Nkosi	F S Nkosi (Up to 25 August 2020)		C Peyper	L E Sibozza	R Q Seepsop				K A Oliver
D E Shongwe	H L Shongwe								A Thabethe
									R Torr

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	PUBLIC PARTICIPATION AND PETITION COMMITTEE	CHAIRPERSONS COMMITTEE	PROGRAMMING COMMITTEE	RULES AND ETHICS	PARTY WHIPS FORUM
<i>Chairperson: Cllr K M Mkhonto</i>	<i>Chairperson: Cllr G S Siwela</i>	<i>Chair of Chairs: Cllr J M Mazibane</i>	<i>Chairperson Cllr G S Siwela</i>	<i>Chairperson Cllr G S Siwela</i>	<i>Chairperson Cllr M E Nsimbini</i>
L Maseko	T M Charles	T M Charles	Mathonsi S P (Represented by LGB, Cllr C Maseko)	L Maseko	L Maseko
J B Mashaba	T G Mabuza	M J Hlophe	L Maseko	R C Matola	R C Matola
M C Mhlanga (Calvin)	R C Matola	J J Khoza	R C Matola	T Marshall	T Marshall

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	PUBLIC PARTICIPATION AND PETITION COMMITTEE	CHAIRPERSONS COMMITTEE	PROGRAMMING COMMITTEE	RULES AND ETHICS	PARTY WHIPS FORUM
<i>Chairperson: Cllr K M Mkhonto</i>	<i>Chairperson: Cllr G S Siwela</i>	<i>Chair of Chairs: Cllr J M Mazibane</i>	<i>Chairperson Cllr G S Siwela</i>	<i>Chairperson Cllr G S Siwela</i>	<i>Chairperson Cllr M E Nsimbini</i>
T M Pila	J M Mazibane	T G Mabuza	T Marshall	M E Nsimbini	C Peyper
E M Sebashe (Until 31 May 2021)	K M Mkhonto	D B Mkhathswa	J M Mazibane	C Peyper	
S van der Merwe	G M Nkambule	K M Mkhonto	M E Nsimbini		
		L T Mlombo			

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

The service delivery reporting is consolidated according to the following seven Development Objectives as stipulated in the 2020/2021 Integrated Development Plan (IDP) and the 2020/2021 Service Delivery and Budget Implementation Plan (SDBIP):

- To provide infrastructure and sustainable basic services
- To provide sustainable social amenities to the communities
- To strengthen the delivery of sustainable integrated human settlement and environmental management
- To initiate a strong and sustainable economic development
- To build a strong good governance and public participation
- To ensure legally sound financial viability and management

Table 13: IDP Development Priority

IDP DEVELOPMENT OBJECTIVE	IDP DEVELOPMENT PRIORITY
1. To provide infrastructure and sustainable basic services	Water supply
	Roads infrastructure development and storm water
	Electricity supply & energy management
	Sanitation / sewerage
	Public transport
	Rural development
	Waste management & greening
2. To provide sustainable social amenities to the communities	Community development
3. To strengthen the delivery of sustainable integrated human settlement and environmental management	Integrated human settlement
4. To initiate a strong and sustainable economic development	Economic development
5. To build a strong good governance and institutional development	Good governance and public participation
6. To ensure legally sound financial viability and management	Financial management, Revenue enhancement
7. To maintain and sustain the 2010 legacy projects	2010 Legacy

3.1. Organizational Performance Report against Targets set in the Service Delivery and Budget Implementation Plan (SDBIP)

Key Performance Area	Total number of targets	Percentage	Number of targets achieved	Percentage	Number of targets not achieved	Percentage
Service Delivery and Infrastructure Development	92	100%	39	42%	53	58%
Local Economic Development	1	100%	0	0%	1	100%
Institutional Development and Transformation	10	100%	6	60%	4	40%
Public Participation and Good Governance	12	100%	12	100%	0	0%
Financial Viability and Management	13	100%	9	69%	4	31%
Total	128	100%	66	52%	62	48%

The overall performance recorded during the 2020/2021 FY indicates **52% (66 out of 128)** achievement which is an average performance. The municipality's 2020/2021 financial year performance has declined with 24% compared to the 2019/2020 financial year's performance of **76% (71 out of 93)** which was also good performance. The challenges and action plans for the non- achievement have been outlined in the organizational annual performance report herein below and departmental annual performance report attached as annexure "A".

3.1.1. Key Performance Area: Service Delivery and infrastructure Development

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To provide infrastructure and sustainable basic services															
Development Priority: Water Supply															
Programme / Project: Water Reticulation Scheme Programme															
IDP01	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (Mechanical and Electrical Works)	Karino/Thekwane South	2, 4, 18, 19, 20, 21, 22, 23, 24, 26, 29 & 40	R15 000 000	R20 000 000	60%	% of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (Mechanical and Electrical Works) completed	100% of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (Mechanical and Electrical Works) completed	Completion Certificate	R27 664 275	No		91% of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (Mechanical and Electrical Works) completed	Delays due late delivery of materials which are procured abroad	Materials delivered. Target will be achieved in the 2021/22 FY
IDP03	Nsikazi North Water Reticulation Scheme	Nsikazi North	1, 3, 5, 6, 7, 8, 9, 25, 39	R8 000 000	R6 300 000	8%	% of 9816m water reticulation for Nsikazi north constructed	100% of 9816m water reticulation for Nsikazi north constructed	Completion Certificate	R5 648 728	Yes		100% of 9816m water reticulation for Nsikazi north constructed	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
IDP04	Nsikazi South water reticulation scheme	Nsikazi South	2, 4, 22, 26, 33 & 40	R8 000 000	R7 000 000	8%	% of 4455m water reticulation for Nsikazi South constructed	100% of 4455m water reticulation for Nsikazi South constructed	Completion Certificate	R4 721 878	No		95% of 4455m water reticulation for Nsikazi South constructed	Target not achieved due to delays in the delivery of steel materials.	Materials delivered. Target will be achieved in the 2021/22 FY
IDP05	Phumlani Water Scheme	Phumlani	14	R10 000 000	R11 510 000	7.5%	% of 1330m water reticulation for Phumlani constructed	100% of 1330m water reticulation for Phumlani constructed	Completion Certificate	R9 410 353	No		95% of 1330m water reticulation for Phumlani constructed	Target not achieved due to community Stoppages, protests and Shortage of materials	Community leaders were engaged and materials delivered. Target will be achieved in the 2021/22 FY
IDP07	Nsikazi North bulk Water	Nsikazi North	1, 3, 5, 6, 7, 8, 9, 25 & 39	R15 000 000	R5 000 000	80%	% of Nsikazi north bulk water completed	100% of Nsikazi north bulk water completed	Completion Certificate	R0	No		95% of Nsikazi north bulk water completed	Target not achieved due to delays in the delivery of steel materials.	Materials delivered. Target will be achieved in the 2021/22 FY
IDP09	White River Complex Reservoir 3 ML	White River	30	R3 000 000	R1 000 000	Detail Design	% of reservoir completed	5% of reservoir completed	Progress Report	R0	No		0% of reservoir completed	Delays in procurement processes	Fast track the appointment of service provider. Target will

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
															be achieved in the 2021/22 FY
IDP15	Country Estate, White river package plant	Country Estate	8	R1 000 000	R1 800 000	0%	% of White river Country Estate package plant refurbished	100% of White river Country Estate package plant refurbished	Completion Certificate	R1 242 625	Yes		100% of White river Country Estate package plant refurbished	N/A	N/A
WS008	Agnes Mine Package Plant & Truck Filling Point	Kamadakwa Ndlovu; Emjindini Trust	41	R19 117 186	R1 000 000	0%	% of Package Plant completed	5% of Package completed	Progress Report	R0	No		0% of Package completed	Delays in procurement processes	Contractor appointed. Target will be achieved in the 2021/22 FY
WS009	Rerouting of the bulk line from Hospital Reservoir to Prison Farm reservoir	Barberton	42	R20 882 814	R3 000 000	0%	% of 3000m of Rerouting of the bulk line constructed	15% of 3000m of Rerouting of the bulk line constructed	Progress Report	R0	No		0% of 3000m of Rerouting of the bulk line constructed	Delays in procurement processes	Fast track the appointment of service provider. Target will be achieved in the 2021/22 FY
CoM001	Water reticulation to the newly established	Daantjie	2	R5 500 000	R4 660 000	15%	% of 8000m water supply to the newly	100% of 8000m water supply to the newly	Completion certificate	R3 645 540	Yes		100% of 8000m water supply to the	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	youth centre						established youth center completed	established youth center completed					newly established youth center completed		
WS010	White River package Plant	White River	30	R0	R4 000 000	0	Number of package plant installed	1 package plant installed	Completion certificate	R0	No		0 package plant installed	Target not achieved due to insufficient budget.	Engage Finance to provide sufficient budget. Target will be achieved in 2021/22 FY
WS011	Suidkaap Water Treatment Works Refurbishment	Barberton	42	R0	R2 500 000	0%	% of Suidkaap Water Treatment Works refurbished	100% Suidkaap Water Treatment Works refurbished	Completion Certificate	R0	No		0% Suidkaap Water Treatment Works refurbished	Delays in procurement processes	Fast track the appointment of service provider. Target will
WS013	Barberton Church Street Borehole	Barberton	42	R0	R2 500 000	0%	% of 1.8 Km's of Pump Line from Church Street Borehole to Pike Reservoir constructed	100% of 1.8 Km's of Pump Line from Church Street Borehole to Pike Reservoir constructed	Completion Certificate	R0	No		0% of 1.8 Km's of Pump Line from Church Street Borehole to Pike Reservoir constructed	Delays in procurement processes	Fast track the appointment of service provider. Target will be achieved in the 2021/22 FY

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
RCOM008	Borehole Augmentation Schemes	Eastern Region, Northern Region and Southern Region	7,8,9,10,11,23,24,42	R0	R4 000 000	0	Number of Boreholes Drilled	8 Boreholes Drilled	Drilling Report	R0	No		5 Boreholes Drilled	Delays in procurement processes. No payment made, only Payment orders were issued.	Fast track the appointment of service provider for the outstanding boreholes. Payment will be made in 2021/2022 FY. Target will be achieved in the 2021/22 FY
Development Priority: Sanitation															
IDP14	Verulam Sewer Connections	Verulam	43	R1 000 000	R1 000 000	126	Number of dwellings connected with sewer	50 dwellings connected with sewer	Completion Certificate	R0	No		0 dwellings connected with sewer	Delays in procurement processes	Fast track the appointment of service provider. Target will be achieved in the 2021/22 FY

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
IDP34	Refurbishment And Upgrade Of Telkom Pump Station And Hazyview WWTW	Hazyview	1	R2 000 000	R4 368 625	0%	% of Refurbishment and upgrades of Telkom sewer pump station completed	100% of Refurbishment and upgrades of Telkom sewer pump station completed	Completion Certificate	R164 090	No		0% of Refurbishment and upgrades of Telkom sewer pump station completed	Delays in procurement processes	Consultant has been appointed. Target will be achieved in the 2021/22 FY
IDP36	Upgrade & Refurbish Northern Bulk Outfall Sewer	Umjindi	45	R9 000 000	R7 403 764	30%	% of 2420m refurbishment and upgrade of northern bulk outfall sewer completed	100% of 2420m refurbishment and upgrade of northern bulk outfall sewer completed	Completion Certificate	R8 464 511	Yes		100% of 2420m refurbishment and upgrade of northern bulk outfall sewer completed	N/A	N/A
CV003	Upgrading of Barberton Waste Water Treatment Works	Barberton	43	R0	R13 826 870	0%	% of Barberton Wastewater Treatment Work upgraded	100% Barberton Wastewater Treatment Work upgraded	Completion Certificate	R14 703 961	Yes		100% Barberton Wastewater Treatment Work upgraded	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
N-CoMC24	Construction Of Ambassador Food Outfall Sewer	White river	30	R0	R2 608 698	0%	%of Ambassador Food Outfall Sewer constructed	100%of Ambassador Food Outfall Sewer constructed	Completion Certificate	R2 608 698	Yes		100%of Ambassador Food Outfall Sewer constructed	N/A	N/A
IDP29	Entokozweni Sewer Reticulation	Entokozweni	18	R10 000 000	R19 500 000	23%	% of Entokozweni sewer reticulation completed	60% of Entokozweni sewer reticulation completed	Progress report	R21 093 129	No		43% of Entokozweni sewer reticulation completed	Delays due to community unrest that led to contractor pulling out on site.	Engagement with community leaders as well as the contractor to persuade him to go back on site. Target will be achieved in the 2021/22 FY
PTD1703 9C (R)	Tekwane South Outfall Sewer	Tekwane	18	R2 000 000	R8 300 000	94%	% of Tekwane South Outfall sewer completed	100% of Tekwane South Outfall sewer completed	Completion Certificate	R6 090 969	Yes		100% of Tekwane South Outfall sewer completed	N/A	N/A
CoM022	Mattafin outfall sewer	Mattafin	14	R0	R4 000 000	78%	% of Mattafin sewer reticulation complete	90 % of Mattafin sewer reticulation complete	Progress report	R2 435 524	Yes		92 % of Mattafin sewer reticulation complete	Contractor added more resources	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Priority: Electricity Supply and Energy Management															
IDP101	Retrofitting of existing public lighting fittings with new LED technology	Umjindi	41,42,43,44,45	R7 000 000	R6 300 000	0	Number of streetlights retrofitted with new LED lights	625 streetlights retrofitted with new LED lights	Completion Certificate	R7 187 758	Yes		625 streetlights retrofitted with new LED lights	N/A	N/A
IDP105	Electrification of Emjindini Trust (Umjindini) (100 households)	Emjindini Trust	41	R1 700 000	R1 700 000	500	Number of dwellings connected	100 dwellings connected	Completion certificate	R1 424 368	No		87 dwellings connected	Dwelling owners where not traceable during connection	Local Councilor and CLO will be engaged. Target will be achieved in the 2020/21 FY
IDP106	Electrification Ext 17 (100 households)	Umjindi Ext 17	45	R1 094 550	R1 394 550	500	Number of dwellings connected	75 dwellings connected	Completion certificate	R2 642 820	Yes		75 dwellings connected	Actual expenditure is inclusive of additional infrastructure	N/A
IDP109	40 MVA Sub-station (Waterworks) phase 4 uMjindi	Barberton	45	R9 000 000	R9 000 000	0	Number of CT'S,VT'S, Breakers and Isolators procured and installed	6 CT'S, 2 sets of VT'S, 4 Breakers and 5 Isolators procured and installed	Progress Report	R8 988 456	Yes		6 CT'S, 2 sets of VT'S, 4 Breakers and 5 Isolators procured and installed	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
IDP113	Electrification of Matsafeni (300 households)	Matsafeni	14	R4 738 301	R5 100 000	1150	Number of dwellings connected	300 dwellings connected	Completion Certificate	R 3 730 000	No		0 dwellings connected	Target not achieved due to delays in delivering of materials for connections. Expenditure incurred for infrastructure.	Materials has been delivered. Connection will be expedited. Target will be achieved in the 2021/22 FY
IDP114	Mbombela Infills - 44 Households	Sheba Siding	43	R338 800	R338 800	20	Number of dwellings connected	44 dwellings connected	Completion certificate	R338 800	Yes		44 dwellings connected	N/A	N/A
IDP115	Installation of Highmast in various wards	Various wards	Various wards	R9 500 000	R33 500 000	10	Number of high mast lights installed	90 high mast lights installed	Completion Certificate	R43 481 376	Yes		98 high mast lights installed	Additional high mast installed in hot spots as requests from ward councillors.	N/A
Development Roads Infrastructure Development And Storm Water															
Programme / Project: Construction of roads programme															

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
IDP47	Construction of SandRiver Internal Streets (Storm Water Management)	Sandriver	25	R7 000 000	R12 000 000	0%	% of 1.81km of SandRiver Internal Streets (Storm Water Management) constructed	40% of 1.81km of SandRiver Internal Streets (Storm Water Management) constructed	Progress report	R17 864 883	Yes		50% of 1.81km of SandRiver Internal Streets (Storm Water Management) constructed	Contractor added more resources on site	N/A
IDP51	Construction of Zwelisha Bermuda road	Zwelisha	4	R6 000 000	R3 500 000	0%	% of 1.7km of Zwelisha Bermuda road constructed	20% of 1.7km of Zwelisha Bermuda road constructed	Progress report	R2 147 282	No		7% of 1.7km of Zwelisha Bermuda road constructed	The project experienced some community disruption with regard to sub-contracting	The contractor will be instructed to work on terms to catch up with the lost time. Target will be achieved in the 2021/22 FY
CoM035	Love Corner to cemetery road	Cemetery road	4	R0	R8 150 000	80%	% of 1.3km Love Corner to cemetery constructed	100% of 1.3km Love Corner to Cemetery constructed	Completion Certificate	R9 074 366	Yes		100% of 1.3km Love Corner to Cemetery constructed	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
CoM087	Kaapsehoo p road widening phase 2	West acres	14	R0	R5 725 052	6%	% of 0.4km Kaapsehoo p road widening phase 2 constructed	100% of 0.4km Kaapsehoo p road widening phase 2 constructed	Completion Certificate	R11 118 977	No		98% of 0.4km of Kaapsehoo p road widening phase 2 constructed	Slow progress by sub-contractors .	Close monitoring of Sub-contractors by main contractor. Target will be achieved in the 2021/22 FY
CoM100	Dr Enos Mabuza widening to Johana drive	Mbombela	15	R0	R30 483 854	22%	% of 1,230km Dr Enos Mabuza widening to Johana drive constructed	60% of 1,230km Dr Enos Mabuza widening to Johana drive constructed	Progress reports	R44 52 747	Yes		61.5% of 1,230km Dr Enos Mabuza widening to Johana drive constructed	N/A	N/A
RCOM003	Sand Ford Access Road	Sand Ford	1	R0	R3 000 000	95%	% of 4.2km of Sand Ford Access road constructed	100% of 4.2km of Sand Ford Access road constructed	Completion Certificate	R2 387 970	Yes		100% of 4.2km of Sand Ford Access road constructed	N/A	N/A
IDP52	Paving of road from Lungisani Secondary School to Mdumiseni	Chochoco	7	R8 000 000	R2 500 000	0%	% of 3.29km of Lungisani Secondary School to Mdumiseni Primary	5% of 3.29km of Lungisani Secondary School to Mdumiseni Primary	Progress report	R731 280	No		3% of 3.29km of Lungisani Secondary School	Delays in site establishment due to community disruptions	Site has been established . Target will be achieved in

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	Primary School						School road constructed	School road constructed					to Mdumiseni Primary School road constructed		the 2021/22 FY
IDP53	Paving of road from Clau- Clau Clinic via Mhwayi primary school to Mbalekelwa station (link to Gwalava road)	Clau-Clau	10	R5 000 000	R1 500 000	0%	% of 3km of road from Clau-Clau Clinic via Mhwayi primary school to Mbalekelwa station (link to Gwalava road) constructed	5% of 3km of road from Clau-Clau Clinic via Mhwayi primary school to Mbalekelwa station (link to Gwalava road) constructed	Progress report	R411 511	No		0% of 3km of road from Clau-Clau Clinic via Mhwayi primary school to Mbalekelwa station (link to Gwalava road) constructed	Delays in procurement processes	Contractor was appointed and will be monitored closely. The target will be achieved in the 2021/22 FY
IDP54	Paving of road from Shabangu street-Clau-Clau Clinic, Mgwabarasane bus route via Ngobeni	Clau Clau	11	R5 000 000	R2 200 000	0%	% of 1.8km of Shabangu street-Mgwabarasane bus route constructed	5% of 1.8km of Shabangu street-Mgwabarasane bus route constructed	Progress report	R550 000	No		0% of 1.8km of Shabangu street-Mgwabarasane bus route constructed	Delays in procurement processes.	Fast track appointment of contractor. Target will be achieved in the 2021/2022 FY

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	road & Vilakazi road via Magamusi to Mwayi supermarket														
IDP55	Paving of Dwaleni (Sincobile) Cemetery to the new cemetery	Dwaleni	32	R7 000 000	R7 000 000	0%	% of 1.2km of Dwaleni (Sincobile) Cemetery to the new cemetery constructed	45% of 1.2km of Dwaleni (Sincobile) Cemetery to the new cemetery constructed	Progress report	R12 714 961	Yes		47% of 1.2km of Dwaleni (Sincobile) Cemetery to the new cemetery constructed	N/A	N/A
IDP56	Paving of kaMabuza Halfway via Matangaleni to Bhuga Cemetery	Halfway	35	R7 000 000	R2 500 000	0%	% of 3.3km of kaMabuza Halfway via Matangaleni to Bhuga Cemetery road constructed	10% of 3.3km of kaMabuza Halfway via Matangaleni to Bhuga Cemetery road constructed	Progress report	R0	No		0% of 3.3km of kaMabuza Halfway via Matangaleni to Bhuga Cemetery road constructed	Delays in procurement processes	Fast track appointment of contractor. Target will be achieved in the 2021/2022 FY
IDP57	Elevation of the vehicle bridge and	Emjindini Ext 11 & 12	45	R7 000 000	R1 800 000	0%	% of footbridge constructed	5% of footbridge constructed	Progress report	R0	No		0% of footbridge	Delays in procurement processes	Fast track appointment of contractor.

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	construction of a footbridge on the road linking Ext.11 and Ext.12												constructed		Target will be achieved in the 2021/22 FY
		% of 1.7km of vehicle bridge road constructed	5% of 1.7km of vehicle bridge road constructed	Progress report	R0	No	0% of 1.7km of vehicle bridge road constructed	Delays in procurement processes	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY						
IDP59	Paving of Tsila to Thithi road	Msogwaba	29	R6 000 000	R4 000 000	0%	% of 0.9km of Tsila to Thithi road constructed	30% of 0.9km of Tsila to Thithi road constructed	Progress report	R3 900 951	No	26% of 0.9km of Tsila to Thithi road constructed	Disruptions caused by laborers and subcontractors	Contractor will bring in more resources and produce an acceleration plan. Target will be achieved in the 2021/22 FY	
IDP61	MamRuby to Zwane market Road	Nkomeni	2	R6 000 000	R3 006 400	0%	% of 0.45km of MamRuby to Zwane market road constructed	10% of 0.45km of MamRuby to Zwane market road constructed	Progress report	R213 109	No	0% of 0.45km of MamRuby to Zwane market road	Procurement processes has to be re-done due to receipt of non-	Project is on cooling period to be re-advertised. Target will be achieved in	

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
													constructed	compliance bidders	the 2021/22 FY
IDP78	Paving of Musa road in Makoko	Makoko	34	R6 000 000	R1 500 000	0%	% of 1.835km of Musa road constructed	5% of 1.835km of Musa road constructed	Progress report	R0		No	0% of 1.835km of Musa road constructed	Delays in procurement processes.	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY
Programme / Project: Upgrading Of Roads Programme															
IDP48	Upgrade of gravel roads to interlocking paving within Umjindi areas	Umjindi	41, 42, 43, 44 & 45	R8 000 000	R3 000 000	0%	% of 4km of gravel roads upgraded to interlocking paving within Umjindi areas	15% of 4km of gravel roads upgraded to interlocking paving within Umjindi areas	Progress report	R1 508 026		No	5% of 4km of gravel roads upgraded to interlocking paving within Umjindi areas	The contractor experienced some cash flow challenges which led to delays in site establishment	Site has been established and the contractor will be instructed to work on terms to catch up with the lost time. Target will be achieved in the 2021/22 FY
CoM103	Upgrade of bridge structure at Kanyamazane Ext. 1	Kanyamazane	21	R0	R5 038 810	35%	% of bridge structure at Kanyamazane	60% of bridge structure at Kanyamazane	Completion Certificate	R8 130 850		No	45% of bridge structure at Kanyamazane Ext.	Delays due to, Jan 2021 heavy rainfall, extension of scope	Extension of time, Political intervention and involvement

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
							ane Ext. 1 upgraded	ane Ext. 1 upgraded					1 upgraded	and community stoppages	t of Taxi association
IDP49	Main road bus stop1 to Masinga-Ntokozweni road upgrade - Phase 1	Msogwaba	22	R7 000 000	R7 000 000	73%	% of 1.88km of Masinga-Ntokozweni road - Phase 1 upgraded	85% of 1.88km of Masinga-Ntokozweni road - Phase 1 upgraded	Progress report	R5 543 743	No		55% of 1.88km of Masinga-Ntokozweni road - Phase 1 upgraded	Target not achieved due to damages caused by cyclone Eloise experienced in January 2021, and non-performance from the contractor's side	Contractor is back on site and instructed to work on terms. Target will be achieved in the 2021/22 FY
IDP50	Mountain view road upgrade	Mountain View	27	R5 000 000	R2 500 000	0%	% of 1.89km of Mountain view road upgraded	40% of 1.89km of Mountain view road upgraded	Progress report	R16 077 933	No		33% of 1.89km of Mountain view road upgraded	Inability to use Borrowed Pit material because of environmental challenges	Outsourced material to be used. Target will be achieved in the 2021/22 FY
IDP68	Upgrading of Umnyama street	Tekatakhob	32	R6 500 000	R3 500 000	0%	% of 0.93km of Umnyama street upgraded	5% of 0.93km of Umnyama street upgraded	Progress report	R287 500	No		0% of 0.93km of Umnyama street upgraded	Delays in procurement processes.	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
IDP89	Upgrading of KaPro to Methodist Church Street	Kamaporo	33	R6 500 000	R3 000 000	0%	% of 1.19km of KaPro to Methodist Church Street upgraded	5% of 1.19km of KaPro to Methodist Church Street upgraded	Progress report	R0		No	0% of 1.19km of KaPro to Methodist Church Street upgraded	Delays in procurement processes.	Service provider appointed. Target will be achieved in the 2021/22 FY
CoM084	Expansion of Chris Hani road-Kanyamazane (Upgrade Of Luphisi KBN And Pin Road Ph2)	Kanyamazane Kabokweni, Plaston and Luphisi	21,11,32,33,36,38,40	R0	R32 983 854	45%	% of 5.1km of Chris Hani road-Kanyamazane (Luphisi KBN And Pin Road Ph2) upgraded	70% of 5.1km of Chris Hani road-Kanyamazane (Luphisi KBN And Pin Road Ph2) upgraded	Progress report	R38 913 791		No	65% of 5.1km of Chris Hani road-Kanyamazane (Luphisi KBN And Pin Road Ph2) upgraded	Unforeseen 11Kva Eskom cable that has to be rerouted before widening of critical section of the road	Eskom is on site for line diversions. Target will be achieved in the 2021/22 FY
Programme / Project: Construction of Pedestrian / Foot bridges Programme															
IDP40	Construction of Jericho Pedestrian bridge	Jericho	23	R3 500 000	R1 100 000	0%	% of Jericho Pedestrian bridge constructed	5% of Jericho Pedestrian bridge constructed	Progress Report	R269 772		No	0% of Jericho Pedestrian bridge constructed	Delays in procurement processes.	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY
IDP41	Construction of	Mganduzweni	9	R3 500 000	R1 100 000	0%	% of Mganduz	5% of Mganduz	Progress Report	R700 917		No	0% of Mganduz	Delays in procurement	Fast track appointment

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	Mganduzweni pedestrian bridge						weni Pedestrian bridge constructed	weni Pedestrian bridge constructed					weni Pedestrian bridge constructed	nt processes.	nt of contractor. Target will be achieved in the 2021/22 FY
IDP43	Construction of Pedestrian Bridges in Wards 5 Bhekiswayo	Bhekiswayo	5	R3 500 000	R7 000 000	0%	% of Bhekiswayo Pedestrian bridge constructed	60% of Bhekiswayo Pedestrian bridge constructed	Progress report	R5 484 511	Yes		62.1% of Bhekiswayo Pedestrian bridge constructed	N/A	N/A
IDP45	Construction of Shabalala Pedestrian bridge	Shabalala	1	R3 500 000	R3 500 000	0%	% of Shabalala Pedestrian bridge constructed	40% of Shabalala Pedestrian bridge constructed	Progress report	R8 584 506	Yes		47% of Shabalala Pedestrian bridge constructed	Contractor added more resources on site	N/A
IDP46	Construction of a Pedestrian Bridge in Siligane	Siligane	35	R3 500 000	R1 000 000	0%	% of Siligane pedestrian bridge constructed	5% of Siligane pedestrian bridge constructed	Progress Report	R0	No		0% of Siligane pedestrian bridge constructed	Delays in procurement processes.	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
IDP136	Khulani primary foot bridge (emaswazi ni)	Jerusalem	8	R3 500 000	R500 000	0%	% of Khulani pedestrian bridge constructed	5% of Khulani pedestrian bridge constructed	Progress report	R0	No		0% of Khulani pedestrian bridge constructed	Delay of procurement processes	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY
Programme / Project: Construction of Bus Routes Programme															
IDP60	Salubindza bus route	Salubindza	5	R7 000 000	R18 500 000	0%	% of 2.9km of Salubindza bus route constructed	50% of 2.9km of Salubindza bus route constructed	Progress report	R35 112 729	Yes		55% of 2.9km of Salubindza bus route constructed	Contractor added more resources to the project	N/A
IDP62	Nkomeni to Woboka bus route	Nkomeni	2	R6 500 000	R 2 357 192	0%	% of 1.8km of Nkomeni to Woboka bus route constructed	10% of 1.8km of Nkomeni to Woboka bus route constructed	Progress report	R423 378	No		0% of 1.8km of Nkomeni to Woboka bus route constructed	Procurement processes has to be re-done due to receipt of non-compliance bidders	Project is on cooling period to be re-advertised. Target will be achieved in the 2021/22 FY
IDP63	Nkomeni to Thembisa bus Route	Nkomeni	2,24	R6 500 000	R2 000 000	0%	% of 1.5km of Nkomeni to Thembisa bus route	10% of 1.5km of Nkomeni to Thembisa bus route	Progress report	R108 434	No		0% of 1.5km of Nkomeni to Thembisa bus Route	Procurement processes has to be re-done due to receipt of	Project is on cooling period to be re-advertised. Target will be

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
							constructed	constructed					constructed	non-compliance bidders	achieved in the 2021/22 FY
IDP64	Allice Gudlani bus Route	Nkomeni	2	R7,183,000	R2 500 000	0%	% of 1.3km of Allice Gudlani bus route constructed	10% of 1.3km of Allice Gudlani bus route constructed	Progress report	R108 434		No	0% of 1.3km of Allice Gudlani bus route constructed	Procurement processes has to be re-done due to receipt of non-compliance bidders	Project is on cooling period to be re-advertised. Target will be achieved in the 2021/22 FY
IDP65	Upgrading of Nkambule to Mkheyi bus route	Pienaar	22	R7,000,000	R3 000 000	0%	% of 4.7km of Nkambule to Mkheyi bus route upgraded	10% of 4.7km of Nkambule to Mkheyi bus route upgraded	Progress report	R857 305		No	0% of 4.7km of Nkambule to Mkheyi bus route upgraded	Delays in procurement processes.	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY
IDP66	Upgrading of Zamokuhle bus route	Pienaar	22	R6 500 000	R2 500 000	0%	% of 1.635km of Zamokuhle bus route upgraded	5% of 1.635km of Zamokuhle bus route upgraded	Progress report	R0		No	0% of 1.635km of Zamokuhle bus route upgraded	Delays in procurement processes.	Fast track appointment of contractor. Target will be achieved in the 2021/22 FY

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
IDP67	Numbi ring road	Numbi	39	R6 000 000	R7 500 000	0	% of 2.81km of Numbi ring road constructed	30 % of 2.81km of Numbi ring road constructed	Progress report	R4 896 459	No		20 % of 2.81km of Numbi ring road constructed	Delay by contractor in submitting contractual obligations.	Contractual obligations and revised programme were submitted by the contractor. Target will be achieved in the 2021/22 FY
Com031	Construction of Mgcobane ni bus route	Mgcobane ni	9	R0	R4 000 000	0%	% of 2.960km of Mgcobane ni bus route constructed	100% of 2.960km of Mgcobane ni bus route constructed	Completion Certificate	R3 480 378	Yes		100% of 2.960km of Mgcobane ni bus route constructed	N/A	N/A
CoM032	Construction of Mfuleni bus route	Mfuleni	28	R0	R4 284 118	95%	% of 2.830km of Mfuleni bus route constructed	100% of 2.830km of Mfuleni bus route constructed	Completion Certificate	R4 866 816	Yes		100% of 2.830km of Mfuleni bus route constructed	N/A	N/A
RCOM001	Construction Of TV Mangozeni Bus Route	TV Mangozeni	11	R0	R4 500 000	85%	% of 2.4km of TV Mangozeni Bus Route	87% of 2.4km of TV Mangozeni Bus Route	Progress report	R0	No		85% of 2.4km of TV Mangozeni Bus route	Poor performance of contractor that resulted to termination	New contractor appointed to complete the works. Target will

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
							constructed	constructed					constructed	n. Appointment of a new service provider delayed during the 2020/21 FY	be achieved in the 2021/22 FY
Programme / Project: Resealing of Road Programme															
RS002	Resealing Of Roads	All wards	All wards	R20 000 000	R0	0	Square meters (m ²) of tar roads resealed	170 000 m ² meters (m ²) of tar roads resealed	Completion Certificate	R0		No	0 m ² meters (m ²) of tar roads resealed	Funds were transferred to Maintenance of gravel roads for Cyclone Eloise	Target will be reprioritized in the 2021/22 FY
Programme / Project: Maintenance of Gravel roads															
RS001	Maintenance of gravel roads	All wards	All wards	R33 932 766	R0	1300 Kilometres of gravel roads maintained	Kilometres of gravel roads maintained	1105 Kilometres of gravel roads maintained	Completion Certificate	R53 932 766		Yes	1866 Kilometres of gravel roads maintained	Additional funding was transferred from another vote to maintain roads damaged by Cyclone	N/A
Programme / Project: Community Development Programmes															
IDP129	Construction of	Mbonisweni	38	R6 000 000	R6 000 000	0%	% of Mboniswe	75% of Mboniswe	Progress report	R6 950 244		No	72% of Mbonisw	Protests of general	Councilor's engagement

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
	Mbonisweni Community Hall						ni community hall constructed	ni community hall constructed					eni community hall constructed	labourers refusing to sign termination letters.	t with project stakeholders, the situation is under control
IDP130	Construction of Numbi Community Hall	Numbi	39	R5 500 000	R12 000 000	0%	% of Numbi community hall constructed	100% of Numbi community hall constructed	Completion certificate	R11 776 932		No	95% of Numbi community hall constructed	Delays in cashflow challenges.	Contractor to put more resources on site. Target will be achieved in the 2021/22 FY
IDP131	Construction of Chweni Community Hall	Chweni	34	R4 000 000	R1 000 000	0%	% of Chweni community hall constructed	5% of Chweni community hall constructed	Progress report	R0		No	0% of Chweni community hall constructed	Delays in procurement processes.	Fast track the appointment of the service provider. Target will be achieved in the 2021/22 FY
IDP132	Upgrading of Masoyi Sports facilities	Masoyi	6	R5 000 000	R500 000	0%	% of Masoyi Sports facilities upgraded	10% of Masoyi Sports facilities upgraded	Progress report	R1 272 554		Yes	10% of Masoyi Sports facilities upgraded	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
CoM135	Upgrading of Bergerville swimming pool in Barberton	Umjindi	42	R0	R3 005 170	0%	% of Bergerville swimming pool in Barberton upgraded	65% of Bergerville swimming pool in Barberton upgraded	Progress report	R1 170 000	Yes		65% of Bergerville swimming pool in Barberton upgraded	N/A	N/A
RCOM005	Construction Of Phola Community Hall	Phola	05	R0	R1 600 000	95%	% of Construction Of Phola Community Hall constructed	100% of Construction Of Phola Community Hall constructed	Completion certificate	R88 771	No		98% of Construction Of Phola Community Hall constructed	Delays in erection of 3 phase electrical Transformer by Eskom.	Engaging with Eskom to erect the transformer as agreed. Target will be achieved in the 2021/22 FY
SRH001	Upgrading of sports facilities-squash court	Valencia	17	R500 000	R432 675	Dilapidated structure	Number of squash courts renovated	1 squash court renovated	Completion certificate	R432 675	Yes		1 squash court renovated	N/A	N/A
SRH002	Upgrading of sports facilities-Van Riebeck swimming pool	Mbombela	17	R500 000	R434 122	Dilapidated structure	Meters of Security fence at Van Riebeck Tennis court upgraded	338m of Security fence at Van Riebeck Tennis court upgraded	Completion certificate	R434 122	No		210m of security fence at Van Riebeck Tennis court upgraded	Target not achieved due to insufficient funds	Project will be rolled over. Target will be achieved in the 2021/22 FY
PC004	Fencing of Emjindini Cemetery	Emjindini	42	R0	R2 000 000	0	% of Emjindini	100% of Emjindini	Progress Report	R1 736 352	Yes		100% of Emjindini	Cost less than the	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
							Cemetery Fenced	Cemetery Fenced					Cemetery Fenced	estimated budget	
CoM136	Nkambeni regional cemetery fencing	Sandriver	25	R0	R3 500 000	0	% of Nkambeni regional cemetery fenced	100% of Nkambeni regional cemetery fenced	Completion certificate	R3 044 824	Yes		100% of Nkambeni regional cemetery fenced	Cost less than the estimated budget	N/A
IDP125	Fencing of Thekwane Cemetery	Thekwane South	18	R500 000	R500 000	0	% of Thekwane Cemetery fenced	100% of Thekwane Cemetery fenced	Completion certificate	R2 454 842	Yes		100% of Thekwane Cemetery fenced	Additional budget was requested from the Finance department	N/A
IDP124	Establishment of Thekwane Cemetery	Thekwane South	18	R2 000 000	R2 000 000	0	Number of Thekwane Cemetery established	1 Thekwane Cemetery established	Completion Certificate	R1 885 963	Yes		1 Thekwane Cemetery established	Cost less than the estimated budget	N/A
PC005	Nkambeni Cemetery route	Nkambeni	1	R0	R4 250 000	0	% of 950m for Nkambeni Cemetery route constructed	100% of 950m for Nkambeni Cemetery route constructed	Completion certificate	R3 663 653	Yes		100% of 950m for Nkambeni Cemetery route constructed	Cost less than the estimated budget	N/A
SRH005	Purchasing of Swimming Pool Equipment's	Institutional	Institutional	R0	R375 528	No swimming pool equipment's	Number of swimming pool equipment	5 Swimming pool equipment to be purchased	Delivery note	R363 311	Yes		5 swimming pool equipment	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
							t purchased						purchase d		
SRH006	Purchase of chairs for community halls	Sandriver, Makoko	25, 34	R0	R200 000	0	Number of chairs for new community halls purchased	700 of chairs for new community halls purchased	Delivery note	R0	No		0 of chair for new community halls purchased	Delays in procurement processes	Service provider appointed. Target will be achieved in the 2021/22 FY
Development Priority: Waste And Environmental Management															
Programme / Project: Waste Collection Services Programme															
SWM003	Waste Collection Services	Mbombelela, White River, Kabokweni, Kanyamazane, Karino Tekwane Matsulu, Barberton	1,13,14,15,16,17,18,19,20,21,22,,27,28,30,33 ,37,38 41,42,43,44,45	R0	R0	4 555	Number of New additional formalised dwellings with access to weekly waste removal services	334 of New additional formalised dwelling with access to weekly waste removal services	Report	R0	Yes		334 of New additional formalised dwelling with access to weekly waste removal services	N/A	N/A
		Mbombelela, White River, Kabokweni, Kanyamazane, Tekwane	1,13,14,15,16,17,18,19,20,21,22,,27,28,30,33 ,37,38 41,42,43,44,45	R0	R0	8	Number of areas provided with waste collection services on a	8 areas provided with waste collection services on a	Waste Collection Report	R0	Yes		8 areas provided with waste collection services on a	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
		, Karino, Matsulu, Barberton					weekly basis	weekly basis					weekly basis		
Development Priority: Public Safety															
Programme / Project: Municipal law enforcement programmes															
MLSS002	Municipal Law Enforcement	Institutional	Institutional	R0	R0	12	Number of Municipal law enforcement operations conducted	31 Municipal law enforcement operations conducted	Report	R0		Yes	67 Municipal law enforcement operations conducted	Demand Driven	N/A
Programme / Project: Traffic law enforcement programme															
LTS001	Enhancement of traffic law enforcement	Institutional	Institutional	R0	R0	R0	Number of road blocks conducted for traffic law enforcement	70 road blocks conducted for traffic law enforcement	Report	R0		Yes	79 road blocks conducted for traffic law enforcement	Demand Driven	N/A
Development Priority: Rural Development															
Programme / Project: Support of Cooperatives programmes															

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
RTA001	Support for Rural Co-operatives & Small-scale Farmers	Gutshwa , Chweni, Mashonani, Clau Clau, Dwaleni, Makoko, Msogwaba, Matsulu & Emjindini trust	31, 32 34, 11, 22, 28, 10 and 41	R500 000	R500 000	0	Number of rural co-operatives supported	15 Rural co-operatives supported	Report and List of Cooperatives supported	R0	No		0 Rural co-operatives supported	Target not achieved due to delays in appointment of service provide.	Fast track the appointment of services provider. The target will prioritized for the 2021/22 FY
Development Priority: : To strengthen the delivery of sustainable integrated human settlement and environmental management															
Programme / Project: Human settlement programmes															
REM001	Transfer of Municipal Properties & implementation of land invasion strategy	Institutional	Institutional	R1 500 000	R1 816 000	613	Number of title deeds registered	300 title deeds registered	Title Deeds	R2 139 391	Yes		475 title deeds registered	Demand driven	N/A
IHS002	Capturing of housing applications	Institutional	Institutional	R0	R0	16500	Number of applications captured on the Housing Subsidy	30 applications captured on the Housing Subsidy	Status report	R0	Yes		63 applications captured on the Housing Subsidy	Demand driven	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
							System (HSS)	System (HSS)					System (HSS)		

3.1.2. Key Performance Area: Local Economic Development

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To initiate a strong and sustainable economic development															
Development Priority: Economic Development															
Programme / Project: Cooperative Support Programme															
LED006	Cooperatives/ SMME's Supported	Institutional	Institutional	R500 000	R500 000	0	Number of cooperatives/ SMME's supported	15 cooperatives/ SMME's supported	Report and List of Cooperatives/ SMME's Supported	R0	No		0 cooperatives/ SMME's supported	Delays in procurement processes	Fasttrack appointment of service provider. Target will be achieved in the 2021/22 FY

3.1.3. Key Performance Area: institutional Development and Transformation

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To build a strong good governance and institutional development															
Development priority: Good Governance and Public Participation															
Programme / Project: Human Resource Development Programme															
PMS001	Qualification Audit	Institutional	Institutional	R400 000	R0	500 senior managers	Number of employees audited for qualifications	200 employees audited for qualifications	MIE qualification verification report	R250 000	No		0 employees audited for qualifications	Delays in procurement processes	Fasttrack the appointment of service provider. Target will be achieved in the 2021/22 FY
PMS002	Recognition of Prior Learning	Institutional	Institutional	R1 500 000	R0	400 Learners	Number of Learners assessed for RPL	500 Learners assessed for RPL	Statements of Results/ Assessment outcomes	R750 000	No		176 Learners assessed for RPL	Delays in procurement processes	Fasttrack the appointment of service provider. Target will be achieved in the 2021/22 FY

IDP Number	Project Description	Location	Ward	2020/21 Budget	2020/21 Adjusted Budget	Baseline	Key Performance Indicator	2020/21 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/21	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To build a strong good governance and institutional development															
PMS003	Entry Level Management Supervisor Training	Institutional	Institutional	R600 000	R0	1 workshops	Number of workshops for Supervisors and Managers conducted	2 workshops for Supervisors and Managers conducted	Attendance Register	R300 000	No		0 workshops for Supervisors and Managers conducted	Delays in procurement processes	Fasttrack the appointment of service provider. Target will be achieved in the 2021/22 FY
PMS004	Learnership programme	Institutional	Institutional	R1 050 000	R0	50 Learners trained	Number of learners trained	50 Learners trained	Final Assessment Outcome Report	R0	No		0 Learners trained	Delays in procurement processes	Fasttrack the appointment of service provider. Target will be achieved in the 2021/22 FY
Programme / Project: Human Resource Development Programme															
OHS001	COVID-19 Programme	Institutional	Institutional	R400 000	R0	3	Number of awareness campaigns on covid19 and psychosocial	4 awareness campaigns on covid19 and psychosocial	Attendance registers Reports	R88 360	Yes		4 awareness campaigns on covid19 and psychosocial	Underspending on the budget was due to no events campaigns conducted due to Covid-19 regulations	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To build a strong good governance and institutional development															
							conducted	conducted				Yes	conducted		
OHS002	Implementation of Wellness Programme	Institutional	Institutional	R420 000	R0	100%	% of employees and councillors requiring EAP assisted	100% of employees and councillors requiring EAP assisted	Report from the service provider	R652 316	Yes	100% of employees and councillors requiring EAP assisted	Additional spending was incurred due to increase in price index as per appointment contract	N/A	
OHS003	Medical Practitioner For Occupational Health 24 Months	Institutional	Institutional	R492 000	R0	100%	% of employees with vulnerable conditions assessed and assisted	100% of employees with vulnerable conditions assessed and assisted	Report from the service provider	295821.00	Yes	100% of employees with vulnerable conditions assessed and assisted	N/A	N/A	
PWRTO 10	Public Transport facilities COVID-19 PPE	Institutional	Institutional	R0	R19 235 652	0	Number of reports on the COVID-19 public transport facilities intervention programs produced	2 reports on the COVID-19 public transport facilities intervention programs	Reports	R19 235 652	Yes	2 reports on the COVID-19 public transport facilities intervention programs	N/A	N/A	

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To build a strong good governance and institutional development															
								produce					produce		
Programme / Project: Facilities Management															
FMS002	Replacement of HVAC and air cons	Institutional	Institutional	R1 500 000	R0	1 HVAC upgraded	Number of HVAC and aircons upgraded	1 HVAC and aircons upgraded	Completion certificate	R1 752 640	Yes		1 Replacement of HVAC	Additional funds was requested from Finance Department	N/A
FMS004	Installation Of Air cons	Institutional	Institutional	R400 000	R347 197	8 air conditioners installed	Number of air conditioners installed	8 air conditioners installed	Completion certificate	R 250 712	Yes		8 air conditioners installed	N/A	N/A

3.1.4. Key Performance Area: Public Participation and Good Governance

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To build a strong good governance and institutional development															
Development Priority: Good Governance and Public Participation															
Programme / Project: IDP Development															
SP001	IDP development & review	Institutional	Institutional	R 537 106	RO	1 (2019/20 financial year)	Number of IDP process plans submitted to Council	1 IDP process plan submitted to Council	Approved process plan	RO	Yes		1 IDP process plan submitted to Council	N/A	N/A
						1 (2019/20 financial year)	Number of Reviewed IDPs submitted to Council	1 Reviewed IDP submitted to Council	Approved IDP	RO	Yes		1 Reviewed IDP submitted to Council	N/A	N/A
						10 (IDP consultative meetings)	Number of IDP consultative meetings held	13 IDP consultative meetings held	Attendance registers	RO	Yes		13 IDP consultative meetings held	N/A	N/A
Programme / Project: Appeal Authority Facilitation & Coordination															
SP002	Appeal Authority facilitation & coordination	Institutional	Institutional	RO	RO	3 (2019/20 financial year)	Number of Appeals Authority sittings held	6 Appeals Authority sittings held	Attendance register & decisions	RO	Yes		6 Appeals Authority sittings held	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Programme / Project: SDBIP development															
PME001	Development of Service Delivery Budget and Implementation Plan (SDBIP)	Institutional	Institutional	R0	R0	2020/2021 SDBIP	2021/2022 SDBIP approved by the Executive Mayor within the stipulated period	2021/2022 SDBIP approved by the Executive Mayor	Approved SDBIP	R0	Yes		2021/2022 SDBIP approved by the Executive Mayor within the stipulated period	N/A	N/A
Programme / Project: Risk Mitigation Programme															
ERM003	Facilitation of the Strategic Risk Register	Institutional	Institutional	R0	R0	1	Number of Strategic Risk Register for the 2020/2021 financial year approved	1 Strategic Risk Register for the 2020/2021 financial year approved	2020/2021 Strategic Risk Register	R0	Yes		1 Strategic Risk Register for the 2020/2021 financial year approved	N/A	N/A
ERM005	Departmental Risk Registers	Institutional	Institutional	R0	R0	11	Number of Departmental Risk Registers facilitated	11 Departmental Risk Registers facilitated	Departmental Risk Registers	R0	Yes		11 Departmental Risk Registers facilitated	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
ERM006	Compilation of the Enterprise Risk Register	Institutional	Institutional	R0	R0	1	Number of Enterprise Risk Registers for the 2020/2021 Financial year compiled	1 Enterprise Risk Register for the 2020/2021 Financial year compiled	2020/2021 Enterprise Risk Register	R0	Yes		1 Enterprise Risk Register for the 2020/2021 Financial year compiled	N/A	N/A
ERM007	Annual review of the Risk Management framework	Institutional	Institutional	R0	R0	2019/2020 Risk Management Framework	Number of risk management frameworks for the 2020/2021 financial year approved	1 risk management framework for the 2020/2021 financial year approved	2020/2021 risk management framework	R0	Yes		1 risk management framework for the 2020/2021 financial year approved	N/A	N/A
Programme / Project: Internal Audit Programme04															
IA004	Internal Audits	Institutional	Institutional	R0	R0	19	Number of internal audits conducted	12 internal audits conducted	Audit reports	R0	Yes		12 internal audits conducted	N/A	N/A
IA005	Functional Audit Committee	Institutional	Institutional	R0	R0	Approved 2019/2020 Audit Committee	Reviewed and approved AC charter	1 Audit Committee charter reviewed and	Approved AC Charter	R0	Yes		1 Audit Committee charter reviewed and	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
						Charter (AC)		approved					approved		
IA006	Follow up on AG Findings	Institutional	Institutional	R0	R0	1 Report on follow up audit	Number of follow-up audits conducted	1 follow-up audit conducted	Audit report	R0		Yes	1 follow-up audit conducted	N/A	N/A

3.1.5. Key Performance Area: Financial Viability and Management

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
Development Objective: To ensure legally sound financial viability and management															
Development Priority: Financial Management															
Programme / Project: Budget Implementation Programme															
FPB001	Implementation of budget processes	Institutional	Institutional	R2 500 000	R2 781 373	Approved budget	Number of IDP and budget process plans approved	One 2021/22 IDP and budget process plan approved	Council resolution	R0	Yes	One 2021/22 IDP and budget process plan approved	N/A	N/A	
				R0	R0	2019/20 capital projects budget roll-over approved	Number of capital projects budget roll-over approved	One 2019/20 capital projects budget roll-over approved		R0	Yes	One 2019/20 capital projects budget roll-over approved	N/A	N/A	
				R0	R0	2019/2020 adjustments budget approved	Number of adjustments budget approved	One 2020/21 adjustments budget approved		R0	Yes	One 2020/21 adjustments budget approved	N/A	N/A	

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
				R0	R0	2019/2020 virement's budget approved	Number of virement's budget approved	One 2019/2020 virement's budget approved		R0	Yes		One 2019/2020 virement's budget approved	N/A	N/A
CoMOP 26	Implementation of activity based costing	Institutional	Institutional	R2 500 000	R2 781 373	Cost structure review for Water, Sanitation, Public Lighting, and Waste Management functions for the City of Mbombela conducted	Number of Energy Cost reflective structure determined and reviewed	1 Energy Cost reflective structure determined and reviewed	Cost reflective Structure report	R0	No		0 Energy Cost reflective structure determined and reviewed	The contract with Service provider expired	Fasttrack the renewal of the contract with the service provider. Target will be achieved in the 2021/22 FY
						2018/2019 Immovable Asset Register updated and maintained	Number of Other Services City Planning, Parks and recreation's Cost reflective structure determined	1 Other Services City Planning, Parks and recreation's Cost reflective structure		R0	No		0 Other Services City Planning, Parks and recreation's Cost reflective structure	The contract with Service provider expired	Fasttrack the renewal of the contract with the service provider. Target will be achieved in

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
							d and reviewed	determined and reviewed					determined and reviewed		the 2021/22 FY
AS004	Compilation of Financial Statements and audit process	Institutional	Institutional	R0	R0	2018/19 Annual financial statements compiled and submitted in line with MFMA	Number of GRAP Compliant annual financial statements submitted to the Auditor General	One 2019/20 GRAP Compliant annual financial statements submitted to the Auditor General	Acknowledgment of receipt by the Auditor General	R0	Yes		One 2019/20 GRAP Compliant annual financial statements submitted to the Auditor General	N/A	N/A
AS005	Quality review of annual financial statements	Institutional	Institutional	R0	R0	3	Number of Quality reviews of the annual financial statements conducted	3 Quality reviews of annual financial statements conducted	Compliance and quality review report	R 139 733	Yes		3 Quality reviews of annual financial statements conducted	N/A	N/A
AM003	Update And Maintenance Of Asset Register	Institutional	Institutional	R4 102 234	R0	2019/2020 updated and maintained Immovable Asset Register	% of immovable asset register updated	100% of immovable asset register updated	GRAP compliant asset register	R0	Yes		100% of immovable asset register updated	N/A	N/A

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
AM006	Procurement of Asset management System	Institutional	Institutional	R0	R3 000 000	Manual Assets system	Number of assets management system procured	1 Assets management system procured	Software licence agreement	R0	No		Project advertised and closed on the 4 th quarter 2020/2021 financial year	Delays in procurement processes	Fasttrack the appointment of service provider. Target will be achieved in the 2021/22 FY
Programme/ Project: General Valuation Roll Programme															
CoM15	Update of The General Valuation Roll	Institutional	Institutional	R 200 000	R655 000	GV Roll and Supplementary valuation roll 1 & 2	Number of Annual Certified Supplementary Valuation Rolls compiled	1 Annual Certified Supplementary Valuation Roll compiled	Annual Certified Supplementary Valuation roll	R 103 797	Yes		1 Annual Certified Supplementary Valuation Roll compiled	N/A	N/A
MVR001	Compilation of property valuation roll	Institutional	Institutional	R300 000	R0	80 Appeals outstanding to be resolved	Number of appeals heard and resolved	80 Appeals heard and resolved	Appeal Register	R 96 602	No		32 Appeals heard and resolved	Delays in the announcement and confirmation of new dates for the hearing of the outstanding appeals by the valuation board	To obtain confirmed dates for the next sitting from the Chairperson of the Valuation Appeal Board. Target will be achieved in

IDP Number	Project Description	Location	Ward	2020/2021 Budget	2020/2021 Adjusted Budget	Baseline	Key Performance Indicator	2020/2021 Annual Target	Means of Verification	Actual Budget	Was the target achieved		Actual performance for 2020/2021	Reason for non-achievement and variations (deviation)	Plans to address non-achievement and timeframe
											Yes	No			
															the 2021/22 FY
Programme/ Project: Revenue Enhancement Programme															
RC001	Enhancement of revenue collection	Institutional	Institutional	R0	R0	83%	% monthly average collection rate achieved	83% monthly average collection rate achieved	Debtor Payment Rate Report	R0	Yes		85.44 % monthly average collection rate achieved	N/A	N/A

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1. Post Establishment Report for the 2020/2021 Financial Year

Department	Number of filled positions	Number of vacant funded positions	Number of vacant unfunded positions	Total
Office of the Municipal Manager	16	03	18	37
Office of the Deputy Municipal Manager: Institutional Development	05	06	10	21
Office of the Deputy Municipal Manager: Service Delivery	01	00	01	02
Office of Council	16	03	16	35
Office of Chief Whip (Division under Office of Council)	02	01	02	05
Strategic Management Services	40	07	35	82
Corporate Services	68	15	89	172
Finance (Financial Management)	94	23	79	196
Public Works, Roads and Transport	24	03	41	68
Regional Centre Coordination	1489	323	2697	4509
Legal Services	04	01	03	08
Energy	36	12	24	72
Public Safety	61	04	34	99
Water and Sanitation	10	00	13	23
Community Services	22	03	33	58
City Planning and Development	47	10	73	130
TOTAL	1935	414	3168	5517

4.2. Workforce Profile

4.2.1. Occupational Levels

The table below is a reflection of municipal workforce levels for period 1 July 2020 to 30 June 2021.

2020/2021 FINANCIAL YEAR											
Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	11	0	0	0	3	0	0	0	0	0	14
Senior Management	46	0	2	14	27	0	0	1	0	0	90
Professionally Qualified And Experienced Specialists And Mid-Management	83	0	0	19	58	4	1	7	0	0	172
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foremen, And Superintendents	359	10	0	17	224	11	4	18	0	0	643
Semi-Skilled And Discretionary Decision Making	354	1	0	1	74	3	0	1	0	0	434
Unskilled And Defined Decision Making	309	2	0	1	292	3	0	0	0	0	607
Total Permanent	1162	13	2	52	678	21	5	27	0	0	1960
Temporary employees	201	2	0	0	370	0	0	0	0	0	573
GRAND TOTAL	1363	15	2	52	1048	21	5	27	0	0	2533

4.2.2. Pension Funds

City of Mbombela Local Municipality employees' pension funds were administered under the following schemes during 2020/2021 financial year

- National Fund of Municipal Workers (NFMW)
- Municipal Workers Retirement Fund (MWRF)
- Municipal Gratuity Fund (MGF)
- Municipal Councillors Pension Fund (MCPF)
- Joint Municipal Pension Fund (JMPF)
- Government Employees Pension Fund (GEPF)
- South African Local Authority Pension Fund (SALA)

4.2.3. Medical Aid Schemes

The following medical aid schemes were utilised by Mbombela Local Municipality's officials for the 2020/2021 financial year

- Hosmed Medical Scheme
- SAMWUMed Medical Scheme
- Bonitas Medical Scheme
- KeyHealth Medical Scheme
- LA Health (Discovery)

4.3. Capacitating the municipal workforce

IDP Priority	Strategic Focus Areas	Key Performance Indicators	2020/2021 Financial Year	
			Target	Actual Performance
Institutional arrangement and development	To build strong sustainable governance and institutional structures and arrangements	Number of employees and councillors trained	Employees (0) Councillors (0)	Employees Training – 194 Learnership - 23 Grade 12 – 232 ABET - 37 Councillors 0)

Internal and External Bursary Information (Comparisons between 2017/2018, 2018/2019 and 2019/2020 financial years)

Number of Internal Bursaries Approved In 2017/18	Number of External Bursaries Approved In 2017/18	Number of Internal Bursaries Approved In 2018/19	Number of External Bursaries Approved In 2018/19	Number of Internal Bursaries Approved In 2019/20	Number of External Bursaries Approved In 2020/21
165	6	300	0	206	N/A

4.4. MFMA Implementation Report: Municipal Regulations on Minimum Competency Levels

Description	Total number of officials employed by municipality	Total number of officials employed by municipal entities	Consolidated Total of A and B	Consolidated: Competency assessments completed for A & B	Consolidated: Total number of officials whose performance agreements comply with Regulation 16	Consolidated: Total number of officials that meet prescribed competency levels
Financial Officials	145	-	67	17		17
Accounting Officer	1	-	1	1		1
Chief Financial Officer	1	-	1	1		1
Senior Managers & Managers	98	-	96	23		23
Any other financial officials	N/A	N/A	N/A	N/A	N/A	N/A
Supply Chain Management Officials	28	-	12	8		8
Head of supply chain management unit	1	-	1	1		1
Supply chain management managers	2	-	2	2		2
Total	276		180	53		53

4.5. Municipal workforce expenditure

Financial Year	Actual expenditure on salaries	% of salaries expenditure against total operating budget
2016/2017	634 944 014	27%
2017/2018	676 800 250	22%
2018/2019	859 386 139	27%
2019/2020	1 010 462 003	34%
2020/2021	1 147 640 891	33%

CHAPTER 5: FINANCIAL PERFORMANCE

The City's financial plan has been compiled using the sound budget and financial management practices and principles thus ensuring that municipal services are provided in a sustainable, economical and efficient manner to all communities. The financial sustainability and resilience of the City remains fundamental due to the persistent cash flow constraints experienced during the year. The objective during the year has been to create an enabling environment for the turnaround process to be constructive and impactful.

Leading a turnaround intervention in the public sector requires specific skills and capabilities due to the nature of the environment and the extent of the stakeholders involved. A combination of leadership outlooks namely; servant leadership, adaptive leadership, integrative leadership and complexity leadership were academically proven to be appropriate in public administration.

Transformational leadership skills and competencies has been applied in designing transformational changes to address business process reengineering, organisational culture and employees' growth mind set. This has been applied to a certain extent given the limited financial resources however the City will continue to pursue its objective as an essential attribute to the turnaround process.

Council has at its meeting held 31 May 2017 under item A(4) approved the revenue enhancement strategy which has been implemented during the year in order to ensure that the financial sustainability and liquidity management objectives of the City are significantly improved. Furthermore a liquidity management policy was also approved at the same Council sitting held 31 May 2017 under item A(3) (c). The liquidity policy seeks to give guidance for maintaining sufficient liquidity intensities to meet the liabilities when due, under both normal and stressed conditions without incurring any prohibited expenditure.

The City has also been implementing the financial recovery plan approved by Council at its meeting held 28 June 2018 under item A(3). The financial recovery plan was implemented with all other approved strategies and plans as part of the financial turnaround strategy to improve the financial health of the City. To address the huge trade payables balance, the City developed a creditors reduction plan which was approved by Council at its meeting held 28 November 2019 under item A(23).

The City has embarked on the implementation of a range of revenue collection strategies to optimize the collection of debt owed by consumers including government and also implementation of the promulgated credit control and debt collection by-laws.

Financial Planning and Budgeting Performance

The planning and budgeting process for the City was driven through the implementation of the process plan for Integrated Development Plan, Budget, Performance Management, Risk Management and Human Resources Management approved by Council.

The 2020/2021 budget and medium-term revenue and expenditure framework was prepared at a time when global and national economies are experiencing a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence.

The GDP growth rate is forecasted at 0.9 per cent in 2020, 1.3 per cent in 2021 and 1.6 per cent in 2022. The downward revision takes into account the weaker investments outcomes in 2019, more fragile recovery in household income and slower export demand than expected to moderate global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously forecasted.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors.

The City has a role to play in ensuring through resources allocated on the budget and the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, poverty and inequality challenges.

As the prospect of economic growth remains sluggish, the impact of this phenomena is that the City will not experience significant improvement on the revenue generation and collection hence a conservative approach is advised for projecting revenue on the medium-term revenue and expenditure framework. The implications of insignificant improvement on the municipal revenue is that there should be a reprioritization of the municipal programmes and elimination of non-priority spending or expenditure to ensure the core service delivery programmes are not adversely affected by this situation.

Vision 2030 Strategy and Integrated Development Plan (IDP)

In line with the National Development Plan, the City has developed a Vision 2030 strategy that would give effect to the integrated growth and development of the City. The Vision 2030 strategy provides a platform and framework for the desired future of the City and that will be achieved through the following four strategic objectives of the strategy;

- a. To transform the spatial structure of the City.
- b. To establish a competitive economic position.
- c. To plan for, install, maintain and operate infrastructure, and provide services more efficiently and on a sustainable basis.
- d. To lead, direct and manage spatial growth of the City robustly, enhance revenue generation and improve operational efficiency.

The future planning and development of the City will be guided by these four strategic objectives and as a result the 2017-2022 Integrated Development Plan is responding to these strategic objectives. The following key municipal priorities have been identified to take the developmental agenda of the City forward;

- Water supply
- Road infrastructure development and storm water
- Electricity supply and management
- Integrated human settlement
- Good governance and public participation
- Sanitation
- Community development
- Rural development
- Economic development
- Waste and environment management
- Financial viability and management
- Public transport
- Public Safety
- 2010 legacy

The 2020/2021-2022/2023 Annual Budget and Medium-Term Revenue and Expenditure Framework was prepared based on the fundamentals of the municipal developmental priorities contained on the Integrated Developmental Plan.

Taking from the development priorities and other institutional factors, the budget was compiled to achieve the following financial and service delivery objectives which include amongst others:

- To improve adherence to legislative, governance and institutional development framework.
- To improve financial performance and sustainability over the long term.
- To ensure the citizens of the City are provided with acceptable levels of services.
- To maintain the existing assets and infrastructure base by ensuring adequate repairs and maintenance is undertaken.
- To achieve a clean audit outcome.
- To enable local economic development initiatives and sustainable employment creation.
- To ensure the smooth transition as a result of the amalgamation process in terms of reorganization and restructuring of policies, processes and systems.

In response to the IDP municipal developmental priorities and objectives, Council approved an original total budget amount of R4,028 billion (R3,619 billion for operating expenditure and R410 million for capital expenditure) at its meeting held 31 May 2020 under item A(3). Moreover, the approved total operating revenue budget amounted to R3 213 billion and revenue to be recognized from the capital conditional grants amounted to R368 million

2020/2021 TO 2022/2023 FINAL MTREF FOR THE CITY OF MBOMBELA LOCAL MUNICIPALITY				
DESCRIPTION	2020/2021 ORIGINAL BUDGET	2021/2022 BUDGET YEAR	2022/2023 BUDGET YEAR	2020-2023 BUDGET MTREF
OPERATING REVENUE	R 3,213,492,372	R 3,293,665,230	R 3,518,720,078	R 10,025,877,680
CAPITAL GRANTS REVENUE	R 368,087,000	R 408,975,000	R 663,632,000	R 1,440,694,000
TOTAL REVENUE	R 3,581,579,372	R 3,702,640,230	R 4,182,352,078	R 11,466,571,680
OPERATING EXPENDITURE	R 3,618,653,336	R 3,343,705,492	R 3,473,594,895	R 10,435,953,724
TOTAL OPERATING SURPLUS	-R 37,073,964	R 358,934,738	R 708,757,183	R 1,030,617,956
GRANTS AND SUBSIDIES	R 368,087,000	R 408,975,000	R 663,632,000	R 1,440,694,000
INTERNAL FUNDING	R 42,100,000	R 58,000,000	R 86,800,000	R 186,900,000
CAPITAL EXPENDITURE	R 410,187,000	R 466,975,000	R 750,432,000	R 1,627,594,000

Furthermore, Council had on 25 February 2021, under item A(1), in accordance with Section 28 of the Municipal Finance Management Act no 56 of 2003 read with Regulation 25 of the Municipal Budget and Reporting regulation approved the 2020/2021 adjustments budget totaling to R4 160 billion. The adjusted operational revenue approved budget amounted to R3 269 billion while

operational expenditure and capital budget approved amounted to R3 611 billion and R550 million respectively.

2020/2021 ADJUSTMENT BUDGET FOR THE CITY OF MBOMBELA					
DESCRIPTION	2020/2021 ORIGINAL BUDGET	2018/2019 ROLL-OVER BUDGET	2020/2021 AMENDED BUDGET	2020/2021 ADJUSTMENTS	2020/2021 ADJUSTED BUDGET
OPERATING REVENUE	3,213,492,372	-	3,213,492,372	55,974,246	3,269,466,618
RECOGNISED GRANTS REVENUE	368,087,000	-	368,087,000	71,752,576	439,839,576
TOTAL REVENUE	3,581,579,372	-	3,581,579,372	127,726,822	3,709,306,194
				-	-
OPERATING EXPENDITURE	3,618,653,336	-	3,618,653,336	(7,768,609)	3,610,884,727
TOTAL OPERATING EXPENDITURE	3,618,653,336	-	3,618,653,336	(7,768,609)	3,610,884,727
OPERATING SURPLUS/(DEFICIT)	(37,073,964)	-	(37,073,964)	135,495,431	98,421,467
TOTAL CAPITAL BUDGET	410,187,000	148,158,993	558,345,993	(8,801,449)	549,544,544
CAPITAL BUDGET - INTERNAL FUNDING	368,087,000	100,677,146	468,764,146	(28,924,570)	439,839,576
CAPITAL BUDGET - GRANT FUNDING	42,100,000	47,481,847	89,581,847	20,123,121	109,704,968

Furthermore, a report on the final virements' made after the approval of the adjustment budget was approved by Council as the final budget at its meeting held 25 August 2021 under item A(6) as outlined below.

2020/2021 FINAL BUDGET AND VIREMENT REPORT FOR THE CITY OF MBOMBELA MUNICIPALITY				
Description	2019/2020 Audit Outcome	2020/2021 Original Budget	2020/2021 Adjusted Budget	2020/2021 Final Budget
Revenue By Source				
Property rates	R 651,716,932	R 680,901,599	R 700,901,599	R 700,901,599
Service Charges	R 1,303,946,246	R 1,470,537,602	R 1,471,111,848	R 1,471,111,848
Investment Revenue	R 6,542,282	R 6,328,720	R 1,828,720	R 1,828,720
Transfers recognised - operating	R 838,016,840	R 934,350,000	R 934,350,000	R 934,350,000
Other Revenue	R 512,990,312	R 121,374,450	R 161,274,450	R 161,274,450
Total Revenue (excluding capital transfers and contributions)	R 3,313,212,612	R 3,213,492,371	R 3,269,466,617	R 3,269,466,617
Expenditure By Type				
Employee related costs	R 1,010,462,003	R 1,086,635,464	R 1,085,415,464	R 1,085,415,464
Remuneration of councillors	R 58,537,188	R 63,592,877	R 63,592,877	R 63,592,877
Depreciation & asset impairment	R 551,510,226	R 516,566,578	R 506,566,578	R 506,566,578
Bulk purchases	R 853,257,171	R 863,137,457	R 847,544,457	R 847,902,792
Transfers and grants	R 16,658,146	R 2,080,000	R 1,149,215	R 435,061
Other Expenditure	R 1,285,535,926	R 1,086,640,960	R 1,106,616,136	R 1,138,853,485
Total Expenditure	R 3,775,960,660	R 3,618,653,336	R 3,610,884,727	R 3,642,766,257
Surplus/(Deficit)	-R 462,748,048	-R 405,160,965	-R 341,418,110	-R 373,299,640
Transfers recognised - capital	R 513,306,321	R 368,087,000	R 439,839,576	R 475,793,576
Surplus/(Deficit)	R 50,558,273	-R 37,073,965	R 98,421,466	R 102,493,936
Capital expenditure				
		R 410,187,000	R 549,544,582	R 553,616,539
Transfers recognised - capital	R 513,306,321	R 368,087,000	R 439,840,127	R 447,000,837
Public contributions & donations				
Borrowing				
Internally generated funds	R 17,957,914	R 42,100,000	R 109,704,455	R 106,615,702
Total sources of capital funds	R 531,264,235	R 410,187,000	R 549,544,582	R 553,616,539

The total operating revenue budget amounted to R3, 269 billion for the 2020/2021 financial year with total operating expenditure budget amounting to R3, 643 billion. The capital expenditure budget amounted to R554 million primarily funded from conditional capital grants amount of R447 million.

The operating expenditure budget was funded mainly from property rates, service charges and other sundry income which makes up 71 per cent and government grants were 29 per cent.

On the other hand, the funding of the capital budget was primarily sourced from conditional grant funding from the National Revenue Fund which made up 81 per cent and 19 per cent from own generated revenue.

Council approved the implementation of the rates and tariffs for property rates, service charges and sundry charges for the City of Mbombela at its meeting held 29 June 2020 under item A (A) g. The budget related policies and by-laws giving effect to the approved budget were approved by Council at its meeting held 29 June 2020 under item A (3).

The City compiled and certified the General Valuation Roll which was enforceable with effect from 1 July 2018. Valuations are performed every five years in accordance with the Municipal Property Rates Act, 2004. The Supplementary valuations are processed on a regular basis in terms of Section 78 of the Municipal Property Rates Act.

Financial Accounting and Reporting

The summary financial performance for the City of Mbombela for the previous five financial years is outlined below:

Statement of Financial Performance	2021 Audited	2020 Restated	2019 Audited	2018 Restated	2017 Restated
Total Revenue	3 740 602 631	3 860 518 933	3 326 463 388	3 017 923 739	2 589 656 236
Total Expenditure	4 124 428 226	3 759 249 052	3 526 046 555	3 228 580 505	2 741 713 552
Surplus / (Deficit) for the	(383 825 595)	101 269 881	(199 583 167)	(210 656 766)	(152 057 316)
Growth in Revenue	-3%	16%	10%	17%	
Growth in Expenditure	10%	7%	9%	18%	
Average growth in Revenue	6%	13%			
Average growth in Expenditure	8%	8%			

The table below depicts the consolidated financial performance against the final approved budget for the year under review:

	2020/2021 Final Budget	2020/2021 Audited Actual Outcome	Variance	Actual outcome as a % of Final Budget
Financial Performance				
Property rates	700,901,599	708,139,708	7,238,109	101%
Service charges	1,471,111,848	1,400,772,342	(70,339,506)	95%
Investment revenue	41,414,251	55,305,712	13,891,461	134%
Transfers recognised - operational	934,350,000	946,317,711	11,967,711	101%
Other own revenue	121,688,919	159,508,890	37,819,971	131%
Total Revenue (excluding capital transfers and contributions)	3,269,466,617	3,270,044,363	577,746	100%
Employee related costs	1,085,415,464	1,147,640,891	62,225,427	106%
Remuneration of councillors	63,592,877	59,255,918	(4,336,959)	93%
Bad debts written off	430,287,840	298,900,634	(131,387,206)	69%
Depreciation & asset impairment	506,566,578	540,369,688	33,803,110	107%
Finance charges	27,978,354	85,678,468	57,700,114	306%
Bulk purchases	852,389,084	959,633,478	107,244,394	113%
Transfers and grants	3,435,061	4,849,971	1,414,910	141%
Other expenditure	673,100,999	1,028,110,632	355,009,633	153%
Total Expenditure	3,642,766,257	4,124,439,680	481,673,423	113%
Total Revenue (excluding capital transfers and contributions)	3,269,466,617	3,270,044,363	577,748	100%
Total Expenditure	3,642,766,257	4,124,439,680	481,673,423	113%
Surplus/(Deficit)	(373,299,640)	(854,395,315)	(481,095,675)	229%
Transfers recognised - capital	475,793,576	468,141,642	(7,651,934)	98%
Contributions recognised - capital	-	2,416,625	2,416,625	0%
Contributed assets	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	102,493,936	(383,837,049)	(486,330,985)	-374%
Surplus/(Deficit) for the year	102,493,936	(383,837,049)	(486,330,985)	-374%

The Statement of Financial Performance indicates that a deficit of R384 million has been realized for the period ended 30 June 2021 in comparison with the R102 million surplus budget projection.

The deficit of R384 million realized for the period ended 30 June 2021 and is mainly attributable to the following main cost drivers:

- a) The Municipal Standard Chart of Account requires that the amount for the actual bad debts written off be recognised on the face of the Statement of Financial Performance as it is an expense. An amount of R299 million irrecoverable debt was written off against the provision as approved by Council at its meeting held 31 May 2021 under item A(6).
- b) Employees related costs overspent by R62 million due to the back pays emanating from salary disparities as a result the amalgamation of the former disestablished municipalities.
- c) Bulk purchases overspent by R107 million due to a number of factors such as the implementation of the high mast light projects, the increased electricity household connections due to the community driven demands and the Eskom increase approved by NERSA. Electricity distribution losses also remains a huge concern as an amount of R190 million was disclosed for the reporting period as electricity losses incurred from technical and non-technical losses
- d) The finance charges indicate an overspending by an amount of R58 million for the reported year. The City is still experiencing cash flow challenges hence some of the Eskom bulk accounts could not be paid within the stipulated timeframes in accordance with Section 65 of the Municipal Finance Management Act No 56 of 2003, which attracted interest charges.

The cost driver is the interest charged by creditors for payments made after 30 days on receipt of the invoice or statement which has been disclosed in the notes to these annual financial statements as Fruitless and Wasteful Expenditure. The late payment of creditors is mainly due to the financial distress faced by the City.

The cost of the City's operations continued to be high and exacerbated by the trade payables balance from the 2019/2020 financial year. The City is implementing various strategies and plans including the Financial Recovery Plan in order to improve financial resilience and sustainability. The results of the financial recovery plan will be yielded over period of years given the severity of the financial distress. The finance charges are resulting on unauthorised expenditure as well as fruitless and wasteful expenditure.

The net operating surplus margin ratio for the year under review was 0 per cent which was above the norm of greater than 0 per cent which indicates that the municipality is able to recover the operational costs for the services being rendered to the community.

The municipality still experiences challenges in payment of creditors within 30 days on receipt of the invoice as required by section 65 (2) (e) of the Municipal Finance Management Act No. 56 of 2003.

Expenditure management ratio indicates that remuneration includes employee related costs and Councilors remuneration as a percentage of the total operating expenditure was 29 percent which is within the norm of between 25 to 40 percent. Contracted services on the other hand as a percentage of the total operating expenditure was 17 percent which is above the norm of between two to five percent.

A clean audit roadmap was developed and internal control measures have been put in place to ensure that the non-compliance with legislation matters are dealt with, in totality. The City further developed a remedial action plan to address all the audit findings raised during the 2020/2021 financial year which will be implemented together with all the other turnaround and intervention measures.

The remedial action plan primarily focuses on improving the financial sustainability and resilience of the City through the execution of the financial recovery plan, revenue optimisation measures, cost containment, creditors' reduction plan and other strategies.

Compliance with applicable Legislation is fundamental for the reduction of the unauthorised and irregular. The City has made a commitment to eliminate the prohibited expenditure in line with the National Treasury Outcomes for 2024.

Capital Expenditure Performance

The total amount invested in service delivery projects through the capital budget implementation amounted to R467 million for the 2020/2021 financial year. This evidences the implementation of the developmental priorities of the municipality in line with the Integrated Development Plan.

The capital expenditure to the total expenditure ratio which indicates the prioritisation of expenditure towards current operations versus future capacity is 10 per cent which indicates investment in infrastructure programmes and the performance is between the norms of 10 to 20 per cent in accordance with the Municipal Finance Management Act Circular No 71.

Impairment of Property, plant and equipment, Investment property and Intangible assets have not been impaired during the 2020/2021 financial year, which is within the norm of zero (0) percent, however Repairs and maintenance expenditure as a percentage of Property, plant and equipment was four (4) percent in comparison to the norm of eight (8) percent.

Asset and liability management

The table below is a summary of the audited consolidated statement of financial position as at 30 June 2021 in comparison with the final approved budget:

Description	2020 Restated	2021 Actual
Financial Position		
Total current assets	707,339,255	641,859,457
Total non-current assets	7,668,180,152	7,602,619,934
Total Assets	8,375,519,407	8,244,479,391
Total current liabilities	2,207,144,100	2,344,642,036
Total non-current liabilities	587,275,424	702,574,522
Total Liabilities	2,794,419,524	3,047,216,558
Net Assets	5,581,099,883	5,197,262,833
Total Net Assets	5,581,099,883	5,197,262,833

The total actual assets value as at the year ended 30 June 2021 amounted to R8,244 billion in comparison with the prior year 2019/2020 which amounted to R8,375 billion, thus indicating an decrease of R131 million (two percent).

The total liabilities including current and non-current liabilities for the reported period ended 30 June 2021 amounted to R3,047 billion in comparison with the prior year of 30 June 2020 which amounted to R2,794 billion thus indicating an increase of R253 million (nine percent).

The total net assets have decreased by R384 million (seven percent) from the prior year (2020) amount of R5,581 billion to R5,197 billion for the reported period ended 30 June 2021.

The liquidity management ratios indicates a weak position and requires collaborative leadership efforts to improve the financial sustainability and resilience. The ratio outcomes are below the norm which outlines the inability of the municipality to meet its short term obligation as they become due.

Liability management highlights a capital cost as a percentage of total operating expenditure of two percent which is a favorable outcome as it is below the norm of six to eight percent. The leverage ratio measured as debt as a percentage of revenue reflected an outcome of 11 percent with a norm of not more than 45 percent. Although the liability management ratios indicate a favorable position for the City as no borrowing was taken or increased during the year, however the ratio must be analysed in conjunction with all other ratios such as the liquidity management ratios. These results allude to the ability of the municipality to take on additional debt, however

this should be viewed in conjunction with the municipality's cash flow risk and ability to meet its short-term obligations as they fall due.

The City continues the financial recovery plan as well as the revenue optimisation measures in order to build cash backed reserves to be able to meet its financial and liquidity management objectives.

Cash flow and investment management

The following tabulates the summary of the cash flow statement for the year ended 30 June 2021 thus indicating the cash inflows and outflows:

Description	2021	2020	Variance
	Audited Actual	Audited Restated	
Cash flows			
Net Cash From (Used) Operating	456,695,278	500,505,205	-42%
Net Cash From (Used) Investing	-467,389,744	-537,435,038	15%
Net Cash From (Used) Financing	0	-16,111,049	100%
Cash/Cash Equivalents at The Beginning of the Year	73,033,639	126,074,521	0%
Cash/Cash Equivalents at The Year End	62,339,173	73,033,638	78%

The cash generated from operating activities amounts to R457 million for the reported period ended 30 June 2021 and indicates a decrease of R44 million or 9 per cent in comparison with the R501 million for the prior year ended 30 June 2020.

The cash utilised for investing activities amounts to R467 million for the reported period ended 30 June 2021 and indicates a decrease of R 70 million in comparison with the R537 million of the prior year ended 30 June 2020.

Cash flows from financing activities indicates a zero balance for the reported period ended 30 June 2021 due to payment holiday arrangement with the Development Bank of Southern Africa on borrowings during the year. The payment relief was afforded to the City given the impact of the Covid-19 pandemic.

The cash flow movement from operating, financing and investing activities indicates a net decrease in cash and cash equivalents amounting to R11 million, with the cash and cash equivalents opening balance of R73 million, the cash and cash equivalent balance amounts to R62 million.

A financial recovery plan was developed with the assistance from National Treasury to turnaround the financial performance decline and unhealthy position. The City furthermore developed a

creditor's reduction plan in response to the financial distress position emanating from the growing creditors balances. The creditors reduction plan was approved by Council at its meeting held 28 November 2019 item A(23). The City is aggressively implementing cash flow management systems and processes in order to ensure that financial obligations are met when due.

OTHER FINANCIAL MANAGEMENT MATTERS:

Supply chain management

The municipality has been striving to achieve the medium-term strategic objective of ensuring effective, efficient and economical supply chain management process. This was done through the implementation of the approved supply chain management policy to achieve the broader principles of fairness, equitable, transparency, competitiveness and cost effectiveness.

The City has a role to play in ensuring through resources allocated on the budget and the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, poverty and inequality challenges. The City considered the expanded public works programmes initiatives to create employment by utilising labour-intensive mechanisms on implementation of its capital programmes and rendering of certain services.

The Model SCM Policy for Infrastructure Procurement and Delivery Management policy was approved in the Council meeting held on the 28th of June 2017 as per Resolution A (5). The Model Supply Chain Management policy for infrastructure Procurement was implemented with effect from 1 July 2017.

The City has developed Supply Chain Management sourcing strategy which was approved by Council at the meeting held 28 June 2017 under item A(4). One of the objectives of the sourcing strategy is to regulate prices on certain commodities in order to ensure that goods and services are procured in a most economic manner.

The City has been able to drastically decrease to recurrence of the irregular expenditure emanating from the multiple extension of contracts. Implementation of supply chain management systems, reforms and processes has been the pillar to remedy these prohibited expenditures.

All supply chain management reports (quarterly and annually) were consistently reported to the Executive Mayor as required by regulation 6 (3) of the Supply Chain management of 27636 dated 30 May 2005 issued by National treasury which stipulates that: "Municipal Manager must within ten (10) days of the end of each quarter, submit a report on the implementation of the Supply

chain management policy to the Mayor of the Municipality or the board of directors of the municipal entity”.

Accounting Services and Reporting

The City strives for credible financial accounting and reporting requirements through the use of internal capacity. The financial statements of the municipality were prepared on an accrual basis of accounting in accordance with standards of the General Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) which forms part of the GRAP reporting framework.

The annual financial statements were tabled to the audit committee on 30 August 2021 for review and consideration in accordance with Section 166 (b) of the Municipal Finance Management Act no 56 of 2003 prior submission to the Auditor General.

The annual financial statements were thereafter submitted to the Auditor General on 31 August 2021 in compliance with the section 126 (1) of the Municipal Finance Management Act No 56 of 2003, to submit the annual financial statements within two months after the end of the financial year to which those statements relate.

The prepared financial statements fairly presented the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position.

Oversight and operational continuity

Oversight roles and responsibilities are undertaken by various section 79 committees and the Municipal Public Accounts Committee (MPAC) in terms of the governance model and administratively through the functional governance structures which includes audit committee, risk management committee and the internal audit unit.

Although the City has been unable to meet all its current obligations within the legislated 30 days period on receipt of an invoice or statement in accordance with Section 65 of the Municipal Finance Management Act No 56 of 2003, the City has made a going concern assessment as at 30 June 2021 taking into account the approved five year Integrated Development Plan, three year medium term revenue and expenditure framework and long term financial plan which evidences the operational continuity of the municipality.

The approved financial recovery plan was implemented during the year to improve the liquidity management objectives of the City. The City has also undertaken stringent cost curtailment

measures and budget reprioritization in order to minimize the expenditure not relating to service delivery.

Audit Outcome

The City has obtained an unqualified audit opinion for 2020/2021 financial year. The unqualified audit opinion was achieved through the commitment and dedication from the entire staff, management and political leadership. The City has conducted a 360^o assessment and developed a clean audit road map. The clean audit roadmap incorporated compliance, leadership, organisational culture, employees' behaviour, internal controls, and governance and systems subjects. The clean audit roadmap was implemented in conjunction with all other strategies and plans in order to ensure financial and service delivery sustainability.

Conclusion

The municipality remains committed to continue strengthening its financial position as well as the attainment of a clean audit and the achievement of the long-term strategic objective of turning around the City into a financially sustainable and resilient institution.

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

6.1. Auditor General's Report

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the City of Mbombela Local Municipality and its municipal entity

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the City of Mbombela Local Municipality and its municipal entity (the group) set out on pages 207 to 338, which comprise the consolidated and separate statement of financial position as at 30 June 2021, the consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement, and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the City of Mbombela Local Municipality and its municipal entity as at 30 June 2021, and their financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 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 consolidated and separate financial statements section of my report.
4. I am independent of the group 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.

Material uncertainty relating to going concern

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

7. I draw attention to note 61 to the consolidated financial statements, which indicates that the group's current liabilities exceeded its current assets by R1 702 782 579 (2019-2020: R1 499 804 845). As stated in note 61, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the financial sustainability of the municipality.

Emphasis of matters

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

Restatements of corresponding figures

9. As disclosed in note 49 to the consolidated and separate financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Material losses – receivables

10. As disclosed in note 5 to the consolidated and separate financial statements, material impairment of statutory receivables of R173 346 266 (2019-20: R176 910 878) was incurred as a result of an impairment provision for doubtful debts.
11. As disclosed in note 7 to the consolidated and separate financial statements, material impairment of trade receivables from exchange transactions of R83 133 903 (2019-20: R97 592 851) was incurred as a result of an impairment provision for doubtful debts.
12. As disclosed in note 43 to the consolidated and separate financial statements, material losses of R298 900 634 (2019-20: R229 885 125) was incurred as a result of a write-off of irrecoverable trade debtors.

Material losses – electricity

13. As disclosed in note 44 to the consolidated and separate financial statements, material electricity losses of R190 906 939 (2019-20: R148 754 889) was incurred, which represents 21,54% (2019-20 18,64%) of total electricity purchased.

Risk management

14. I draw attention to note 61 in the consolidated and separate financial statements, which deals with the financial risks that are faced by the municipality and specifically the possible effects of the future implications of covid-19 on the municipality's future prospects, performance and cash flows. My opinion is not modified in respect of this matter.

Other matter

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

Unaudited disclosure note

16. In terms of section 125(2) (e) of the MFMA, the municipality and its municipal entity are required to disclose particulars of non-compliance with the MFMA in the consolidated and

separate financial statements. This disclosure requirement did not form part of the audit of the consolidated financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the consolidated and separate financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group'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 consolidated and separate financial statements

19. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.
20. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
22. 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.

23. 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 following selected key performance area presented in the municipality’s annual performance report for the year ended 30 June 2021:

Key performance area	Pages in the annual performance report
Service delivery and infrastructure development	50 – 78

24. 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.

25. I did not identify any material findings on the usefulness and reliability of the reported performance information for this key performance area:

- service delivery and infrastructure development.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on pages 49 to 92 for information on the achievement of planned targets for the year and management’s explanations provided for the under-/overachievement of targets.

Adjustment of material misstatements

28. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of service delivery and infrastructure development. As management subsequently corrected the misstatement, 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

29. 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.

30. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements, performance reports and annual reports

31. 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 contingent liabilities identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

32. Annual performance objectives and indicators were not established for the municipal entity (City of Mbombela Development Agency) or included in the municipality's multi-year business plan, as required by section 93B(a) of the Municipal Systems Act 32 of 2000 (MSA).

33. The municipal entity's performance was not monitored and reviewed as part of the annual budget process, as required by section 93B (b) of the MSA.

Expenditure management

34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R486 319 531, as disclosed in note 58 to the financial statements, in contravention of section 62(1) of the MFMA. The unauthorised expenditure incurred relates to the overspending on the approved operational expenditure budget.

35. Reasonable steps were not taken to prevent irregular expenditure amounting to R 50 788 204, as disclosed in note 60 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was due to non-compliance with supply chain management (SCM) regulation 32

Consequence management

36. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

37. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Procurement and contract management

38. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Other information

39. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's

report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported in the auditor's report.

40. My opinion on the consolidated and separate 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.
41. 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 consolidated and separate financial statements and the selected key performance areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
42. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

43. I considered internal control relevant to my audit of consolidated and separate 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 basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report
44. Management did not review and monitor compliance with applicable legislation.
45. Management did not implement controls over daily and monthly processing and reconciling transactions.

Material irregularities

46. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Material Irregularities in progress

47. I identified material irregularities during the 2019-20 audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditors report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in the next year's auditor's report.

Auditor-General

Mbombela

21 January 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.2. 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 consolidated financial statements and the procedures performed on reported performance information for selected key performance areas 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 consolidated financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 City of Mbombela Local Municipality and its municipal entity 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 consolidated 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 consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated

financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

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

6.3. Remedial Action Plan to address audit findings and Clean Audit Roadmap

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL							
No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
1	Material uncertainty related to financial sustainability	The auditor general draws attention to note 61 to the financial statements, which indicates that the municipality's current liabilities exceeded its current assets by R1 702 787 753 (2019-20: R1 499 819 099). As stated in note 61, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the financial sustainability of the municipality	Implementation and Monitoring of the following strategies: Financial recovery plan Revenue Optimization Measures Cost containment strategy Creditors reduction plan Review of the Long Term Financial Plan Quarterly progress report to be submitted to the relevant committees and Council	Office of the Municipal Manager Financial Management Office of the Deputy Municipal Manager	Chief Financial Officer All General Managers Deputy Municipal Manager	All Senior Managers	Quarterly up to 31 December 2022 Quarterly, within 30 days at the end of each quarter
2	Emphasis of matters: Restatement of corresponding figures	As disclosed in notes 50 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.	Submission of invoices for work done during the reporting year by 30 June 2022 Adherence to the approved AFS year end work plan and reporting to the General Manager's forum Review of the financial statements by executive management, Internal Audit and the Audit Committee Review of	All Departments Financial Management Office of the Municipal Manager Internal Audit	All General Managers Chief Financial Officer Chief Audit Executive Chief Audit Executive	All Senior Managers Senior Manager: Accounting Services Chief Audit Executive Chief Audit Executive	30 June 2022 31 August 2022 31 August 2022 31 August 2022

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL							
No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
			financial statements with supporting documents such as registers, reconciliations, and other supporting documents				
3	Emphasis of matters: Material impairments – trade debtors	As disclosed in note 5 to the financial statements, material impairment of statutory receivables of R173 346 266 (2019-20: R176 910 878), was incurred as a result of an impairment provision for doubtful debts. As disclosed in note 7 to the financial statements, material impairment of trade receivables from exchange transactions of R83 133 903 (2019-20: R97 592 851), was incurred as a result of an impairment provision for doubtful debts. As disclosed in note 43 to the financial statements, material losses of R298 900 044 (2019-20: R229 885 125) was incurred as a result of a write-off of irrecoverable trade debtors.	Implementation of the Revenue Optimization Measures Resuscitation of the Revenue Value Chain Task teams (Water, Electricity, Finance, City Planning, Community Services, Public Safety) All Departments to identify minimum of 5 revenue optimisation measures to be implemented. Monthly Progress Report on the implementation of the Revenue Optimization Measures to be tabled to GM's forum	Financial Management All Departments Energy Water and Sanitation City Planning Community Services Financial Management	Chief Financial Officer Deputy Municipal Manager All General Managers	Senior Manager : Revenue Management Senior Managers	Monthly up to 31 March 2022 Monthly, Standing item at the GM's Forum

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL							
No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
4	Emphasis of matters: Material losses – electricity	As disclosed in note 44 to the financial statements, material electricity losses of R190 906 939 (2019-20: R148 754 889) was incurred, which represents 21,54% (2019-20: 18,64%) of total electricity purchased.	<p>Implementation of the Revenue Optimization Measures</p> <p>Resuscitation of the Revenue Value Chain Task teams (Water, Electricity, Finance, City Planning, Community Services, Public Safety)</p> <p>All Departments to identify minimum of 5 revenue optimisation measures to be implemented.</p> <p>Monthly Progress Report on the implementation of the Revenue Optimization Measures to be tabled to GM's forum</p>	<p>Financial Management</p> <p>All Departments</p> <p>Energy Water and Sanitation City Planning Community Services Financial Management</p>	General Manager: Energy	Senior Manager : Energy	<p>Monthly up to 31 March 2022</p> <p>Monthly, Standing item at the GM's Forum</p>
5	Emphasis of matters: Risk management	The auditor draws attention to note 61 to the financial statements, which deals with financial risks faced by the municipality and, specifically, the possible effects of the future implications of Covid-19 on the municipality 's future prospects, performance and cash flows. My audit opinion is not modified in respect of this matter.	<p>Monthly monitoring of the collection rates</p> <p>Implementation of the revenue optimization measures to augment and improve the monthly collection rate</p> <p>Implementation of the recovery of outstanding municipal debts from service</p>	<p>Financial Management</p> <p>All Departments</p> <p>Financial Management</p>	<p>Chief Financial Officer</p> <p>All General Managers</p> <p>Chief Financial Officer</p>	<p>Senior Manager: Revenue Collection</p> <p>All Senior Managers</p> <p>Senior Managers: SCM, Expenditure and Revenue Collection</p>	<p>Monthly up to 31 January 2023</p> <p>Monthly, Standing item at the GM's Forum</p> <p>Weekly</p>

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL							
No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
			providers using the CSD report				
Compliance with Legislation							
	Expenditure management	Reasonable steps were not taken to prevent unauthorized expenditure amounting to R486 319 531, as disclosed in note 58 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. All of the unauthorized expenditure was caused by overspending of the operational budget.	Revision of the budgetary process for the bad debts to be written off, depreciation, finance cost, bulk purchases, transfers and grants and operational costs Compliance to the approved year end work plan to avoid invoices that are submitted late without budgets Consequence Management on any unauthorized expenditure incurred	Office of the Municipal Manager All Departments Office of the Municipal Manager	Chief Financial Officer All General Managers All General Managers Municipal Manager Disciplinary Board	All Senior Managers All Senior Managers/ Managers Municipal Manager Disciplinary Board	30 June 2022 31 August 2022 Monthly
		Reasonable steps were not taken to prevent irregular expenditure amounting to R50 788 204 as disclosed in note 60 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was due to non-compliance with supply chain management (SCM) regulation 32.	Review and report all remaining multiple extended contracts (Project related contracts) in order to verify the impact for the termination of the existing contracts Finalize the appointment of planning consultants for the service delivery Departments Implement a project	Financial Management Public Works Department Financial Management	Chief Financial Officer General Manager: Public Works Chief Financial Officer	Senior Manager : Supply Chain Management Senior Managers Senior Manager: Supply Chain Management	30 June 2022 31 July 2022 30 June 2022 Quarterly, within 30 days at the end of each quarter 31 March

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL

No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
			<p>management system to allow projects to be completed on time, within the scope of works and contract amount.</p> <p>Implement MFMA Section 116 (2) and Report to Council on the management of the contracts or agreements and the performance of the contractors (Section 116(2)(d).</p> <p>Implementation of an electronic document management system</p> <p>Implementation of an electronic contract management system</p> <p>Consequence Management on Irregular Expenditure incurred</p>	Office of the Municipal Manager	Municipal Manager Disciplinary Board	Municipal Manager Disciplinary Board	<p>2022</p> <p>30 June 2022</p> <p>Monthly</p>
	Consequence management	Unauthorized expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA. Irregular expenditure incurred by the	Establish an investigation committee to identify, investigate and finalize all irregular and unauthorized expenditure cases incurred. Disciplinary process need to be in place for all employees	Internal Audit	Chief Audit Executive	Chief Audit Executive	30 June 2022

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL							
No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
		municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.	found liable for the unauthorized expenditure identified.				
8	Procurement and contract management	Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).	Restriction of all the companies who made false declaration Consequence management for the implicated officials	Financial Management Corporate Services	Chief Financial Officer General Manager : Corporate Services	Senior Manager : Supply Chain Management Senior Manager : Labour Relations and Employment Equity	30 June 2022 30 June 2022
	Financial Statements	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 contingent liabilities identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.	Finalisation of the creditors / contingent liability reconciliation for Silulumanzi accounts Finalisation of cost recovery processes with the Department of Community Safety and Liaison - Monthly invoices to be forwarded to the Department	Financial Management	Chief Financial Officer	Senior Manager : Accounting Services Senior Manager : Budgeting and Financial Planning	28 February 2022 30 June 2022

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL							
No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
	Strategic planning and performance management	Annual performance objectives and indicators were not established for City of Mbombela Development Agency or included in City of Mbombela Local Municipality's multi-year business plan, as required by section 93B(a) of the MSA.	Establish annual performance objectives and indicators for the development agency	Office of the Municipal Manager	Municipal Manager	Senior Manager	30 June 2022
		The performance of City of Mbombela Development Agency was not monitored and reviewed as part of the annual budget process, as required by section 93B(b) of the MSA.	Departmental Review of quarterly performance reports with Portfolio of Evidence Review of quarterly performance reports with Portfolio of Evidence by Performance Monitoring and Evaluation section.	Office of the Municipal Manager	Municipal Manager	Senior Manager	30 June 2022
	Material irregularity	I identified material irregularities during the 2019-20 audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in the next	The Material Irregularity was as a result of the non compliance with Section 65 of the MFMA and as a result a financial loss was incurred through the interest payments charged by Eskom and Silulumanzi during the 2019/2020 financial year/ audit.				

REMEDIAL ACTION PLAN TO ADDRESS 2020/2021 AUDIT REPORT FINDINGS RAISED BY THE AUDITOR GENERAL

No.	Audit Matters	Audit Findings	Remedial Action Plans	Department	Responsible Head of Department	Responsible Senior Manager/ Official	Timeframe
		year's auditor's report.	The following remedial actions are applicable and will address the recurrence of the audit finding and the financial health situation:				
			Implementation and Monitoring of the following strategies: Financial recovery plan Revenue Optimization Measures Creditors reduction plan Cost containment strategy Quarterly progress report on the plans and strategies to be submitted to the relevant oversight committees and Council Implementation of invoice tracking approach and follow up (date stamps and register Monitoring for the daily capturing of invoices and follow up on outstanding invoices with Departments	Office of the Municipal Manager	Chief Financial Officer All General Managers	All Senior Managers	30 June 2022
				Office of the Deputy Municipal Manager	Deputy Municipal Manager	Senior Manager: Accounting Services	Quarterly, within 30 days after the end of each quarter
		Financial Management		Chief Financial Officer	Senior Manager: Accounting Services	31 December 2022	
				Financial Management	Chief Financial Officer		Weekly
			Development of a payment prioritization methodology given the financial situation	Financial Management	Chief Financial Officer	Senior Manager : Accounting Services	30 June 2022

APPENDICES DESCRIPTIONS

APPENDIX A: COUNCILORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

No	NAME & SURNAME	POLITICAL PARTY	ID NUMBER	WARD/PR
1)	Anthony, G C B	DA	5904065192088	PR
2)	Banda, S M	ANC	6302080523081	07
3)	Bhembe, L M	ANC	7604185260082	41
4)	Bulunga, T M	ANC	7603016068086	26
5)	Charles, T M	ANC	6108080539088	PR
6)	Fakude, H B	ANC	7009165599089	06
7)	Fankomo, A E	ANC	7803075471086	01
8)	Gecelo-Mkhabela, N E (MMC)	ANC	6302100699085	PR
9)	Gwebu, V S	EFF	7802225507088	PR
10)	Hlophe, M J	ANC	6009110397085	PR
11)	Jacobs, M E	DA	6807150031088	PR
12)	Janse van Rensburg, E G	DA	4507050078088	PR
13)	Khoza, J J	ANC	8003135571087	36
14)	Kumba, A (MMC)	ANC	6008105789082	PR
15)	Lukhele, N L	ANC	8005195120085	24
16)	Mabuza, T G	ANC	6404010329082	PR
17)	Maganga, N M	ANC	6606200455085	37
18)	Makushe, S E	ANC	8309010408083	PR
19)	Malomane, M J	ANC	7004105574086	05
20)	Manave (Mkhatshwa) T P	ANC	7505160289089	PR
21)	Manzini, E K	ANC	7410075515084	33
22)	Marshall, T	DA	8009140173082	15
23)	Maseko, C (MMC)	ANC	6502050251080	PR
24)	Maseko, L	EFF	7210285611081	PR
25)	Masha, S T	ANC	7701215795085	38
26)	Mashaba, J B	ANC	6201215488089	18
27)	Mashego, P V (MMC)	ANC	8305250824088	PR
28)	Mashele, M S	ANC	7306061236083	PR
29)	Masuku, S R	ANC	7410145847087	28
30)	Mathonsi, S P (Executive Mayor)	ANC	7510285355088	PR
31)	Matola, R C	REAOSA	6504065364080	PR

No	NAME & SURNAME	POLITICAL PARTY	ID NUMBER	WARD/PR
32)	Mazibane, J M	ANC	7906065558083	PR
33)	Mbowane, P P	ANC	8312231524084	PR
34)	Mbuyane, S E	ANC	7008125360087	08
35)	Mdhluli, B N (MMC)	ANC	5511130696082	PR
36)	Mdhluli, K	DA	8403037059084	PR
37)	Mgwenya, R F	ANC	5810170897083	34
38)	Mhawule, M E	ANC	7911195506085	23
39)	Mhlaba, J V	DA	6910185491085	PR
40)	Mhlanga, B P	DA	8003036098081	PR
41)	Mhlanga, J J	ANC	5603295357087	2
42)	Mhlanga, M C (Calvin)	ANC	6208185762088	25
43)	Mhlanga, M C (Mpumelelo)	ANC	8612150385080	PR
44)	Minnaar, P C W	DA	6103045014087	PR
45)	Mkhabela, J J	ANC	7507055528084	44
46)	Mkhatshwa, D B	ANC	7703185362086	19
47)	Mkhonto, K M (MPAC CHAIR)	ANC	7506245387088	14
48)	Mlimi, M M (MMC)	ANC	5612240590080	PR
49)	Mlimo, V L	ANC	7411045904085	PR
50)	Mlombo, L T	ANC	6612250373087	PR
51)	Mokoena, N A	ANC	5804220769087	21
52)	Mokoena, S I	ANC	7512175557088	39
53)	Motha, W W	EFF	7407065307084	PR
54)	Moyana, M G	DA	8703041489080	PR
55)	Mthunywa, A S (MMC)	ANC	6911190384083	PR
56)	Mutobvu, E M	ANC	6703156118088	11
57)	Ndhlovu, K G	ANC	6811245407089	32
58)	Ngobe, D D T	ANC	8002026049088	10
59)	Ngwenyama, D D	ANC	6112065625086	04
60)	Ngwenyama, L	ANC	6312080677084	PR
61)	Nkambule, G M	EFF	7712310476083	PR
62)	Nkhoma, B P	ANC	5410235713084	12
63)	Nkosi, D B	ANC	8605155430083	27
64)	Nkosi, D J	ANC	8012105853086	03
65)	Nkosi, F S	EFF	7308010531085	PR

No	NAME & SURNAME	POLITICAL PARTY	ID NUMBER	WARD/PR
66)	Nkosi, L B	ANC	7905035746083	45
67)	Nkosi, M C	ANC	7601055301087	42
68)	Nsimbini, M E (Chief Whip)	ANC	6711035426085	PR
69)	Nyalunga, P P (MMC)	ANC	7402025746083	PR
70)	Nyalungu B A	ANC	6111250447082	31
71)	Nyalungu, L E (MMC)	ANC	6201280400084	PR
72)	Nyathi, T K	ANC	8412115749086	29
73)	Nyundu, B A	ANC	8511070920085	PR
74)	Oliver, K A	DA	7407065110082	16
75)	Pila, T M	ANC	8711045509084	22
76)	Peyper, C	FF+	5708115065081	PR
77)	Schormann, S R	DA	7002165202085	PR
78)	Sebashe, E M	ANC	7001285400082	09
79)	Seepsop, R Q	ANC	7611010366083	35
80)	Shongwe, D E	ANC	7208110293083	PR
81)	Shongwe, H L	ANC	7210106871088	43
82)	Sibambo E N	EFF	6908310430085	PR
83)	Sibiya, L C	ANC	7306225355084	20
84)	Siboza, L E	ANC	5505070813087	PR
85)	Sikonela, L M	ANC	6812050432089	40
86)	Siwela, G S (SPEAKER)	ANC	6512045305081	PR
87)	Thabethe, A	ANC	6605045863081	13
88)	Torr, R	DA	4801265132081	30
89)	Van der Merwe, S	DA	8002180163089	17

Council meetings attended by Councilors

Attendance Register – Council Meetings – July 2020 to June 2021

Table 14: Council meeting Attendance Register

Councilor	1 st Ordinary (30 July 2020)	8 th special (25 August 2020)	2 nd Ordinary (30 October 2020)	9 th special (30 October 2020)	1 st special (29 January 2021)	2 nd Special (25 February 2021)	1 st Ordinary (31 March 2021)	3 rd special (31 March 2021)	4 th Special (30 April 2021)	5 th Special (31 May 2021)	2 nd Ordinary (30 June 2021)	Percent age (%)
Anthony G C B	P	P	A	A	P		P	P	P	P	P	82%
Banda S M	P	P	P	P	P		P	P	P	P	P	100%
Bhembe L M	P	AWOL	P	AWOL	P	P	A	A	P	P	P	73%
Bulunga T M	P	A	P	P	P	A	P	P	P	P	P	82%
Charles T M	P	P	P	P	P	A	P	P	P	P	P	91%
Fakude H B	P	P	P	P	P	P	P	P	P	P	P	100%
Fankomo A E	P	P	P	P	P	P	P	P	P	P	P	100%
Gecelo-Mkhabela N E	A	P	P	P	P	P	P	P	P	P	P	91%
Gwebu V S	P	P	A	A	P	P	P	P	AWOL	P	P	73%
Hlophe M J	P	P	P	P	P	P	P	P	P	P	P	100%
Jacobs M E	P	P	P	P	P	P	P	P	P	P	P	100%
Janse van Rensburg E G	P	P	P	P	P	P	P	P	P	P	P	100%
Khoza J J	P	P	P	P	P	P	P	P	P	P	P	100%
Kumba A	P	P	P	P	P	P	P	P	P	P	P	100%
Lukhele N L	AWOL	P	P	P	P	P	P	P	P	P	P	82%
Mabuza T G	A	P	P	P	P	P	P	P	P	P	P	91%
Maganga N M	P	P	P	P	P	P	P	P	P	P	P	100%
Makushe S E	P	P	P	P	P	P	P	P	A	P	P	94%
Malomane M J	P	P	P	P	P	P	A	P	P	P	P	88%
Manave T P	P	A	P	P	P		P	P	AWOL	P	P	82%
Manzini E K	P	P	P	P	AWOL	P	P	P	P	P	P	91%
Marshall T	P	P	P	P	P	P	P	P	P	P	P	100%

Councilor	1 st Ordinary (30 July 2020)	8 th special (25 August 2020)	2 nd Ordinary (30 October 2020)	9 th special (30 October 2020)	1 st special (29 January 2021)	2 nd Special (25 February 2021)	1 st Ordinary (31 March 2021)	3 rd special (31 March 2021)	4 th Special (30 April 2021)	5 th Special (31 May 2021)	2 nd Ordinary (30 June 2021)	Percent age (%)
Maseko C	P	P	P	P	P	P	P	P	P	P	P	100%
Maseko L	P	P	P	P	P	A	P	P	P	P	P	91%
Masha S T	P	A	P	P	AWO L	P	P	P	P	P	P	82%
Mashaba J B	A	P	P	P	P	P	P	P	P	P	AWO L	82%
Mashego P V	P	P	P	P	P	P	P	P	P	P	P	100%
Mashele M S	P	P	P	P	P	P	P	P	P	P	P	100%
Masuku S R	P	P	P	P	P	P	P	P	P	P	P	100%
Mathonsi S P (Executive Mayor)	P	P	P	P	P	P	P	P	P	P	P	100%
Matola R C	P	A	P	P	P	P	P	P	P	P	P	91%
Mazibane J M	P	P	P	P	P	P	P	P	P	P	P	100%
Mbowane P P	P	P	P	P	P	P	P	P	P	P	P	100%
Mbuyane S E	P	P	P	P	P	P	P	P	P	P	P	100%
Mdhluli B N	P	P	P	P	A	P	P	P	P	P	P	91%
Mdhluli K	P	P	P	P	P	P	P	P	P	P	P	100%
Mgwenya R F	P	P	P	P	P	P	P	P	P	P	P	100%
Mhawule M E	P	P	P	P	P	P	P	P	P	P	P	100%
Mhlaba J V	P	P	P	P	P	P	P	P	P	P	P	100%
Mhlanga B P	P	P	P	P	P	P	P	P	P	P	P	100%
Mhlanga J J	P	P	P	P	P	P	P	P	P	P	P	100%
Mhlanga M C (Calvin)	P	A	P	P	A	A	P	P	P	P	P	73%
Mhlanga M C (Mpumelelo)	P	P	A	A	P	P	P	P	P	P	P	82%
Minnaar P C W	P	P	A	A	P	P	P	P	P	P	P	82%
Mkhabela J J	A	A	A	A	A	A	P	P	P	P	P	45%
Mkhatshwa D B	A	P	A	A	P	P	P	P	P	P	P	73%

Councilor	1 st Ordinary (30 July 2020)	8 th special (25 August 2020)	2 nd Ordinary (30 October 2020)	9 th special (30 October 2020)	1 st special (29 January 2021)	2 nd Special (25 February 2021)	1 st Ordinary (31 March 2021)	3 rd special (31 March 2021)	4 th Special (30 April 2021)	5 th Special (31 May 2021)	2 nd Ordinary (30 June 2021)	Percent age (%)
Mkhonto K M	P	P	P	P	P	P	P	P	P	P	P	100%
Mlambo M N	-	-	-	-	-	-	-	-	P	P	P	100%
Mlimi M M	P	P	P	P	P	P	P	P	P	P	P	100%
Mlimo V L	P	P	P	P	A	P	A	A	P	P	P	73%
Mlombo L T	P	P	A	A	-	-	-	-	-	-	-	50%
Mokoena N A	A	P	P	P	P	A	P	P	P	P	P	82%
Mokoena S I	P	P	P	P	P	P	P	P	P	P	P	100%
Motha W W	P	P	P	P	P	P	A	A	P	P	P	82%
Moyana M G	P	P	P	P	P	P	P	P	P	P	P	100%
Mthunywa A S	P	P	P	P	P	P	P	P	P	P	P	100%
Mutobvu E M	P	P	P	P	P	P	P	P	P	P	P	100%
Ndhlovu K G	P	AWOL	P	P	AWOL	P	P	P	P	P	P	82%
Ngobe D D T	AWOL	P	P	P	AWOL	P	P	P	AWOL	AWOL	P	64%
Ngwenyama D D	P	P	A	A	A	P	P	P	P	P	P	73%
Ngwenyama L	P	P	A	A	P	P	P	P	P	A	P	73%
Nkambule G M	P	P	P	P	P	P	P	P	P	P	P	100%
Nkhoma B P	P	P	P	P	P	P	P	P	AWOL	P	P	91%
Nkosi D B	P	P	P	P	P	P	P	P	P	AWOL	P	91%
Nkosi D J	P	P	P	P	P	P	P	P	P	P	P	100%
Nkosi F S	AWOL	-	-	-	-	-	-	-	-	-	-	0%
Nkosi L B	P	AWOL	A	A	P	P	P	P	P	P	P	73%
Nkosi M C	A	P	P	P	P	P	P	P	P	P	P	91%
M E Nsimbini (Chief Whip)	P	P	P	P	P	P	P	P	P	P	P	100%

Councillor	1 st Ordinary (30 July 2020)	8 th special (25 August 2020)	2 nd Ordinary (30 October 2020)	9 th special (30 October 2020)	1 st special (29 January 2021)	2 nd Special (25 February 2021)	1 st Ordinary (31 March 2021)	3 rd special (31 March 2021)	4 th Special (30 April 2021)	5 th Special (31 May 2021)	2 nd Ordinary (30 June 2021)	Percent age (%)
Nyalunga P P	A	P	P	P	P	P	P	P	AWOL	P	P	82%
Nyalungu B A	P	P	P	P	P	P	P	P	P	P	P	100%
Nyalungu L E	P	P	P	P	P	P	P	P	P	P	P	100%
Nyathi T K	P	P	A	A	P	P	P	P	P	P	P	82%
Nyundu B A	P	P	P	P	P	P	P	P	P	P	P	100%
Oliver K A	P	P	P	P	P	P	P	P	A	P	P	91%
Peyper C	P	P	A	A	P	P	P	P	P	P	P	82%
Pila T M	P	P	P	P	P	P	P	P	P	P	P	100%
Schormann S R	P	P	P	P	P	P	P	P	P	P	P	100%
Sebashe E M	P	P	P	P	A	A	P	P	P	AWOL	P	73%
Seepsop R Q	P	P	P	P	P	P	P	P	P	P	P	100%
Shongwe D E	P	P	P	P	P	A	A	A	A	P	P	64%
Shongwe H L	P	P	P	P	P	P	P	P	P	P	P	100%
Sibambo E N	P	P	P	P	A	A	P	P	P	P	P	82%
Sibiya L C	P	P	P	P	P	P	P	P	P	P	P	100%
Siboza L E	P	P	P	P	P	P	P	P	P	P	P	100%
Sikonela L M	P	P	P	P	P	P	P	P	P	P	P	100%
Siwela G S (Speaker)	P	P	P	P	P	P	P	P	P	P	P	100%
Thabethe A	P	P	P	P	P	P	P	P	AWOL	A	P	82%
Torr R	P	P	P	P	P	P	P	P	P	P	P	100%
Van der Merwe S	P	P	P	P	P	P	P	P	P	P	P	100%
Zulu N M	-	P	P	P	P	P	P	P	P	P	P	100%

(P = Present) (A = Apology) (AWOL = Absent without leave) (- Not yet or not anymore a Councillor)

SECTION 79 AND IN-HOUSE COMMITTEES

PURPOSE OF EACH COMMITTEE

These committees operate in terms of section 79 of the Local Government Structures Act, 117 of 1998.

ROLES AND OBJECTIVES OF SECTION 79 OVERSIGHT COMMITTEES

It will be expected from Section 79 Oversight Committees to monitor and evaluate all aspects of executive activities and to submit reports to Council pertaining to:

- i. Performance in terms of service delivery.
- ii. All compliance and non-compliance matters as well as adherence to service delivery standards and good governance.
- iii. Identification of challenges that have a negative influence on the municipality's ability to render affordable and sustainable municipal services.
- iv. Advice on how to resolve issues that have a negative impact on service delivery.

To further clarify the role of Section 79 Oversight Committees, the following can also be stated:

- 1) Section 79 Oversight Committees have no power to approve any financial matter, appointment of any service provider or the acquiring of goods and infrastructure.
- 2) Section 79 Oversight Committees have no delegation to recommend or approve the appointment of personnel.
- 3) Section 79 Oversight Committees have no delegation to instruct/request any official to take any action with regards to service delivery. If a committee resolves that an urgent intervention is imperative, the matter must be discussed with the Executive Mayor/relevant MMC/Municipal Manager.
- 4) Section 79 Oversight Committees have no delegation to consider any report from the Executive before tabling it before Council for consideration. (This means that reports from the Executive will not be tabled before Council for consideration via the Section 79 Committees. If the Executive Mayor approved the report, it will be tabled directly to Council via the Office of the Speaker).
- 5) Section 79 Oversight Committees have no executive powers as this is the domain of the Executive.

OBJECTIVES OF OVERSIGHT COMMITTEES

Section 79 Oversight Committees will provide assurance to Council that:

- 1) Service delivery happens in terms of the approved Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan (SDBIP).

- 2) The Executive acts in compliance with applicable legislation, Council policies, accepted administrative standards and good practice, as approved by Council and the Provincial and National Governments.
- 3) The Executive performs its duties in terms of agreed performance standards according to the IDP/SDBIP and other prescribed performance regulations.
- 4) To help in ensuring that the government process is accepted as responsive, legitimate and democratic by residents.
- 5) To help in building an effective and efficient co-operative and transparent institution.
- 6) To help in ensuring the accountability of government through effective oversight and scrutiny.
- 7) To effectively monitor the implementation of Council resolutions.
- 8) To assist in the effective measuring of institutional performance.
- 9) To provide an opinion on the successful mitigation of enterprise risks.

ROLES AND RESPONSIBILITIES OF SECTION 79 OVERSIGHT COMMITTEES

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The role of MPAC is to submit an opinion and recommendations to Council with regard to:

- a) Compliance of all financial processes with applicable legislation, policies and best practices.
- b) Financial status of the municipality.

RESPONSIBILITIES

The responsibilities of MPAC are the following:

- 1) Review of the Annual Report.
- 2) Regular examining of financial statements and audit reports of the municipality.
- 3) The committee must consider improvements from previous financial statements and reports must evaluate the extent to which the Audit Committee and the Auditor-General's recommendations have been implemented.
- 4) To promote transparency and public accountability.
- 5) To recommend any investigation in the area of competence of the Executive/ Council.
- 6) To perform any other function assigned by resolution of Council in its area of competence.

OTHER SECTION 79 COMMITTEES

There are twelve other Section 79 Committees, eleven of which are aligned with the municipality's departments and the Section 79 Chairpersons Committee, consisting of the Chairpersons of all the Section 79 Committees.

The twelve oversight committees mentioned above are:

- (i) City Planning and Rural Development Section 79 Committee
- (ii) Community Services Section 79 Committee
- (iii) Corporate Services Section 79 Committee
- (iv) Energy Section 79 Committee
- (v) Financial Management Section 79 Committee
- (vi) Public Safety Section 79 Committee
- (vii) Public Works and Transport Section 79 Committee
- (viii) Regional Center Co-ordination Section 79 Committee
- (ix) Strategic Support Section 79 Committee
- (x) Water and Sanitation Section 79 Committee
- (xi) Public Participation and Petitions Section 79 Committee
- (xii) Chairpersons Committee

There are also three In House Committees, being the Programming Committee, Rules and Ethics Committee and Party Whips Forum.

These committees are responsible for the monitoring, evaluation and reporting on performance pertaining to their relevant departments, such as:

- 1) Enforcing of relevant by-laws.
- 2) Implementation of tariffs, rates and taxes and levies.
- 3) Raising of loans. (Financial Management Section 79 Committee)
- 4) Annual budget and adjustments thereto. (Financial Management Section 79 Committee)
- 5) Payment of performance bonuses to personnel. (Corporate Services Section 79 Committee)
- 6) Entering into service delivery agreements.
- 7) Advice on the adoption of a rates policy. (Financial Management Section 79 Committee)
- 8) Establishment of municipal entities.
- 9) Establishment of Public Partnerships between the municipality and the private sector.
- 10) Amendment of relevant policies.
- 11) Writing off of wasteful, fruitless and irregular expenditure. (Financial Management Section 79 Committee)

- 12) Credit Control and Debt Collection policy. (Financial Management Section 79 Committee)
- 13) Recommendations with regards to Section 71 Reports (MFMA). (Financial Management Section 79 Committee)
- 14) Adoption of a performance management system. (Corporate Services Section 79 Committee)
- 15) Decisions with financial implications taken by the Executive Mayor on behalf of Council, when Council is in recess. (Financial Management Section 79 Committee)
- 16) Service contributions in terms of engineering services, open areas and parks, etc.
- 17) General valuation roll. (Financial Management Section 79 Committee)
- 18) Approval of monthly budget statements and mid-year budget and performance assessments. (Financial Management Section 79 Committee)
- 19) Performance in terms of the SDBIP.
- 20) Utilization of Council resources.
- 21) Financial management and value for money.
- 22) Adherence to the Batho Pele principles.
- 23) Compliance with legislation.
- 24) Sound management practices.
- 25) Implementation of the policy framework for the staff establishment.
- 26) Benefits and other conditions of service of the Municipal Manager or managers directly responsible to the Municipal Manager.
- 27) Implementation of amendments to relevant policies.
- 28) Productivity levels of personnel.
- 29) Any other function assigned by resolution of Council in its area of competence.
- 30) Risk management
- 31) Operations and maintenance.
- 32) Roads and storm water. (Public Works and Transport Committee)
- 33) Integrated and consolidated infrastructure planning. (Public Works and Transport Committee)
- 34) Development applications. (Public Works and Transport Committee)
- 35) Development incentives.

- 36) Development facilitation.
- 37) Oversee and report on the monitoring of service level agreements between the municipality and service providers.
- 38) Safety and security. (Public Safety Section 79 Committee)
- 39) Public transportation
- 40) Fire and rescue services. (Public Safety Section 79 Committee)
- 41) Traffic services. (Public Safety Section 79 Committee)
- 42) Licensing services. (Public Safety Section 79 Committee)
- 43) Disaster management. (Agency service) (Public Safety Section 79 Committee)
- 44) Parks. (Community Services Section 79 Committee)
- 45) Waste. (Community Services Section 79 Committee)
- 46) Environmental Management
- 47) Local economic development & tourism. (City Planning and Rural Development Section 79 Committee)
- 48) Trade and investment promotion. (City Planning and Rural Development Section 79 Committee)
- 49) Informal trading management. (City Planning and Rural Development Section 79 Committee)
- 50) Job creation. (City Planning and Rural Development Section 79 Committee)
- 51) Twinning and Partnership Arrangements. (City Planning and Rural Development Section 79 Committee)
- 52) Intergovernmental and International relationships. (City Planning and Rural Development Section 79 Committee)
- 53) Integrated rural development. (City Planning and Rural Development Section 79 Committee)
- 54) Integrated Human Settlement. (City Planning and Rural Development Section 79 Committee)
- 55) Sport development. (Community Services Section 79 Committee)
- 56) Community facilities. (Community Services Section 79 Committee)
- 57) Arts and culture. (Community Services Section 79 Committee)
- 58) Libraries. (Community Services Section 79 Committee)

- 59) Supply of water to all communities within Mbombela. (Water and Sanitation Section 79 Committee)

SECTION 79 CHAIRPERSONS COMMITTEE

ROLE

To monitor the meetings of all Section 79 Oversight Committees of Council.

RESPONSIBILITIES

To ensure that all Section 79 Oversight Committees meet regularly and to co-ordinate the submission of regular oversight reports by all the Section 79 Oversight Committees to Council.

FUNCTIONING OF THE SECTION 79 OVERSIGHT COMMITTEES

All Section 79 Oversight Committees must be able to generate their own reports. This means that they will not be dependent on the Executive alone for reports.

The following will be applicable on all Section 79 Oversight Committees:

MEMBERSHIP AND CONSTITUTING OF FIRST MEETING

MEMBERSHIP

Only members of the Council of the City of Mbombela may serve on Section 79 Oversight Committees.

Members of the Mayoral Committee cannot be members of any Section 79 Oversight Committee, but can attend meetings as observers, if not called upon to submit information. It is the prerogative of Council to decide who will serve as members of Section 79 Oversight Committees, by way of a Council resolution.

CONSTITUTING OF FIRST MEETING

Every Section 79 Oversight Committee must be constituted by the Honourable Speaker at its first meeting.

All members of Section 79 Oversight Committees must adhere to Council's Standard Standing Orders.

Every Section 79 Oversight Committee has the prerogative to decide on its own programme of meetings and compile its own agendas.

ACCESS TO THE MANAGEMENT INFORMATION CENTRE

Every member of a Section 79 Oversight Committee will have full access to the Management Information Centre (MIC).

HEARINGS

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may conduct hearings.

It is the prerogative of the Chairperson of the relevant Oversight Committee, to summon any member of the MAYCO or any official, to a meeting of the committee. (Via the Office of the Speaker.) If a member of the MAYCO is summoned, it must be in writing (Email) and the following information must be in the above-mentioned correspondence:

- 1) Date, time and venue of the Hearing
- 2) Purpose of the Hearing
- 3) List of specific information needed

If any official is summoned, it must be in writing (Email), with a copy to the Municipal Manager and relevant MMC. (Via the Office of the Speaker) The email must include the date, time, venue, purpose and list of specific information needed for the Hearing.

INSPECTIONS IN LOCO

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may conduct on-site inspections of projects and may visit any Council building.

ATTENDANCE OF MAYCO/DEPARTMENTAL MEETINGS AS OBSERVERS

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may attend MAYCO and departmental meetings as observers.

REPORTS FROM DEPARTMENTS

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may request the Administration to submit reports to it. (Via the Offices of the Speaker and Executive Mayor.) Such requests must be in writing (Email) and be directed to the relevant MMC with a copy to the Municipal Manager.

The following minimum information must be included in the above-mentioned requests:

- 1) Specific information needed.
- 2) Due date for the report to be submitted.

REPORTS FROM MEMBERS OF THE MAYORAL COMMITTEE

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may request Members of the Mayoral Committee to submit reports to it.

Such requests must be in writing and directed to the relevant MMC, with a copy to the Executive Mayor. The following minimum information must be included in the above-mentioned requests:

1. Specific information needed.
2. Due date for submission of report.

REPORTS FROM THE AUDIT COMMITTEE

To gather information to fulfil its oversight duties, Section 79 Oversight Committees may request the Audit Committee to submit reports to it.

Such requests must be in writing and directed to the Chairperson of the Audit Committee, with copies to the Executive Mayor, relevant MMC and Municipal Manager.

REPORTS TO COUNCIL

All Section 79 Oversight Committees must, on a regular basis, table reports to Council. These reports must be in writing and may cover any aspect of their responsibilities.

ADMINISTRATIVE SUPPORT

Administrative support for the Section 79 Committees must be rendered by the Secretariat of the Legislature.

1. Compilation of agendas.
2. Recording of meetings/hearings.
3. Arranging of transport to conduct inspections.
4. Liaison with the Executive to get reports etc.

IN-HOUSE / STANDING COMMITTEES

These committees will assist the Speaker and Chief Whip in fulfilling their duties.

The following In-House Committees have been established:

- (i) Programme Committee
- (ii) Rules & Ethics Committee
- (iii) Party Whips Forum

Committee members must be appointed by Council after consultation with political parties. Committees should consist of members of all political parties as represented in Council, as far as possible.

City Of Mbombela: Section 79 Oversight- And House Committees: July 2020 to 30 June 2021

CITY PLANNING AND RURAL DEVELOPMENT	COMMUNITY SERVICES	CORPORATE SERVICES	ENERGY	FINANCIAL MANAGEMENT
<i>Chairperson: Cllr J J Khoza</i>	<i>Chairperson: Cllr M J Hlophe</i>	<i>Chairperson Cllr J M Mazibane</i>	<i>Chairperson Cllr T G Mabuza</i>	<i>Chairperson Cllr E M Mutobvu</i>
S M Banda	L M Bhembe	T M Bulunga	G C B Anthony	V S Gwebu
E G Janse van Rensburg	K Maila (From 30 October 2020)	T P Manave	V S Gwebu	V L Mlimo
S E Makushe	M J Malomane	M E Mhawule	E K Manzini	N A Mokoena
S E Mbuyane	T Marshall	W W Motha	R C Matola	D J Nkosi
D D T Ngobe	R F Mgwenya	M G Moyana	M C Mhlanga (Mpumelelo)	S R Schormann
G M Nkambule	L Ngwenyama	N M Zulu (From 31 May 2021)	B P Nkhoma	E M Sebashe (Until 31 May 2021)
L B Nkosi	F S Nkosi (Up to 25 August 2020)		C Peyper	L E Siboza
D E Shongwe	H L Shongwe			

PUBLIC SAFETY	PUBLIC WORKS AND TRANSPORT	REGIONAL CENTRE CO-ORDINATION	STRATEGIC SUPPORT	WATER AND SANITATION
<i>Chairperson: (Cllr L T Mlombo until 15 June 2020)</i>	<i>Chairperson: Cllr D D Ngwenyama</i>	<i>Chairperson Cllr D B Mkhathshwa</i>	<i>Chairperson: Cllr T M Charles</i>	<i>Chairperson: Cllr S I Mokoena</i>
A E Fankomo	N L Lukhele	H B Fakude	N M Maganga	V S Gwebu
M S Mashele	S R Masuku	M E Jacobs	J V Mhlaba	R C Matola
K Mdhluli	P C W Minnaar	S T Masha	T K Nyathi	P P Mbowane
J J Mhlanga (From 31 May 2021)	W W Motha	J J Mkhabela	E N Sibambo	K G Ndhlovu
G M Nkambule	B A Nyalungu	D B Nkosi	L M Sikonela	M N Mlambo (From 31 May 2021)
M C Nkosi		E N Sibambo		B A Nyundu
R Q Seepsop		L C Sibiya		K A Oliver
				A Thabethe
				R Torr

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	PUBLIC PARTICIPATION AND PETITION COMMITTEE
<i>Chairperson: Cllr K M Mkhonto</i>	<i>Chairperson: Cllr G S Siwela</i>
L Maseko	T M Charles
J B Mashaba	T G Mabuza
R C Matola (From 31 May 2021)	R C Matola
M C Mhlanga (Calvin)	J M Mazibane
T M Pila	K M Mkhonto
E M Sebashe	G M Nkambule
S van der Merwe	S van der Merwe

P= Present **A** = Apology **AWOL** = Absent without Leave - = Not a members yet/any more

CHAIRPERSONS COMMITTEE	PROGRAMMING COMMITTEE	RULES AND ETHICS	PARTY WHIPS FORUM
<i>Chair of Chairs: Cllr J M Mazibane</i>	<i>Chairperson Cllr G S Siwela</i>	<i>Chairperson Cllr G S Siwela</i>	<i>Chairperson Cllr M E Nsimbini</i>
T M Charles	Mathonsi S P (Represented by LGB, Cllr C Maseko)	L Maseko	L Maseko
M J Hlophe	L Maseko	R C Matola	R C Matola
J J Khoza	R C Matola	T Marshall	T Marshall
T G Mabuza	T Marshall	M E Nsimbini	C Peyper
D B Mkhathshwa	J M Mazibane	C Peyper	
K M Mkhonto	M E Nsimbini		
L T Mlombo	C Peyper		
S I Mokoena			
E M Mutobvu			
D D Ngwenyama			

P= Present **A** = Apology **AWOL** = Absent without Leave - = Not a members yet/any more

NAME	1st Ordinary Meeting 22 November 2020	1st Ordinary meeting 14 March 2021	% ATTENDANCE
Mazibane J M	P	P	100%
Charles T M	P	A	50%
Hlophe M J	P	P	100%
Khoza J J	P	A	50%
Mabuza T G	P	P	100%
Mkhatshwa D B	P	A	50%
Mkhonto K M	P	P	100%
Mlombo L T	P	A	50%
Mokoena S I	P	P	100%
Mutobvu E M	P	P	100%
Ngwenyama D D	A	P	50%

P= Present **A** = Apology **AWOL** = Absent without Leave - = Not a members yet/anymore

**ATTENDANCE REGISTER:-CORPORATE SERVICES SECTION 79 OVERSIGHT
COMMITTEE**

FROM JULY 2020 TO 30 JUNE 2021

COUNCILLOR	1st Ordinary Meeting 3 October 2020 (No quorum)	1ST Ordinary Meeting 9 October 2020 (No quorum)	1ST Ordinary Meeting 16 October 2020	2ND Special Meeting 27 November 2020	1st Ordinary Meeting 20 March 2021	2nd Ordinary meeting 11 June 2021	% Attendance
J M Mazibane	P	P	P	P	P	P	100%
T M Bulunga	P	A	A	P	A	A	33%
T P Manave	-	-	-	-	-	P	100%
M E Mhawule	A	P	P	P	P	P	83%
W W Motha	-	-	-	-	-	P	100%
M G Moyana	-	-	P	P	P	P	100%
G M Nkambule	P	A	P	A	-	-	50%
W P Sibiya	A	P	P	P	P	-	80%

P= Present A = Apology AWOL = Absent without Leave - = Not a members yet/anymore

ATTENDANCE REGISTER FOR ENERGY

SECTION 79 OVERSIGHT COMMITTEE: JULY 2020 TO JUNE 2021

COUNCILLOR	1st Ordinary Meeting 20 September 2020	2nd Special Meeting 15 November 2020	1ST Ordinary Meeting 5 March 2021	2ND Ordinary Meeting 25 June 2021	1st Ordinary Meeting 20 March 2021	% Attendance
Mabuza T G	P	P	P	A	75%	P
Anthony G C B	P	P	P	P	100%	P
V S Gwebu	-	-	-	A	0%	-
Manzini E K	P	A	P	P	75%	P
R C Matola	-	-	-	P	100%	-
Mhlanga (Mpumelelo) M C	P	P	P	P	100%	P
Nkhoma B P	P	P	P	P	100%	P
C Peyper	-	-	-	P	100%	-
Sibiya W P	P	P	A	-	67%	P

P= Present A = Apology AWOL = Absent without Leave - = Not a members yet/anymore

**ATTENDANCE REGISTER:--REGIONAL CENTRE CO-ORDINATION SECTION 79
OVERSIGHT COMMITTEE**

FROM JULY 2020 TO 30 JUNE 2021

COUNCILLOR	2nd Ordinary Meeting 20 September 2020	2nd Special Meeting 20 November 2020 (No quorum)	1st Ordinary Meeting 14 March 2021	2nd Ordinary Meeting 26 June 2021	% Attendance
D B Mkhathshwa	P	P	P	P	100%
H B Fakude	P	P	P	P	100%
M E Jacobs	P	P	P	P	100%
S T Masha	A	A	P	P	50%
J J Mkhabela	A	A	P	P	50%
D B Nkosi	P	A	A	AWOL	25%
E N Sibambo	P	A	P	P	75%
L C Sibiya	P	P	A	P	75%

P= Present A = Apology AWOL = Absent without Leave - = Not a members yet/anymore

**ATTENDANCE REGISTER:--STRATEGIC SUPPORT SECTION 79
OVERSIGHT COMMITTEE FROM JULY 2020 TO 30 JUNE 2021**

COUNCILLOR	1st Ordinary Meeting 26 September 2020	1st Ordinary Meeting 20 March 2021	2nd Ordinary Meeting 20 June 2021 (Postponed – No quorum)	% Attendance
T M Charles	P	P	P	100%
N M Maganga	A	P	A	33%
J V Mhlaba	-	P	P	100%
A S Mthunywa	P	P	-	100%
T K Nyathi	P	AWOL	A	33%
E N Sambo	-	-	P	100%
L M Sikonela	P	P	A	67%
S van der Merwe	P	-	-	100%

P= Present A = Apology AWOL = Absent without Leave - = Not a members yet/anymore

**ATTENDANCE REGISTER FOR CITY PLANNING AND RURAL DEVELOPMENT SECTION
79 OVERSIGHT COMMITTEE:
JULY 2020 TO JUNE 2021**

COUNCILLOR	1st Ordinary Meeting 2 October 2020	1st Ordinary Meeting 5 March 2021	2nd Ordinary Meeting 26 June 2021	% Attendance
Khoza J J	P	P	P	100%
Banda S M	P	P	P	100%
Janse van Rensburg E G	P	P	P	100%
Makushe S E	P	P	P	100%
Mbuyane S E	P	P	P	100%
Ngobe D D T	P	P	P	100%
Nkambule G M	A	P	P	67%
L B Nkosi	-	-	P	100%
Shongwe D E	P	P	A	67%

P= Present A = Apology AWOL = Absent without Leave - = Not a members yet/anymore

**ATTENDANCE REGISTER – PUBLIC WORKS AND TRANSPORT
SECTION 79 OVERSIGHT COMMITTEE: JULY 2020 TO JUNE 2021**

COUNCILLOR	1st Ordinary Meeting 18 September 2020	2nd Special Meeting 15 November 2020	1st Ordinary Meeting 12 March 2021	2nd Ordinary Meeting 19 June 2021	% Attendance
Ngwenyama D D	P	P	P	P	100%
Lukhele N L	P	A	P	P	75%
Maseko L	A	A	A	-	0%
Masuku S R	A	P	P	P	75%
Minnaar P C W	P	P	P	P	100%
Motha W W	-	-	P	P	100%
Nyalungu B A	P	P	P	P	100%

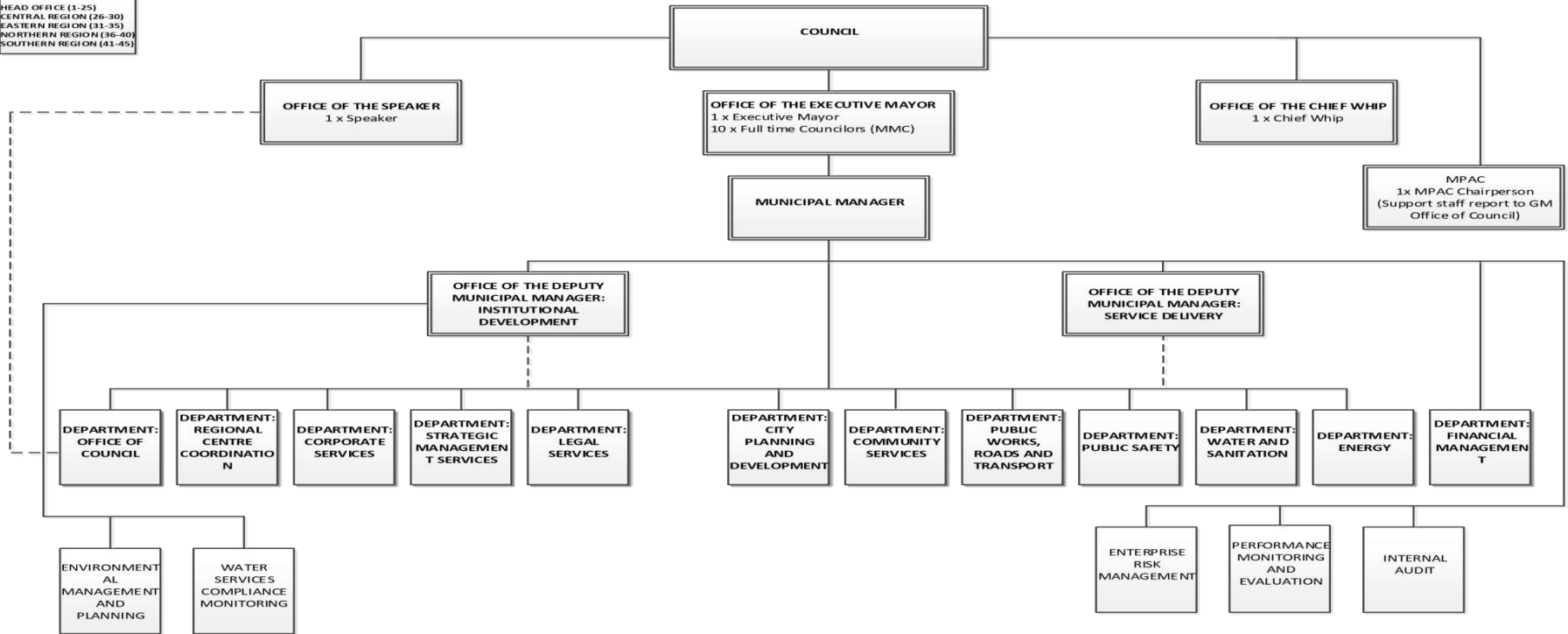
P= Present A = Apology AWOL = Absent without Leave - = Not a members yet/anymore

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

APPROVED ORGANISATIONAL STRUCTURE FOR THE CITY OF MBOMBELA

APPROVED ON 31 JANUARY 2019
July 31, 2019

HEAD OFFICE (1-25)
CENTRAL REGION (26-30)
EASTERN REGION (31-35)
NORTHERN REGION (36-40)
SOUTHERN REGION (41-45)



APPENDIX D: FUNCTIONS OF MUNICIPALITY / ENTITY

Appendix D (i): Functions of Municipality

Role of Local Government

A municipality does not function in isolation. In terms of the Constitution, it is the third tier of government and forms part of the government apparatus to govern the country and render services to the community.

Because local government is the nearest to the people, it is in many instances the executing arm of government. Services that directly affect the life of people are delivered on this level. Council accepts that its activities must be coordinated with actions of the provincial and national government.

Objectives of Local Government

Before any matters of delegation can be entertained, the statutory objectives of the municipality should first be clarified. In terms of section 152 (l) of the Constitution of the Republic of South Africa (Act 108 of 1996) municipalities have the following objectives with regard to service delivery of government related services:

- a) To provide democratic and accountable government for local communities;
- b) To ensure the provision of services to communities in a sustainable manner;
- c) To promote social and economic development;
- d) To promote a safe and healthy environment; and
- e) To encourage the involvement of communities and community organisations in the matter of local government.

Functions of the Local Government

Before any matters of delegation can be entertained, the statutory functions of the municipality should first be clarified.

In terms of schedule 4 (b) and 5 (b) of the Constitution, municipalities are mandated to fulfil the following functions:

SCHEDULE 4 (B) OF THE CONSTITUTION

- Air pollution

- Building regulations
- Childcare facilities
- Electricity and gas reticulation
- Firefighting services
- Local tourism
- Municipal airports
- Municipal planning
- Municipal health services
- Municipal public transport
- Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law
- Storm water management systems in built up areas
- Trading regulations
- Water and sanitation services limited to potable water supply systems and domestic waste- water and sewage disposal systems

SCHEDULE 5 (B) OF THE CONSTITUTION

- Billboards and display of advertisement
- Cemeteries, funeral parlours and crematoria
- Cleansing
- Control of public nuisances
- Control of undertakings that sell liquor to the public
- Facilities for accommodation, care and burial of animals
- Fencing of fences
- Licensing of dogs
- Licensing and control of undertakings that sell food to the public
- Local amenities
- Local sport facilities
- Markets
- Municipal parks and recreation
- Municipal roads
- Noise pollution
- Pounds

- Public places
- Refuse removal, refuse dumps and solid waste disposal
- Street trading
- Street lighting
- Traffic and parking

As there are more than one type of local government, Council should take note of the role and functions of the District Municipality as well, in the case of a category 5 municipality such as City of Mbombela, the Local Government Municipal Structures Act (Act 117 of 1998) in section 84 (l), prescribe that the following functions resort under the district municipality. "A district municipality has the following functions and powers;"

- a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated development plans of those local municipalities;
- b) Bulk supply of water that affects a significant proportion of municipalities in the district
- c) Bulk supply of electricity that affects a significant proportion on municipalities in the district
- d) Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district
- e) Solid waste disposal sites serving the area of the district municipality as a whole
- f) Municipal roads which forms part of an integral part of a road transport system for the area of the district as whole
- g) Regulation of passenger transport services
- h) Municipal airports serving the area of the district municipality as a whole
- i) Municipal health services serving the area of the district municipality as a whole
- j) Firefighting services serving he whole area of the district municipality as a whole
- k) The establishment's conduct and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole
- l) The establishment conduct and control of cemeteries and crematoria serving the district municipality as a whole
- m) Promotion of local tourism for the area serving the district municipality as a whole
- n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality

- o) The receipt allocation, allocation and if applicable, the distribution of grants made to the district municipality
- p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation In terms of the Disaster Management act, the function of disaster management is the mandate of the district municipality. Council can however get permission from the relevant district council, to take the responsibility for this function.

The MEC for Local Government and Housing may in terms of section 85 (l) of the act adjust the functions between a local and district municipality within a policy framework. Before council can take responsibility for the above-mentioned functions, it is imperative that the provincial MEC for Local Government give approval adjustment of functions.

For the purpose of this document, it is accepted that council complies with the above-mentioned legislation because Council is currently taking responsibility for such functions.

Appendix D (ii) Functions of Entity

Roles and Responsibilities

Having being established by Council Resolutions and in accordance with the provisions of section 86B, 86D, AND 86E of the MSAA; the agency was established as a mechanism to assists the municipality in the performance of its local development functions.

Therefore the objectives of the agency in implementing the local economic development functions of the parent municipality are as follows:

- To attract investments into to the local municipality.
- To market and promote the City of Mbombela economy among potential investors as a good investment destination.
- To promote investment in jobs, new growth sectors and support innovation.
- To mobilize for and support the development of SMME's, cooperatives and corporations.
- To kick start the implementation of strategic and high impact economic projects.
- To initiate, implement and manage poverty reduction projects.
- To implement high impact economic development projects in and for the municipality.

APPENDIX E: WARD REPORTING

WARD COMMITTEE FUNCTIONALITY FOR PERIOD JULY 2020- JUNE 2021

1. ESTABLISHMENT OF CITY OF MBOMBELA

Section 12 amendment Notice in terms of the Local Government: Municipal Structures Act, Act 117 of 1998 was published in the Extraordinary Mpumalanga Provincial Gazette No. 2721 in respect of the establishment of the City of Mbombela following the successful approval of the amalgamation of the former Umjindi and Mbombela local municipalities., dated, 12 August 2016 subsequent to the 2016 Local Government Elections held on 03 August 2016.

In terms of the above Section 12 Notice, the MEC for Co-operative Governance and Traditional Affairs in the Mpumalanga Province at the time established the City of Mbombela as a category B local municipality with a mayoral executive combined with a ward participatory system.

The new local municipality has been constituted of 45 proportionally elected councilors and 45 ward councilors.

The City of Mbombela has been established with 4 municipal regions as set out below:

- **Central Region**- covering satellite office at the Groove, KaNyamazane, Elandshoek, and Mbombela Head Office (wards 12,14,15,16,17,18,19,20,21,22,23,24,26,29,02,40)= 16 wards,
- **Northern Region**- covering the satellite offices of Hazyview, Northern part of the area,(wards 01,03,05,06,07,08,09,25,39)=09 wards,
- **Eastern Region**- satellite offices at White River, KaBokweni and Malekutu,(wards 10,11,30,31,32,33,34,35,36,37,38,04) = 12 wards,
- **Southern Region**- covering the satellite offices at Barberton, Matsulu and Louws Creek farm areas.(Wards 13,27,28,41,42,43,44,45) = 08 wards

2. WARD COMMITTEE PARTICIPATION

The ward participatory system is central to the system of governance model of the City of Mbombela. The ward participatory system complements the formal representative government, enhance local democracy in accordance with the constitutional imperative as per section 152 (1) (e) of the Constitution. The Ward Participatory System, inter alia, implies the establishment of

ward committees in a municipality as set out in Section 73 of the Local Government Municipal Structures, Act 117 of 1998 as amended.

The term of office for ward committee has been aligned to the term of office of Council (5 years) as per the Regulation published under Notice Number 972 in the Government Gazette 32626. The regulations in this regard became effective subsequent to the Local Government Elections held in 2011.

Improving public participation with a view of closing the social distance between public representatives and communities has been outlined as a key performance area from several overarching strategic documents inter alia, the Five Year Local Government Strategic Agenda, 2009 Local Government Turnaround strategy and the 2014 Back to Basics Local Government Improvement approach.

In order to ensure structured ward committee operations, all functional ward committees are required to develop and implement ward committee operational plans, incorporating the functional indicators as indicated below.

The following elements serve as functionality indicators for ward committees as per the National Framework published in terms of Sect 73 (5) of the Local Government: MSA, Act 117 of 1998 under Government Gazette Number 32627 dated, 08 October 2008:

- Number of ward committee management meetings held and percentage attendance by members,
- Number of community meetings organized by the ward committees and percentage attendance by the ward community,
- Submission and tabling of ward reports and plans to the Council covering needs and priorities for the ward, feedback on the performance of the Councils various line/service functions and their impact on the ward,
- Number of door to door campaigns and or interactions with sub-structures including street committees,
- Number of complaints, queries, and requests registered for the community and attended to (checklist of met needs against registered needs and turnaround time),
- Distributed publications (information brochures, flyers, newsletters, e-mails, sms, and others) over a period of time
- Management and updating of ward profiles and database of indigent households,

- Participation in plans and programmes of municipalities and other spheres of government impacting on the ward development and monitoring thereof.

3. WARD COMMITTEE FUNCTIONALITY UNDER COVID-19 PANDEMIC

The outbreak of the so-called Corona Virus pandemic World- wide imposed enormous challenges World - wide. The African continent has been affected the hardest taking in to consideration the chronic under- development occasioned by colonisation, apartheid and civil wars to a certain degree. Subsequent to the outbreak of the covid-19 pandemic in 2020, South Africa in a bid to save lives commenced with the enforcement of disaster management regulations from time to time. The level of the lockdown would be perpetual to the severity of the covid-19 taking into consideration the number of cases of infection.

The effective ward committee functionality in municipalities was negatively impacted as human gatherings were prohibited. A number of business activities were negatively affected resulting to massive job losses as a result. The unemployment statistics in South Africa reached unprecedented proportions and described a catastrophic to human existence. Despite the economic recovery plans put in place, the country continues to shed job and crime stats has sky rocketed and in July 2021 South Africa 's two provinces were plunged in massive uprising resulting in looting of businesses accompanied by damages caused to business establishments. A number of people died in violence as a result of the uprisings.

Notwithstanding the above, ward committee and Councillors in the City of Mbombela became involved in various activities, inter alia:

- Assisting with the issuing of Vendor Operating permits,
- Marshalling observation of social distance during funerals,
- Marshalling observation of social distancing at pension and social grant payment points in collaboration with the Department of Social Development,
- Identification and profiling of food parcel beneficiaries,
- Assistance during school cleaning prior to the return of learners to classes,
- Facilitation of consultation programme during the preparation of the IDP and Budget as per the Local Government: Municipal Systems Act, Act 32 of 2000 read with Local Government: Municipal Finance Management Act, 56 of 2003.
- Below is a report depicting the functional status of the ward committees for the period July 2020- June 2021. The report has been compiled on quarterly basis reflecting the number of

ward committee as well as community meetings held as per the Ward Committee functionality assessment administered from time to time.

4. WARD COMMITTEE FUNCTIONALITY JULY 2020- JUNE 2021

The tables below depicts the functional status of the ward committees for the period July 2020- June 2021. The report has been compiled on quarterly basis reflecting the number of ward committee as well as community meetings held as per the Ward Committee functionality operational plans administered from time to time.

Below are the outcomes of the functionality of wards for the financial year, 2020-2021;

4.1. WARD COMMITTEE FUNCTIONALITY: JULY 2020 – SEPTEMBER 2020

The first Quarter was still characterised by the Lockdown Covid-19, which made it difficult for Ward Committees to function accordingly. Although Ward Committee members were always available to assist Ward Councillors in respect to issues relating to Covid-19 and Health protocols adherence, there has not been frequent community meetings held with the community in this regard, due to the restrictions on contact engagements. Only 6 out of 45 Wards were able to implement their Ward Operational Plans accordingly;

WARD COUNCILLOR	WARD COMMITTEE		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
	Planned Output	Actual Output	Planned Output	Actual Output	
01 FANKOMO AE 0768620433	03	00	01	00	Non-Functional
02 J.J. MHLANGA 0729061535	03	00	01	00	Non-Functional
03 NKOSI DJ 0763859158	03	01	01	00	Non-Functional
04 NGWENYAMA DD 0790362361	03	00	01	00	Non-Functional
05 MALUMANE MJ 0824236348	03	01	01	02	Functional
06 FAKUDE HB 0829658333	03	00	01	00	Non-Functional
07 BANDA SM 0824025986	03	01	01	03	Functional
08 MBUYANE SE 0833286078	03	00	01	00	Non-Functional
09 SEBASHE EM 0827024942	03	00	01	00	Non-Functional
10 NGOBE DDT	03	00	01	00	Non-Functional

WARD COUNCILLOR	WARD COMMITTEE		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
	Planned Output	Actual Output	Planned Output	Actual Output	
0764731702					
11 MUTOBVU EM 0827093287	03	00	01	00	Non-Functional
12 NKHOMA BP 0829648340	03	00	01	00	Non-Functional
13 THABETHE A 0715952215	03	02	01	00	Functional
14 MKHONTO KM 0820783151	03	04	01	05	Functional
15 MARSHALL T 0825768889	03	00	01	00	Non-Functional
16 OLIVER KA 0813874641	03	00	01	01	Non-Functional
17 VAN DER MERWE S 0720335135	03	00	01	00	Non-Functional
18 MASHABA JB 0769508503	03	00	01	00	Non-Functional
19 MKHATSHWA DB 0727578275	03	00	01	00	Non-Functional
20 SIBIYA LC 0824886975	03	00	01	00	Non-Functional
21 MKOENA NA 0725831142	03	00	01	00	Non-Functional
22 MPILA T.M. 0762828764	03	00	01	00	Non-Functional
23 MHAULE ME 0764108970	03	00	01	00	Non-Functional
24 LUKHELE NL 0795489000	03	00	01	00	Non-Functional
25 MHLANGA MC 0720448114	03	00	01	00	Non-Functional
26 BULUNGA TM 0636216824	03	00	01	00	Non-Functional
27 NKOSI DB 0764766401	03	00	01	00	Non-Functional
28 MASUKU SR 0827554252	03	00	01	00	Non-Functional
29 NYATHI TK	03	00	01	00	Non-Functional

WARD COUNCILLOR	WARD COMMITTEE		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
	Planned Output	Actual Output	Planned Output	Actual Output	
0720141598					
30 GROVE-MORGAM T.M.J. 0834145060	03	00	01	00	Non-Functional
31 NYALUNGA B.B. 0799024040	03	01	01	02	Functional
32 NDHLOVU K.G. 0767721415	03	02	01	05	Functional
33 MANZINI E.K. 0834142585	03	00	01	00	Non-Functional
34 MGWENYA R.F. 0724970621	03	04	01	02	Functional
35 MOLEMO R.Q. 0715746165	03	00	01	01	Non-Functional
36 KHOZA J.J 0769143216	03	00	01	00	None Functional
37 MAGANGA N.M. 0760539695	03	00	01	00	None Functional
38 MASHA S.T. 0761351075	03	00	01	00	Non-Functional
39 MOKOENA S.I. 0727474525	03	00	01	00	Non-Functional
40 SIKONELA L.M. 0723709343	03	00	01	00	Non-Functional
41 BHEMBE L.M. 0636192386	03	00	01	00	Non-Functional
42 NKOSI M.C. 0824639603	03	00	01	00	Non-Functional
43 SHONGWE H.L. 0825109430	03	00	01	00	Non-Functional
44 MKHABELA J.J. 0715687409	03	01	01	00	Non- Functional
45 NKOSI L.B. 072 977 1683	03	00	01	00	Non- Functional

4.2. WARD COMMITTEE FUNCTIONALITY: OCTOBER – DECEMBER 2020

The Second Quarter functionality of Ward Committees had improved as a result of the relaxation of the Covid-19 Lockdown level. Twenty (20) out of 45 Wards were functional during this quarter;

WARD COUNCILLOR	WARD COMMITTEE MEETING		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
	Planned Output	Actual Output	Planned Output	Actual Output	
01 FANKOMO AE 0768620433	03	00	01	00	Non-Functional
02 J.J. MHLANGA 0729061535	03	02	01	03	Functional
03 NKOSI DJ 0763859158	03	03	02	03	Functional
04 NGWENYAMA DD 0790362361	03	00	01	00	Non-Functional
05 MALUMANE MJ 0824236348	03	02	01	03	Functional
06 FAKUDE HB 0829658333	03	00	00	00	Non- Functional
07 BANDA SM 0824025986	03	02	01	03	Functional
09 SEBASHE EM 0827024942	03	00	00	00	Non- Functional
10 NGOBE DDT 0764731702	03	00	00	00	Non-Functional
11 MUTOBVU EM 0827093287	03	02	01	03	Functional
12 NKHOMA BP 0829648340	03	00	00	01	Non-Functional
13 THABETHE A 0715952215	03	02	01	03	Functional
14 MKHONTO KM 0820783151	03	03	00	03	Functional
15 MARSHALL T 0825768889	03	00	00	00	Non-Functional
16 OLIVER KA 0813874641	03	01	00	00	Non-Functional
17 VAN DER MERWE S 0720335135	03	02	01	03	Functional
18 MASHABA JB 0769508503	03	00	00	00	Non-Functional
19 MKHATSHWA DB 0727578275	03	03	00	03	Functional
20 SIBIYA LC 0824886975	03	03	00	03	Functional
21 MKOENA NA 0725831142	03	01	00	00	Non-Functional
22 MPILA TM 0762828764	03	00	00	00	Non-Functional
23 MHAULE ME 0764108970	03	01	00	00	Non-Functional

WARD COUNCILLOR	WARD COMMITTEE		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
	Planned Output	Actual Output	Planned Output	Actual Output	
24 LUKHELE NL 0795489000	03	02	00	00	Non-Functional
25 MHLANGA MC 0720448114	03	00	00	00	Non-Functional
26 BULUNGA TM 0636216824	03	00	00	00	Non-Functional
27 NKOSI DB 0764766401	03	00	00	00	Non-Functional
28 MASUKU SR 0827554252	03	01	02	03	Functional
29 NYATHI TK 0720141598	03	00	00	00	Non-Functional
30 Rowan Torr	03	00	00	00	Non-Functional
31 NYALUNGA BB 0799024040	03	01	02	03	Functional
32 NDHLOVU KG 0767721415	03	01	02	03	Functional
33 MANZINI EK 0834142585	03	01	02	03	Non-Functional
34 MGWENYA RF 0724970621	03	02	01	03	Functional
35 MOLEMO RQ 0715746165	03	02	01	03	Functional
36 KHOZA JJ 0769143216	03	01	00	01	Non-Functional
37 MAGANGA NM 0760539695	03	02	01	03	Functional
38 MASHA ST 0761351075	03	00	00	00	Non-Functional
39 MOKOENA SI 0727474525	03	02	01	03	Functional
40 SIKONELA LM 0723709343	03	02	01	03	Functional
41 BHEMBE LM 0636192386	03	00	00	00	Non-Functional
42 NKOSI MC 0824639603	03	00	00	00	Non-Functional
43 SHONGWE HL 0825109430	03	01	02	03	Functional
44 MKHABELA JJ 0715687409	03	02	01	03	Functional
45 NKOSI LB 072 977 1683	03	00	00	00	Non-Functional

4.3. WARD COMMITTEE FUNCTIONALITY: JANUARY – JUNE 2021

The City of Mbombela established has 45 Ward Councillors, which are responsible for the management of their respective Wards. From the 45 Ward Committees established, **only 6**

were not functional Therefore, 39 were Functional during the 4th Quarter of 2020/2021 financial year. This represents 87% performance of Ward Committee functionality. It be noted that the above 6 Wards could not even hold their IDP/Budget Community Ward Consultative meetings.

REGION	WARD COUNCILL OR	WARD COMMITTEE MEETINGS		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
		Planned Output	Actual Output	Planned Output	Actual Output	
SOUTHERN REGION	13 THABETHE A 0715952215	03	03	01	01	Functional
	27 NKOSI DB 0764766401	03	01	01	02	Functional
	28 MASUKU SR 0827554252	03	0	01	02	Functional
	41 BHEMBE LM 0636192386	03	01	01	01	Functional
	42 NKOSI MC 0824639603	03	02	01	01	Functional
	43 SHONGWE HL 0825109430	03	04	01	01	Functional
	44 MKHABELA JJ 0715687409	03	02	01	01	Functional
	45 NKOSI LB 072 977 1683	03	02	01	01	Functional
EASTERN REGION	10 NGOBE DDT 0764731702	03	03	01	01	Functional
	11 MUTOBVU EM 0827093287	03	00	01	00	Functional
	31 NYALUNGA B.B. 079902404 0	03	0	01	02	Functional
	32 NDHLOVU K.G. 0767721415	03	01	01	00	Functional
	33 MANZINI E.K. 0834142585	03	02	01	01	Non-functional
	34 MGWENYA R.F. 0724970621	03	04	01	01	Functional
	35 MOLEMO R.Q. 0715746165	03	02	01	01	Functional
	36 KHOZA J.J 0769143216	03	00	01	00	Non-functional
	37 MAGANGA N.M. 0760539695	03	02	01	01	Functional

REGION	WARD COUNCIL OR	WARD COMMITTEE MEETINGS		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
		Planned Output	Actual Output	Planned Output	Actual Output	
	38 MASHA S.T. 0761351075	03	00	01	00	Non-functional
CENTRAL REGION	02 J.J. MHLANGA 0729061535	03	03	01	01	Functional
	04 NGWENYAMA DD 0790362361	03	03	01	01	Functional
	22 MPILA TM 0762828764	03	03	01	01	Functional
	23 MHAULE ME 0764108970	03	03	01	01	Functional
	24 LUKHELE NL 0795489000	03	02	01	01	Functional
	26 BULUNGA TM 0636216824	03	03	01	01	Functional
	29 NYATHI TK 0720141598	03	00	01	00	Not-functional
	40 SIKONELA LM 0723709343	03	03	01	01	Functional
	12 NKHOMA BP 0829648340	03	03	01	01	None-Functional
	14 MKHONTO KM 0820783151	03	02	01	01	Functional
	16 OLIVER KA 0813874641	03	00	01	00	Functional
	17 VAN DER MERWE S 0720335135	03	02	01	01	Functional
	18 MASHABA JB 0769508503	03	00	01	00	Not Functional
	19 MKHATSHWA DB 0727578275	03	02	00	01	Functional
	20 SIBIYA LC 0824886975	03	03	01	04	Functional
	21 MKOENA NA 0725831142	03	03	01	00	Functional
30 Rowan Torr	03	01	01	01	Functional	
NORTHERN REGION	01 FANKOMO AE 0768620433	03	00	01	05	Functional
	03 NKOSI DJ 0763859158	03	00	01	03	Functional
	05 MALUMANE MJ 0824236348	03	02	01	00	Functional
	06 FAKUDE HB 0829658333	03	03	01	00	Functional
	07 BANDA SM 0824025986	03	01	01	03	Functional

REGION	WARD COUNCILLOR	WARD COMMITTEE MEETINGS		COMMUNITY MEETINGS		STATUS OF THE WARD COMMITTEE
		Planned Output	Actual Output	Planned Output	Actual Output	
	09 SEBASHE EM 0827024942	03	00	01	00	Not-functional
	25 MHLANGA MC 0720448114	03	02	01	02	Functional
	39 MOKOENA SI 0727474525	03	03	01	02	Functional

4.3.1. ESSENTIAL SERVICES DELIVERY PERFORMED BY THE WARD COMMITTEES.

Notwithstanding the above, ward committee and Councillors in the City of Mbombela became involved in various activities, inter alia:

- Issuing of Vendor Operating permits,
- Marshalling observation of social distance during funerals and cremation,
- Marshalling observation of social distancing at pension and social grant payment points in collaboration with the Department of Social Development,
- Identification and profiling of food parcel beneficiaries,
- Assistance during school cleaning prior to the return of Grade 7 and Grade 12 learners,
- Facilitation of consultation programme during the preparation of the 2020/21 IDP and Budget as per the Local Government: Municipal Systems Act, Act 32 of 2000 read with Local Government: Municipal Finance Management Act, 56 of 2003. The final 2020/21 IDP and the MTREF for the City of Mbombela was approved by Council on 29 June 2020.

4.3.3. ANY OTHER COMMENT BY THE OFFICE OF SPEAKER:

South Africa has reached a crucial stage in the fight of the COVID-19 pandemic and this has been witnessed with the unprecedented increase of COVID-19 cases. The massive escalation of the virus cases threaten the social lives as well economic livelihood of the people, exacerbating the plight of poverty, unemployment and inequality reversing the gains made with the advent of democracy.

5. CROSS-CUTTING CHALLENGES RAISED BY WARD COMMITTEES

The following represents cross-cutting service delivery challenges that have emerged throughout the assessment of the Ward Committee functionality, issues that require the attention of the

Municipality and government intervention;

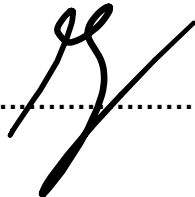
- Illegal connection of water to the reticulation system and bulk;
- Lack or insufficient water supply to some wards
- Water tankers not supply water according to schedule
- Request for additional boreholes
- Need for electricity, street and mass lights
- Need for paving, tarring and grading of roads
- Request for allocation of land for new cemeteries
- Delays in projects implementation
- Increase in crime, criminal activities and gender based violence.
- Challenges in communities receiving feedback on issues raised

CONCLUSION:

South Africa and the World has reached a crucial stage in the fight of the COVID 19 pandemic and this has been evident with the unprecedented increase of COVID 19 cases and a number of deaths. The massive escalation of the virus cases threaten the social lives as well economic livelihood of the people, exacerbating the plight of poverty, unemployment, inequality and reversing the gains made with the advent of democracy.

GENERAL MANAGER: OFFICE OF COUNCIL

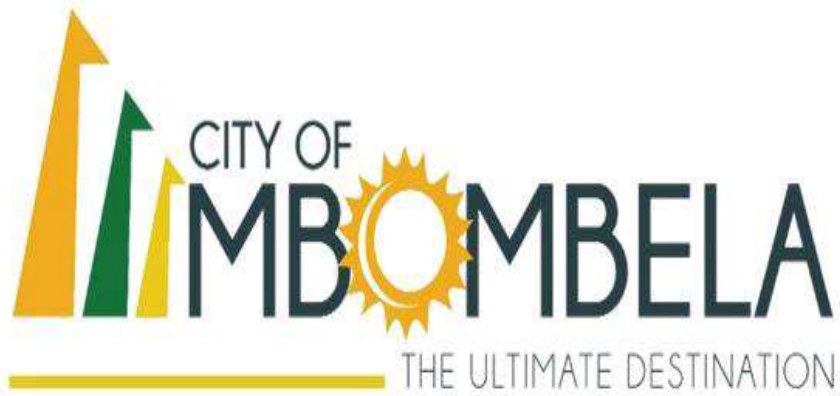
JASPER NGOBENI:



07/01/2022

APPENDIX F: WARD INFORMATION

Refer to Chapter 3 of the service delivery performance report.



OVERSIGHT REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1. PURPOSE

The primary purpose of the report is to submit to Council, through the office of the Municipal Manager a high-level account of the Audit committee's oversight role during this 2020/21 reporting cycle.

In terms of the Audit Committee Charter, it is required that the Audit Committee make recommendations to management and Council through the Municipal Manager, resulting from the activities carried out within the financial year.

2. BACKGROUND AND INTRODUCTION

The Audit Committee is constituted as a statutory committee of the Municipality in terms of statutory duties in terms of the provisions of section 166 of the Municipal Finance Management Act (No 56 of 2003), and a Committee of the Council in respect of all other duties assigned to it by the Council.

To fulfil its legal mandate, the Audit Committee operates in terms of an Audit Committee Charter which derives its role from section 166(1) of the MFMA, entrusting the Committee with the responsibility to advise and provide assurance and consulting services to Council, the Executive Mayor, political-office bearers and the Municipal Manager, on matters relating to:

1. *Functions of the Internal Audit Unit*
2. *Internal Control Environment*
3. *Internal financial control and internal audits*
4. *Risk management*
5. *Accounting policies*
6. *The adequacy, reliability and accuracy of financial reporting and information*
7. *Performance management*
8. *Effective governance*
9. *Compliance with the Municipal Finance Management act as well as the annual Division of Revenue Act and applicable National Treasury Circulars*
10. *Applicable legislation and Regulations*
11. *Performance evaluation*
12. *Any other issues referred to it by Council and the Municipal Manager*
13. *Respond to Council on any issues raised by the Auditor-General in the audit report*
14. *Carry out any investigation into the financial affairs of the municipality on request of Council, the Municipal Public Accounts Committee and the Municipal Manager*

15. *Auditing of performance management as per Council resolution A(14) dated 25 November 2002 in terms of section 166(1) (5) of the MFMA and the Municipal Planning and Performance Management Regulations, which states:*

Section 14 (1) (b) and (4) of the Local Government: Municipal Planning and Performance Management Regulations (R 796; dated 24 August 2001) which is:

- *To advise Council on the functionality of the performance management system and*
- *To advise Council whether the performance system complies with the Act.*
- *To advise Council on the extent to which the municipality's performance measures are reliable in measuring performance.*

16. *In terms of the auditing of systems, the Committee will advise Council on the standard of the financial, procurement and administrative systems in Council as well as making recommendations with regards to perceived shortcomings.*

17. *The Office of the Auditor-General requires the Committee to ensure that the Internal Audit Unit performs its duties effectively and efficiently.*

18. *The Committee will therefore advise Council on the standard of service pertaining to the Internal Audit Unit*

External Member Composition

Section 166(4) (a) of the MFMA provides that “*an audit committee must consist of at least three persons with appropriate experience, of whom the majority may not be in the employ of the municipality*”

The Audit Committee consists of the following four (4) External members:

- Ms T Mbatha CA(SA)
- Ms Sbongile Lubisi
- Ms L Ngwenya
- Mr S Ndukuya

Members of the Audit Committee are all independent and have the required qualifications, skills and knowledge, which includes auditing, business management, risk management, accounting and financial management as indicated below:

➤ **Thembelihle Mbatha**

- Qualified Chartered Accountant – South Africa (CA-SA)
- Masters of Business Leadership
- Honours Bachelor of Accounting Science
- Bachelor of Accounting Science

- Over 10 years' experience in Internal and External Auditing, Accounting and Risk Management
- **Sbongile Lubisi**
 - Currently studying Masters of Management: Policy
 - Bachelor of Technology: Public Management
 - National Diploma: Commercial Practise
 - Certificates in Project Management, Supervisory Management Skills, Public Finance Management Act and Supply Chain Management Bid
- **Simon Ndukuya**
 - Master's in Business Administration
 - Honours in Industrial Relations
 - Bachelor of Administration
 - Over 23 years in Business Management, Planning, Client Co-ordination and Engagement, Account Management as well as Leadership.
- **Lindiwe Ngwenya**
 - Honours Bachelor of Accounting Science – Hons BCompt
 - B.Com Degree
 - Completed 3 year's articles with the office of the Auditor General
 - Admitted by SAICA as an Associate General Accountant
 - Over 10 years' experience in Accounting, Risk Management and Auditing

This report is tabled against this backdrop of mutual growth to the benefit of the citizenry of Mbombela. It is trusted that the opinion of the Audit Committee will assist the Municipality in its endeavours to render the affordable and sustainable Municipal services to the community.

AUDIT COMMITTEE MEETING SCHEDULE AND ATTENDANCE

Meeting Date	Ordinary	Special	Members attendance
31 August 2020		○	Mrs T. Mbatha CA(SA) Ms S. Lubisi Mr S. Ndukuya Ms L. Ngwenya
18 September 2020	○		Mrs T. Mbatha CA(SA) Ms L. Ngwenya Ms S. Lubisi Mr S. Ndukuya
29 October 2020	○		Mrs T. Mbatha CA(SA) Ms L. Ngwenya Mr S. Ndukuya Ms S. Lubisi
20 November 2020	○		Mrs T. Mbatha CA(SA) Ms L. Ngwenya Mr S. Ndukuya Ms S. Lubisi
27 January 2021	○		Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya
11 June 2021	○		Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya
14 June 2021	○		Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya
20 August 2021	○		Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya
30 August 2021	○		Mrs T. Mbatha CA(SA) Ms S. Lubisi Ms L. Ngwenya Mr S. Ndukuya

3. REPORTS

Based on the reports tabled before the Committee, the Committee will express its views on matters as stated in Section 166 (2) of the Municipal Finance Management Act, No 56 of 2003.

It is trusted that the opinions and recommendations of the Audit Committee will assist the municipality in its endeavours to render affordable and sustainable municipal services to the community whilst adhering to good corporate governance.

3.1. Organizational Performance

- 3.1.1. Council adopted Service Delivery and Budget Implementation Plan for the 2020/21 (SDBIP) Financial year, with thirteen (13) key priority areas. The role of the Audit Committee is to express its opinion on Council performance, compliance with Corporate Governance imperatives, internal control effectiveness and most importantly if set objectives in terms of the SDBIP have been achieved within the 2020/21 financial year.
- 3.1.2. Council adopted Service Delivery and Budget Implementation Plan for the 2020/21 (SDBIP) Financial year, with thirteen (13) key priority areas. The role of the Audit Committee is to express its opinion on Council performance, compliance with Corporate Governance imperatives, internal control effectiveness and most importantly if set objectives in terms of the SDBIP have been achieved within the 2020/21 financial year.
- 3.1.3. The table below indicates the performance per key performance area for the 2020/21 financial year. The Municipality's overall achievement per Internal Audit for the year was 50% whereas management reported 53%. This is a huge decrease compared to 75% achievement in 2019/20 financial year. The difference in percentage achievement reported between report by management and Internal Audit report is due to inaccurate reporting and non-submission of POEs. Internal Audit and the Audit Committee recommended adjustment of performance reported by management to align with the Internal Audit report.
- 3.1.4. Service delivery achievement was 43%. The committee would like to bring to the attention of Council the low performance in Water Services Department (59%) and Public Works, Roads and Transport Department (46%). These services are very key and are linked to the basic needs of the community of Mbombela. The continuous non-achievement of targets set within key service delivery departments has a negative effect on the daily livelihoods of the people of Mbombela.

Key Performance Area	Total number of targets	Percentage	Number of targets achieved per APR	Number of targets achieved per IA	Percentage per APR	Percentage per IA	Number of targets not achieved per APR	Number of targets not achieved per IA	Percentage per APR	Percentage per IA
Service Delivery and Infrastructure Development	92	100%	39	38	42%	41%	53	53	57%	57%
Local Economic Development	1	100%	0	0	0%	0%	0	1	100%	100%
Institutional Development and Transformation	10	100%	6	5	60%	56%	4	4	33%	33%
Public Participation and Good Governance	12	100%	12	12	100%	100%	0	0	0%	0%
Financial Viability and Management	13	100%	9	9	69%	69%	4	4	31%	31%
Total	128	100%	66	64	52%	50%	62	62	48%	48%

- 3.1.5. Percentage achievement on Service Delivery and Infrastructure Development is **42%** as tabulated above. Service Delivery and Infrastructure Development Key Performance area includes the following departments
- Water and Sanitation
 - Energy
 - Public Works, Roads and Transport
 - Community Services (Waste and environmental Management)
 - Public Safety
- 3.1.6. Achievement on Local Economic Development Key Performance Area is at a disappointing 0%. Local Economic Development is within City Planning and development Department and includes the following departments:
- Economic development
 - Rural Development
 - Integrated Human Capital
- 3.1.7. Service Delivery and Local Economic Development Key performance areas are critical public services. These are areas which are visible, tangible and have more effect to the daily living of the public. The 0% achieved by Local Economic Development indicates decrease in performance when compared to 100% achievement of 2019/2020 financial year. The 43% achievement on Service Delivery and infrastructure development key performance area is still a concern and indicates a decrease when compared to 67% achievement in 2019/20. This performance represents a risk and failure to make substantial progress which is visible to the eyes of the public. Such poor performance will invalidate efforts Council makes towards what one could term “internal or institutional” improvements in the areas of administration and support where achievement was higher. Administrative gains without infrastructure achievement has no impact to the community, these must go hand in hand.
- 3.1.8. Selected SDBIP key focus areas can never be succeed without resources and skills to accomplish them. These resources should be assigned key targets which are SMART (specific, measurable, achievable, and reliable and time bound) so that Council can evaluate performance.
- 3.1.9. During the quarterly reviews and engagements with management, the Committee noted a trend of repeat issues such as:

- Inconsistent reporting on performance information
 - Inaccurate reporting and
 - Targets not achieved: This poses a critical risk, especially on service delivery focus areas.
 - Portfolio of Evidence (POEs) not submitted for audit purposes: This poses a high risk of material, misstatements on annual financial statements and Council's Annual Report. It also limits the work of the internal audit and audit committee as they cannot perform reviews that will enable them to provide reasonable assurance on Organizational Performance.
- 3.1.10. The issues mentioned above were noted from the 1st (first) to the 4th (fourth) quarter and the major contributing factor to all of them was the fact that reported performance was not adequately reviewed with the supporting evidence before finalisation of the reports.
- 3.1.11. The committee recommended adequate review of performance information before submission of the report to Monitoring and Evaluation unit and ultimately to Internal Audit for audit purposes. It was also recommended that consequence management should be implemented for failure to submit POEs.
- 3.1.12. Overall, the Municipality achieved 51% of its set targets; this target is in consideration of the audited annual Performance Report audited by Internal Audit, reviewed by the Audit Committee and Audited by the External Auditors/Auditor General. This performance has decreased from 75% achieved in 2019/20 financial year and it's an indication of poor performance.

3.2. Annual Financial Statements

- 3.2.1. Financial statements are being prepared in-house by the officials within finance department and that is commendable. The finance department appointed a service provider to review the Annual Financial Statements (AFS). Internal Audit also has a responsibility to review AFS as well as the audit committee.
- 3.2.2. Internal audit performed a high-level review of the AFS and presented its report or review notes to the Audit Committee. The draft Unaudited AFS were submitted to Internal Audit on the 26 August 2021 and the Audit Committee set on the 30 August 2021 to review the same. This means Internal Audit had only two days to review the financials before submitting its report to the audit committee.

3.2.3. Audit Committee met to review the financials was held on the 30 August 2021. During the review and analysis of the Annual Financial Statements for the City, the committee noted the following:

- The Poor liquidity and solvency ratios of the Municipality.
- The Trade and other payables from exchange transactions amounted to **R2 211 810 377** at year end of 2020/21 which increased from **R1 990 930 451** from 2019/20. This suggests that the municipality is struggling to pay its debts within 30 days as required by the Act.
- The Receivables from exchange transactions amounted to **R193 220 706** for the 2020/21 financial year which decreased from **R323 743 429** as reported in 2019/20 financial year. The amount includes government debt, which suggests that the municipality is struggling to collect from government debtors although improvement is noted in other debtors.
- The committee noted that the Municipality incurred irregular expenditure to the amount of **R50 788 204** of which bulk of this amount was as a result of contracts which were procured through other organs of state not in compliance with the interpretation of the SCM regulation 32.
- The committee also noted that there is still irregular expenditure to the amount of **R5 143 022,30** paid due to multiple extension of contracts. Management previously reported that all contracts that were extended without following section 116(3) of Municipal Finance Management Act were terminated. The committee recommends that all payment due to service providers which their contracts were irregularly extended should be paid off and ensure no carry-over of these payments to the 2021/22 financial as they attract non-compliance.
- The committee also noted that the irregular expenditure due to non-compliance to regulation 32 was not investigated during the 2020/21 financial year. The committee recommends that this irregular expenditure be investigated and recommendations be made to Council before the end of the 2021/2022 financial year. All matters of irregular expenditure as disclosed in the financial statements should be investigated before the end of the 2021/2022 financial year.
- The committee also recommends that contract management be enforced, coupled with adequate planning to ensure that no instances of irregular expenditure results from multiple extension of contracts and implementation of regulation 32.

- Deviation's amount incurred during the year 2020/21 was **R16 651 756** which decreased from **R35 604 062** incurred during 2019/20. Deviations from the normal SCM processes is provided for in the legislation on regulation 36 of the MFMA where an accounting officer is allowed to deviate from the normal SCM processes in case of emergency, impractical to obtain 3 (three) quotations, procuring from the sole provider, acquisition of animals for zoo and for acquisition of special works of art or historical objects where specification is difficult to compile.
- The committee notes a tangible decrease on deviations and commends management for improved internal controls when applying regulation 36 of the Municipal Finance Management Act.
- Whilst deviations are provided for by the MFMA regulations, the committee noted some instances where deviations were applied in respect of maintenance of the municipal infrastructure. The service delivery departments should not run their operations through deviations. Proper maintenance of the infrastructure, early identification of faults and continuous maintenance should be done to avoid emergencies coming from faulty or damaged infrastructure.
- The payments of overtime remains a challenge within the Municipality as it increased to **R148 049 121** in 2020/21 from **R131 072 509** in 2019/20 whilst employee costs have increased to R1 147 640 891 in 2020/21 from R1 010 462 003 in 2019/20 and contracted services increased to **R685 290 693** in 2020/21 from **R684 937 248** in 2019/20. It cannot be understood how overtime increased during the lockdown period. There are poor internal control mechanisms to manage overtime. The Accounting Officer should institute processes to curb and manage overtime expenditure.

3.3. Budget Performance Assessment

Budget performance reports were presented to the committee on quarterly basis and the following issues were noted and recommendations were made to the audit committee:

- Council incurred fruitless and wasteful expenditure amounting to R173 079 during 2020/21 financial year which decreased drastically from fruitless and wasteful expenditure previously reported an incurred in 2019/20 financial year. The expenditure was incurred due to late payments of creditors, mainly Eskom. In the current year, government gazette number 43181 of 31 March 2020 also exempted municipalities from disclosing same.

- There are still indications that the municipality is still struggling to pay its creditors within 30 days. The committee recommended that a tangible financial recovery plan with clear targets per department should be implemented and closely monitored.
- The Audit Committee recommended that revenue enhancement plan and financial recovery plan should form part departmental SDBIP and be assessed on quarterly basis.
- The committee also recommended a reduction of projects that are internally funded to build the financial sustainability within the Municipality.
- Audit Committee recommends that non-critical posts should not be filled whilst Council is recovering from financial distress.
- The committee also recommends that cost curtailment strategy should be focused on high value impact areas like cutting down on projects of high value/amount over and above cutting on travelling and catering which do not make a significant impact.

3.4. Effectiveness of Internal Control System

The audit committee is required by the Municipal Finance Management Act no.56 of 2003 section 166 (and the King IV report) to provide an oversight on the adequacy, efficiency and effectiveness of the organisation's internal controls.

Internal Audit performed the following audits during 2020/21 financial year:

- Audit of performance information quarter 1, 2, 3 and 4
- Public safety operational audit
- Community Services
- Corporate Governance
- Deviations from normal supply chain processes quarter 1 and 2
- Supply chain - contracts awarded quarter 1 and 2
- General Information Technology and Communication
- Corporate Services
- Follow up on AG findings

Based on the review of the internal control controls within the areas audited by Internal Audit, the Audit Committee noted instances of internal control deficiencies and ineffectiveness as follows:

- Issues of information presented to Audit Committee with no supporting POEs was still occurring and this is an indication of internal controls deficiencies which may exist in the verification process.

- Inaccurate and inconsistent reporting of performance information was an issue noted throughout the four (4) quarters of the financial year under review. This is also an indication of internal control deficiency around the process of reviewing performance information.
- Matters of internal control failure were noted within Public Safety, Community Services and Corporate Services departments.
- Occurrence of some deviations due to inappropriate planning and some leading to irregular expenditure. Audit Committee recommended continuous maintenance of the municipal infrastructure and appointment of a panel of service providers to avoid unnecessary deviations and improvement on planning by departments.
- Audit Committee recommended that management should improve on planning to ensure that a fair process is followed when procuring goods and services and avoid deviations. Internal Audit to review the application of this recommendation during 2021/2022 financial year and report back to the committee.
- The committee also recommends that the service delivery departments should review and update the maintenance plans of the infrastructure. The maintenance plan should be implemented for the purpose of identifying faults prior to the damage and repairing the infrastructure on time. This will minimize the instances of deviating from normal procurement processes and have more services procured through the normal supply chain management process.
- Internal audit report indicated one critical issue around IT services within the Municipality that the back-up off-site storage facility is near the ICT center. This exposes the Municipality to the risk of losing information if any disastrous situation occurs around the ICT center as it would most probably also affect the back-up off-site facility.
- Internal Audit also reported the issue of cable theft and how management responds to this recurring challenge. Internal Audit identified instances where stolen cables were replaced and stolen again in a few days. Cable theft is contributing to financial loss within the Municipality the rate and the trend at which this is going might lead to a material irregularity.
- The Committee recommends that the Energy department should consider finding means of protecting the cables; change the cables from copper to aluminium and finding the alternative energy sources for the future.

- Fruitless and Wasteful expenditure was incurred due interest charged on late payment of the service providers caused by financial constraints within the Municipality.
- The issue of records management was noted as a critical issue that poses a high risk to the Municipality such as missing Supply Chain Management (SCM) and other documents.
- Audit Committee recommended that a records management system be implemented to improve the management of critical records, especially those of SCM.

3.5. Internal Audit Unit

- 3.5.1. The Committee confirms that there is an Internal Audit Charter recommended by the Accounting Officer and approved by the Audit Committee. It is also confirmed that there was an approved Risk Based Audit Plan recommended by the Accounting Officer and Approved by the Audit Committee.
- 3.5.2. The Municipality is currently using a co-sourcing model in its establishment of the internal audit unit. There are five (5) internal auditors permanently employed by the Municipality. A service provider (Rakoma and Associates Incorporation) was appointed during 2020/2021 financial year to augment the Internal Audit capacity.
- 3.5.3. Audit Committee also noted in the previous 2019/20 financial year and current year 2020/21 that Internal Audit has a responsibility to assist MPAC in fulfilling its responsibilities. As such much work is done by Internal Audit to address the requests from MPAC. It was also noted that from time-to-time Council and Executive Management will request Internal Audit to perform such other duties as investigation and other ad-hoc audits. Internal Audit should therefore adequately capacitated.
- 3.5.4. The Committee has a responsibility to monitor the plan of the Internal Audit to ensure it is effectively implemented. During the year 2020/2021 financial year it was noted that Internal Audit did not execute its plan in totality. Some planned audits were not performed and this was due to the risk as a result of COVID-19 pandemic. The Auditor General took longer to perform their audit for 2019/20 financial year and Internal Audit could not audit the same management that was being audited by external auditors. Internal Audit did not perform the audits as planned for SCM quarter 2(two) and 3(three) as well as revenue management within financial services department. From the work and operations of the Internal Audit, the committee noted the following:
- Audits were not always done and reported on time. This poses a risk of not reporting the issues prior to the materialization of a risk. This was due to non-

availability of management to cooperate with the audit and provide information. The COVID-19 also contributed to a significant risk in the execution of audits.

- The Audit Committee noted that the recommendations of the Internal Audit were not always implemented by management. This was evident by the number of repeat findings as reported on a quarterly audits.
- Internal Audit is an important governing structure within the organization and not only audit committee relies on its work, but also MPAC and other section 79 committee rely on the assurance provided by the Internal Audit. It is therefore recommended that management is available for audits and provide all necessary information. This will assist in ensuring the effectiveness of the unit and receiving the value from the services of Internal Audi, thereby complying with good corporate governance.

3.6. Risk Management

- 3.6.1. Risk management framework was presented to the audit committee on a continuous basis and the committee noted that there are controls to ensure that risk is identified, assessed and managed. However, there is a general concern on the manner in which risks identified are being managed by individual departments and reported back to the audit committee and Council.
- 3.6.2. There is no report back to Audit Committee and Council that indicates the effectiveness of controls taken by management to treat and manage these risks.
- 3.6.3. Audit Committee recommended that unacceptable risks be managed and a report be submitted on continuous basis to both Council and Audit Committee reporting on the controls implemented to manage unacceptable risk and the controls effectiveness.

3.7. Governance

- 3.7.1. Audit committee noted that there are functional structures within the municipality as expected and stipulated by the municipal structures act and that is commendable of the municipality.
- 3.7.2. Internal audit conducted Corporate Governance Audit as part of the 2020/2021 risk-based audit plan. The report of the Internal Audit indicated that, the structures are functioning as required and that is commendable.
- 3.7.3. There was a recommendation for the establishment of section 80 clusters for more effeteness of the governing structures in the previous audits however, these are still yet to be established.

3.7.4. It is a concern that some Council resolutions are not being implemented timeously and lack of timeframes on the implementation of the resolutions.



3.8. Auditor General Report





The Audit Committee received the Auditor General's report in 22 December 2021. It was reported that there was a delay on the audit caused by COVID-19 hence the delay in reporting or finalisation of the audit by Auditor General. The committee notes that the City has received an unqualified opinion with findings.


The committee congratulates the City and its management for the unqualified and the achievement thereof. A remedial action plan to address the audit findings should be a standing item in Executive Management meetings. The plan to be also a standing item on the Audit Committee meetings to ensure that the progress made is being monitored.

3.9. Audit Committee Resolutions taken during 2020/2021 Financial Year

The table below indicates the audit committee resolutions taken during the year, those resolved and those not resolved:

Resolution No.	Resolution	Responsible Person	Status	Recommendation	Progress made
Resolutions taken on 18 September 2020					
Resolution 1	The ICT reports must be produced on quarterly basis to enable the quarterly reviews by the committee.	General Manager: Corporate Services		The matters to be prioritized	None
Resolution 2	Management to put measures in place to correct the issues found in SCM contracts awarded;	Municipal Manager and all General Managers		N/A	<ul style="list-style-type: none"> • A Bid Committee checklist is implemented. • Individual declaration forms are signed by all members of Bid Committees • A workshop on Material Irregularity has been contacted for all Bid Committee members and project members • The SCM has been revised to incorporate the management of regulation 32.

Resolution No.	Resolution	Responsible Person	Status	Recommendation	Progress made
					<ul style="list-style-type: none"> The Irregular, Fruitless and Wasteful Expenditure (UIFW) policy has been amended to include the role of committees in relation to the management of the UIFW
Resolution 4	Deviations committee to be revitalized and its performance be monitored and reported as required	Senior Manager SCM / Chief Financial Officer		The matter to be prioritised	Given the legality of the committee proposed and the approved SCM and financial delegations, all matters relating to SCM deviations will be incorporated as part of the Bid Evaluation Committee to ensure effective accountability.
Resolution 5	Management to consider appointing panel of service providers or a contract for maintenance of municipal infrastructure;	Municipal Manager		The matter to be prioritised	None
Resolution 6	Management to consider cutting or not make further commitment for any projects to be funded internally based on the response of the CFO on fruitless and wasteful expenditure report. There must be a three-year plan on credit reduction.	Municipal Manager		Management to take the recommendation further and find ways of implementing	The City has not budgeted for new projects altogether but rather continuation of existing projects for which implementation started in the previous financial year. The City is implementing a three-phase approach on capital projects which are to execute grant funded projects for social impact, revenue generating projects as well as the continuation of existing projects to avoid contract litigations
Resolution 7	Disciplinary board to be effective and deal with the	Municipal Manager		N/A	The information was provided.

Resolution No.	Resolution	Responsible Person	Status	Recommendation	Progress made
	matters of financial misconduct.				
Resolution 8	Management to assess all contracts awarded through regulation 32 and report all to the AC. Internal Audit to investigate all contracts awarded through regulation 32.	Municipal Manager Chief Financial Officer		Management to prioritise the matter	The documents are being compiled and will be submitted to internal audit for investigation purposes.

4. Overall Recommendations

- 4.1 Management should closely monitor AG audit action implementation plans to address the issues raised in 2019/20 financial year. This must form part of the GMs performance agreements.
- 4.2 Improved controls for reporting performance information and documenting Portfolio of Evidence (POEs).
- 4.3 Consequence Management to be instituted for Managers who fail to submit Portfolio of Evidence to support claims of targets reached.
- 4.4 Non-critical positions not to be prioritized and only critical positions be filled especially those affecting service delivery and compliance.
- 4.5 Council to develop a tangible strategy to reduce debt which is unacceptable high including tactical plans for revenue enhancement that will assist in improving and monitoring revenue enhancement strategy. This plan should be cascaded to individual Departments.
- 4.6 Council should reduce internally funded projects until such time Council finances have improved.
- 4.7 Council to monitor Fruitless and wasteful expenditure incurred through Eskom interest and charges and devise a plan to reduce same.
- 4.8 Credit control and debt collection strategy should be improved and strictly enforced in order to enhance cash flow and therefore be able to meet all the interest attracting short term obligations.
- 4.9 Unauthorized, irregular, fruitless and wasteful expenditure are unacceptable risks and Council should get regular feedback on the control measures implemented and their effectiveness.

5. Conclusion and Acknowledgements

- 5.1 The Audit Committee would like to thank the City of Mbombela Municipality, especially the Honourable Council members and the Municipal Manager Mr. W. Khumalo, Deputy Municipal

Managers and General Managers for establishing the Committee and ensuring that the Committee meets at least once a quarter to execute its oversight role over the Municipality's operations with a view of contributing to the achievement of Council objectives. We also thank all members of the City who played a vital role in ensuring smooth operation and effectiveness of the Audit Committee.

5.2 It is the belief of the AC that real leaders have challenges and inherent weaknesses from which each have to grow. As the committee we strive to advise and intervene on any identified weaknesses swiftly as Lee Iacocca would say "*Even a correct decision is wrong when it is taken too late*". The Audit committee is still committed to ensuring that Mbombela City achieves all the plans they have set out to do in the good interest of all who reside in Mbombela.

We thank you.



MS TH MBATHA CA (SA)
CHAIRPERSON OF THE AUDIT COMMITTEE

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

Concession Arrangement

The City of Mbombela has signed concession agreements with service providers for the following services:

Cleaning Services	- Nozinhle construction and project
Lift	- OTIS
HVAC	- 247 Khompho trading logistics - Nkoboni Construction and Project CC - PRIDOP - Insukamini Trading - Prodipix Air cooling JV - Thukwase trading Enterprise JV
Facilities Maintenance	- 247 Khompho trading logistics - Black Emerald Pty Ltd - Central Bridge trading JV Bendrew trading - Embhayini Trading Pty Ltd - Ndluwakho construction JV Maphanga General - Nkoboni Construction and Project CC - Ntswenyane Investment JV FH Mokoena ool - PRIDOP - Sivuthumlilo Trading cc - Tenko 2744 JV Mavelakhashane
Provision of office space	- Gaby glass
IT Support and services Service Provider for ICT Services	- Gljima Holdings PTY(LTD)
Service Providers for ICT Equipment Support and Maintenance Services	- EOH Mthombo - Tazi Investment - Emalangeneni Technologies - Unics Technologies
AET	- Josmap Training Institute
RPL	- Josmap Training Institute

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

Civic Centre
1 Nel Street
Mbombela 1201
Republic of South Africa



Nadia 8/4/21
P O Box 45
Mbombela 1200
Republic of South Africa
Tel: +27 (0) 13 759-9111
Fax: +27 (0) 13 759-2070

OFFICE OF THE MUNICIPAL MANAGER

Enq: Z Malaza
(013) 759 2005

06 April 2021

The Auditor General
12 Nel Street
MBOMBELA
1200

Attention: Ms Nadia Bruwer

CONFIRMATION OF BUDGET ALLOCATIONS FOR THE CITY OF MBOMBELA DEVELOPMENT AGENCY (COMDA)

The City of Mbombela has made provision for the following operational budget allocation over the Medium Term period (2021/22 – 2023/24):

2021/2022	2022/2023	2023/2024
R2 000 000	R3 000 000	R3 000 000

The draft budget was submitted to Council on the 31st of March 2021 under item A(3). The final budget will be approved by Council by 31 May 2021 as per the Municipal Financial Management Act (MFMA).

Trusting that you will find the above in order.

Regards


W J KHUMALO
MUNICIPAL MANAGER

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

Position	Names	Submitted, Yes or No/ Nil
Executive Mayor		The General Manager in the Office of Council / Speaker's Office coordinated the signing of disclosures of financial interests by all 90 councillors including the Executive Mayor and members of Mayoral Committee. Yes all Councillors signed the disclosure of financial interest.
Members of MayCo/ Execo.		
Councillors		
Municipal Manager	Mr WJ Khumalo	Yes
Chief Financial Officer	Ms ZP Malaza	Yes
Deputy MM & Executive Directors/ S 57 Officials	Mr SR Mhlongo	Yes
	Mr DP Msibi	Yes
	Mr ZN Mthombeni	Yes
	Mr J Ngobeni	Yes
	Mr XT Mabila	Yes
	Dr D Ndlovu	Yes
	Mr ME Nkosi	Yes
	Ms MB Thumbathi	Yes
	Mr DD Mabuza	Yes
Mr SL Sihlangu	Yes	

APPENDIX K: REVENUE COLLECTION PERFORMANCE

Appendix K (i): Revenue Collection Performance by Vote

REVENUE COLLECTION BY VOTE APPENDIX			
Budgeted financial Performance (revenue and expenditure by municipal vote)			
Description	Original Budget	Final Budget	Actual Audited Outcome
Revenue by Vote			
Council	6 307	6 307	20 061
Municipal Manager	692 238	692 238	1 395 477
Deputy Municipal manager: Institutional Development	9 803 135	7 103 135	9 225 478
Financial Management	894 402 042	909 902 042	915 198 165
Corporate Services	697 805	697 805	395 544
Public Works and Transport	338 127 000	445 833 576	449 273 497
Energy	1 368 516 255	1 368 516 255	1 319 305 541
Water and Sanitation	663 149 859	659 724 105	643 704 581
Community Services	280 562 429	283 162 429	283 495 770
Public Safety	15 668 165	59 668 165	42 132 616
City Planning	9 953 999	9 953 999	14 667 485
Total Revenue by Vote	3 581 579 371	3 745 260 193	3 678 814 216

Appendix K (ii): Revenue Collection Performance by Source

REVENUE COLLECTION PERFORMANCE BY SOURCE			
2020/2021 REVENUE BY SOURCE AUDITED ACTUALS			
Description	Original Budget	Final Budget	Actual Audited Outcome
Revenue by Vote			
Property Rates	700 901 599	680 901 599	70 813 708
Services Charge	1 471 111 848	1 470 573 602	1 400 772 342
Rental of facilities and equipment	3 871 531	8 971 531	8 316 056
Interest earned	41 414 251	45 914 251	55 305 712
Dividends received	-	-	-
Fines, penalties and forfeits	8 585 175	8 585 175	5 633 489
Licenses and permits	6 631 360	6 631 360	46 261
Agency services	45 000 000	-	37 770 715
Transfers and subsidies	1 410 143 576	1 302 437 000	1 416 875 978
Other revenue	57 600 853	57 600 853	45 953 955
Gains on reversal of impairment	-	-	61 788 415
Total Revenue by Vote	3 745 260 193	3 581 579 371	3 103 276 631

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

2020/2021 AUDITED GRANTS RECEIPTS APPENDIX			
2020/2021 REVENUE BY SOURCE AUDITED ACTUALS			
SUD SIDIES – ALLOCATIONS	Approved Budget	Final Budget	Actual Audited Received
Finance management Grant	2 500 000	2 500 000	2 500 000
Integrated National Electrification Programme	37 461 000	27 904 000	27 904 000
Energy Efficiency Demand Side Management	7 000 000	6 300 000	6 300 000
Neighbourhood Partnership Grant	2 500 000	22 521 000	22 521 000
Public Transport Network Grant	-	91 752 617	91 752 576
Expanded PWP Grant	4 244 000	4 244 000	4 244 000
Equitable Share	794 688 000	927 606 000	927 605 979
Total Budget Excluding MIG	848 393 000	1 082 827 617	1 082 827 555

2020/2021 AUDITED GRANTS EXPENDITURE APPENDIX			
2020/2021 GRANTS EXPENDITURE AUDITED ACTUALS			
SUD SIDIES – ALLOCATIONS	Approved Budget	Final Budget	Actual Audited Received
Finance management Grant	2 500 000	2 500 000	2 500 000
Integrated National Electrification Programme	37 461 000	27 904 000	27 904 000
Energy Efficiency Demand Side Management	7 000 000	6 300 000	6 300 000
Neighbourhood Partnership Grant	2 500 000	22 521 000	22 521 000
Public Transport Network Grant	-	91 752 617	91 752 576
Expanded PWP Grant	4 244 000	4 244 000	4 244 000
Equitable Share	794 688 000	927 606 000	927 605 979
Total Budget Excluding MIG	848 393 000	1 082 827 617	1 082 827 555

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/ RENEWAL

Programmes: Including MIG

Appendix M (i): Capital Expenditure – New Assets Programme

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
Corporate Services	New	supply install metal fence	109 617	109 617	-
Corporate Services	New	install aircons at mbombela call	170 748	170 748	-
Corporate Services	New	install 3 aircons jones offices	47 261	47 261	-
Corporate Services	New	new/upg server & network infrastructure	4 376 695	2 604 034	1 772 660
Corporate Services	New	new / upgrade end user equipment	3 238 690	49323	3 189 366
Corporate Services	New	new / upgrade end user equipment	3 023 466	3 023 466	-
			10,966,479	6,004,452	4 962 027
Financial Management	New	furniture and equipment	1 852 160	1 675 801	176 359
Financial Management	New	procure asset management system	3 000 000	-	3 000 000
Financial Management	New	valuation management system	1 160 000	-	1 160 000
Financial Management	New	installation of clear view fencing	1 033 485	1 033 277	207
Financial Management	New	3 x cargo containers & metal shelving	95 150.00	-	95 150
			7,140,795	2,709,078	4 431 717
Regional Centre Co-Ordination	New	installation of aircons	534 818	534 818	-
Regional Centre Co-Ordination	New	pavement at mbombela fire station	259 000	259 000	-
Regional Centre Co-Ordination	New	install 2x37kw cri motors cable	107 416	107416	-
			901 234	901 234	-
Community Services	New	purchase of waste removal skips	750 000	-	750 000
Community Services	New	fence installt dumping site	29 800	29 800	-
Community Services	New	install new soccer goal posts	478 832	478 832	-
Community Services	New	purchase of swimming pool equipments	375 528	-	375 528
Community Services	New	Fencing Of Emjindini Cemetery	2 000 000	1 736 352	263 648
Community Services	New	Purchase Of Chairs For Community Halls	2 000 000	-	200 000

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
Community Services	New	Fix And Paint Damaged Palisade Fence	276 748	276 748	-
Community Services	New	Nkambeni Cemetry Route	3 663 654	3 663 654	3 663 654
Community Services	New	Nkambeni Cemetry Route	3 663 654	3 663 654	-
Community Services	New	Nkambeni Regional Cemetry Fencing	3 500 000	3 043 475	456 525
Community Services	New	Establish Tekwane Hub Cemetry	2 000 000	1 885 963	114 037
Community Services	New	Fencing Of Tekwane Cemetry	500 000	-	500 000
Community Services	New	Install Clearview Fencing	856 454	856 454	-
Community Services	New	Concrete Dustbins	27 000	27 000	-
Community Services	New	Fencing Rockys Drift Cemetry	2 200 000	2 200 000	-
			20 251 670	17 861 932	2 659 738
Public Works And Transport	New	PT taxi transition adviser	2 476 056	-	2 476 056
Public Works And Transport	New	nsikazi south via karino bulk water omo	12 550 849	7 696 391	4 854 458
Public Works And Transport	New	umjindi ext 15 - 19	7 000 000	4 098 364	2 901 736
Public Works And Transport	New	paving of road lungisani to mdumise	3 500 000	635 896	2 864 104
Public Works And Transport	New	paveroad shaba street- clau-clau clin	632 500	550 000	82 500
Public Works And Transport	New	paving of dwaleni (sincobile) cemetry	7 772 492	6 326 316	1 446 176
Public Works And Transport	New	paving of tsila to thithi road	4 350 000	2 043 091	2 306 909
Public Works And Transport	New	construction of zwelisha bermuda road	3 500 000	1 367 301	2 132 699
Public Works And Transport	New	nkomeni to thembisa road	94 291	94 291	-
Public Works And Transport	New	nkomeni to woboka bus road	423 379	368 155	55 224
Public Works And Transport	New	public transport facilities covid-19 ppe	16 883 094	16 883 094	-
Public Works And Transport	New	construction of community hall	2 650 000	2 393 351	256 649
Public Works And Transport	New	pedestrian bridge wards 1; 3 & 5 (p1)	7 000 000	5 430 308	1 569 692
Public Works And Transport	New	mgcobaneni bus route	4 741 301	3 076 482	1 664 819
Public Works And Transport	New	construction mfuleni bus road	4 284 631	4 284 631	513
Public Works And Transport	New	lovecorner to cemetery road	8 150 000	7 995 962	154 038

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
Public Works And Transport	New	construction jericho pedestrian bridge	269 722	234 541	35 181
Public Works And Transport	New	construct mganduzweni pedestrian bridge	700 918	609 494	154 038
Public Works And Transport	New	nyongane/rdp sect pedestrian bridge	265 000	-	265 000
Public Works And Transport	New	construct shabalala pedestrian bridge	4 800 000	1 707 560	3 092 440
Public Works And Transport	New	construction of nkululeko circuit road	1 033 396	898 605	134 791
Public Works And Transport	New	pholani school to maseko bus route	770 000	498 598	271 402
Public Works And Transport	New	construction of siligane foot bridge	200 000	-	200 000
Public Works And Transport	New	sand river storm water management	12 697 197	11 024 215	1 672 982
Public Works And Transport	New	mattafin/nelspruit outfall sewer	4 000 000	2 124 790	1 875 210
Public Works And Transport	New	entokozweni sewer reticulation	19 500 000	18 553 185	946 815
Public Works And Transport	New	tekwane south outfall sewer	6 090 969	5 296 495	794 474
Public Works And Transport	New	roll construction of phola community ha	1 600 000	77 192	1 522 808
Public Works And Transport	New	construct sifunindlela community hall	218 831	218 830	1
Public Works And Transport	New	mbonisweni community hall ward 38	6 400 000	5 045 660	1 354 340
Public Works And Transport	New	numbi community hall	12 000 000	10 376 152	1 623 848
Public Works And Transport	New	construction of chweni community hall	260 000	-	260 000
Public Works And Transport	New	prov nsikazi s via karino bulk water p2	14 369 052	11 806 760	2 562 292
			171 183 678	131 715 098	39 468 580
Public Safety	New	security gate at civic centre buidling	600 000	-	600 000
Public Safety	New	purchase of 2 jaws of life	1 000 000	-	1 000 000
Public Safety	New	gabion with rock installation	-	149 885	(149 885)
Public Safety	New	2 x patrol minibus	1 200 000	-	1 200 000
Public Safety	New	1 x raised body ldv	400 000	-	400 000
			3 200 000	149 885	3 050 115
Water And Sanitation	New	nsikazi north water reticulation scheme	6 095 640	5 380 988	714 652
Water And Sanitation	New	nsikazi south water reticulation scheme	5 000 000	3 518 079	1 481 921
Water And Sanitation	New	mhlume sewer reticulation	1 500 000	1 387 830	112 170
Water And Sanitation	New	purchase 6 4x4 bakkies	3 857 100	3 857 100	-

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
Water And Sanitation	New	purchase 2 vehicles	570 613	570 613	-
Water And Sanitation	New	procurement of fleet	3 034 217	3 034 217	-
Water And Sanitation	New	water reticulation to youth centre	4 660 000	3 218 698	1 441 302
Water And Sanitation	New	phumlani water scheme	16 475 272	10 018 700	6 456 572
Water And Sanitation	New	kamadakwa water house connections	70 000	27 466	42 534
Water And Sanitation	New	install 5000liters of jojo tank	(344 478)	344 478	(688 956)
Water And Sanitation	New	purchase light plant equipment	3 000 000	-	3 000 000
Water And Sanitation	New	covid-19 barberton ch street borehole	2 500 000	-	2 500 000
Water And Sanitation	New	country estate w/r package plant	1 800 000	1 080 544	719 456
Water And Sanitation	New	verulam sewer connections	1 000 000	-	1 000 000
Water And Sanitation	New	borehole augmantation schemes	4 000 000	-	4 000 000
Water And Sanitation	New	raising of primkom dam wall	1 000 000	155 000	845 000
Water And Sanitation	New	additional 3.5 ml reservoir in hazyview	600 000	383 820	216 180
Water And Sanitation	New	covid-19 white river package plant	4 000 000	-	4 000 000
Water And Sanitation	New	covid-19 agnes mine pack plant & t fill	1 000 000	-	1 000 000
Water And Sanitation	New	covid-19 const ambass food outfall sewer	2 668 696	2 661 267	7 429
			62 487 060	35 638 801	26 848 259
Energy	New	procurement of crane truck	2 000 000	-	2 000 000
Energy	New	elec bulk supply msholoji (er)	2 341 914	2 341 914	-
Energy	New	elec bulk supply msholoji (er)	7 572 200	7 208 707	363 493
Energy	New	construct 132 kv matsafeni mara link	2 976 000	965 693	2 010 307
Energy	New	electrical scada (wm)	460 000	154 360	305 640
Energy	New	electrification mlambongwana 250 hh	2 501 301	2 139 337	361 964
Energy	New	construction of 60meter wall	208 360	208 360	-
Energy	New	electrification 100 hh at emjin trust	1 700 000	1 666 240	33 760
Energy	New	electrification of 100 hh at ext 17	1 394 550	1 371 252	23 298
Energy	New	electrification of 400 hh at msholoji	1 417 149	1 232 304	184 845

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
Energy	New	electrification of 150 hh at matsafeni	5 100 000	4 601 095	498 905
Energy	New	mbombela infills -17 households	338 800	184 905	153 895
Energy	New	installation of highmast various wards	9 834 409	9 834 409	-
Energy	New	installation of highmast various wards	35 291 591	35 295 020	(3 429)
Energy	New	streetlights hazyview cdb	1 222 000	1 118 449	103 551
Energy	New	install street lights kanyamazane main	800 000	713 956	86 044
			75 158 274	69 036 002	6 122 272
TOTAL			348 359 190	263 866 597	84 492 593

Appendix M (ii): Capital Expenditure – Upgrade/Renewal Programme

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
CORPORATE SERVICES	RENEWAL	REPLACE AND INSTALLATION OF AIRCONS	921 776	921 776	-
			921 776	921 776	-
REGIONAL CENTRE CO-ORDINATION	RENEWAL	REPAIR LEAKING ROOF; KANYAMA CIVIC	1 088 022	1 088 022	-
REGIONAL CENTRE CO-ORDINATION	RENEWAL	REPLACE DAMAGE PALASIDE FENCE	165 647	165 647	-
REGIONAL CENTRE CO-ORDINATION	RENEWAL	REPLACE CONCRETE PALISED FENCING	145 000	145 000	-
			1 398 669	1 398 669	-
COMMUNITY SERVICES	RENEWAL	INSTALL NEW WATER PUMP; WATER	655 379	655 379	-
COMMUNITY SERVICES	RENEWAL	REPAIR TOILETS; CHANGE ROOM	1 648 881	1 648 881	-
COMMUNITY SERVICES	RENEWAL	REPLACE DAMAGED PALISED FENCE	233 830	233 830	-
COMMUNITY SERVICES	RENEWAL	UPGRADE OF CATHYVILLE SWIMMING POOL	1 000 000	-	1 000 000
COMMUNITY SERVICES	RENEWAL	UPGRADE OF BERGERVILLE SWIMMING POOL	2 005 170	-	2 005 170
COMMUNITY SERVICES	RENEWAL	UPGRADE SPORTS FACILITIES- SQUASH COURT	432 675	-	432 675
COMMUNITY SERVICES	RENEWAL	UPGRADE SPORTS FACILITIES- SQUASH COURT	434 123	-	434 123
COMMUNITY SERVICES	RENEWAL	REPAIRS NEST PUBLIC SWIMMING POOL	1 358 405	1 358 405	-
COMMUNITY SERVICES	RENEWAL	REPAIRS WHT RIVER PUBLIC SWIMM POOL	122 000	122 000	-
COMMUNITY SERVICES	RENEWAL	REPLACEMENT OF GENERATOR	216 247	-	216 247
COMMUNITY SERVICES	RENEWAL	REPLACE WATER PUMP AT MASOYI	137 001	137 001	-
COMMUNITY SERVICES	RENEWAL	REPAR; FIXING CONCRETE PALISADE	229 907	229 907	-
			8 473 618	4 385 403	4 088 215
PUBLIC WORKS AND TRANSPORT	RENEWAL	DR ENOS MABUZA WIDENING TO JOHANA DRIVE	20 021 000	12 394 509	7 626 491
PUBLIC WORKS AND TRANSPORT	RENEWAL	DR ENOS MABUZA WIDENING TO JOHANA DRIVE	24 568 366	24 568 366	-
PUBLIC WORKS AND TRANSPORT	RENEWAL	KAAPSEHOOP ROAD WIDENING PHASE 2	10 661 052	7 533 711	3 127 341
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADE OF LUPHISI KBN AND PLN ROAD PH2	35 204 898	24 568 366	10 653 652
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADING OF HENSALL STREET	255 175	-	255 175
PUBLIC WORKS AND TRANSPORT	RENEWAL	ROLL REFURBISH MECHANICAL WORKSHOP	150 000	92 548	57 452
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADE OF GRAVEL ROADS UMJINDI AREAS	2 000 000	-	2 000 000
PUBLIC WORKS AND TRANSPORT	RENEWAL	MAIN RD BUS STP1 MASINGA-NTOKOZWENI UPG	6 000 000	4 112 242	1 887 758
PUBLIC WORKS AND TRANSPORT	RENEWAL	DAKOTA- PILOT STREETS - ROAD	284 000	-	284 000
PUBLIC WORKS AND TRANSPORT	RENEWAL	MOUNTAIN VIEW ROAD UPGRADE	14 300 000	4 230 089	10 069 911

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
PUBLIC WORKS AND TRANSPORT	RENEWAL	SALUBINDZA BUS ROUTE	30 808 652	12 371 232	18 437 420
PUBLIC WORKS AND TRANSPORT	RENEWAL	MAMRUBY TO ZWANE MARKET ROAD	213 109	185 312	27 797
PUBLIC WORKS AND TRANSPORT	RENEWAL	ALLICE GUDLANI BUS ROUTE	94 291	94 291	-
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADE NKAMBAMBULE TO MKHEYI BUS ROUTE	857 305	745 483	111 822
PUBLIC WORKS AND TRANSPORT	RENEWAL	NUMBI RING ROAD	5 000 000	1 940 794	3 059 206
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADING OF UMNAYAMA STREET	699 012	607 836	91 176
PUBLIC WORKS AND TRANSPORT	RENEWAL	EXPANSION OF CHRIS HANI ROAD	2 500 000	-	2 500 000
PUBLIC WORKS AND TRANSPORT	RENEWAL	ROLL CBD PRIORITY ROUTES: FRIEDENHEIM	1 400 000	-	1 400 000
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADE OF D725 UNIVERSITY PRECINCT	6 922 891	4 448 907	2 473 984
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADE BRIDGE STRUCTURE KMZ EXT1	7 138 810	3 799 531	3 339 279
PUBLIC WORKS AND TRANSPORT	RENEWAL	SAND FORD ACCESS ROAD	2 086 601	2 086 601	-
PUBLIC WORKS AND TRANSPORT	RENEWAL	UPGRADING OF MASOYI SPORTS FACILITIES	1 200 000	-	1 200 000
PUBLIC WORKS AND TRANSPORT	RENEWAL	CONSTRUCTION OF TV MANGOZENI BUSS ROUTE	4 500 000	-	4 500 000
			176 865 163	103 762 698	73 102 465
WATER AND SANITATION	RENEWAL	REFURBISH & UPGRADE ROCK DRIFT WWTW	2 084 970	1 813 017	271 953
WATER AND SANITATION	RENEWAL	COVID-19 REROUTE BULK LINE HOSP PRISON	3 000 000	-	3 000 000
WATER AND SANITATION	RENEWAL	REFURB & UPGRADE OF TELKOM PUMP STATION	4 368 625	142 688	4 225 937
WATER AND SANITATION	RENEWAL	REFURBISHMENT OF SADDLEBACK TUNNEL	3 500 000	-	3 500 000
WATER AND SANITATION	RENEWAL	COVID-19 SUIDKAAP WTW REFURBISHMENT	2 440 000	-	2 440 000
WATER AND SANITATION	RENEWAL	REFURBISHMENT OF KANTAMAZANE WTW	1 900 000	-	1 900 000
WATER AND SANITATION	RENEWAL	REFURBISH NOORKAAP PACKAGE PLANT	302 782	-	302 782
WATER AND SANITATION	RENEWAL	REFURBISH MLAMBOMNG PACKAGE PLANT	579 901	579 901	-
WATER AND SANITATION	RENEWAL	REFURB BABERTON SEWER WORKS COVID-19	13 826 870	12 955 032	871 838
WATER AND SANITATION	RENEWAL	CONSTRUCTION 6ML NEW HAZYVIEW WWTW	1 000 000	393 208	606 792
WATER AND SANITATION	RENEWAL	REFURB&UPGRADE NORTH BULK OUTFALSEWER	7 403 764	7 379 533	24 231
			40 406 912	23 263 378	17 143 534
ENERGY	RENEWAL	132/11KV ANDERSON 2X20MVA SUB UPGR (CR)	1 050 000	799 200	250 800
ENERGY	RENEWAL	132/11KV VALENCIA 20MVA SUB UPGR (CR)	800 000	408 664	391 336
ENERGY	RENEWAL	KAMAGUGU 11KV SWITCH STA & MV LINES (CR)	850 000	416 000	434 000

DEPARTMENT	NEW / RENEWAL	DESCRIPTION	BUDGET	ACTUAL EXPENDITURE	BALANCE
ENERGY	RENEWAL	40 MVA; WATERWORKS PHASE 4	7 880 000	5 353 221	2 526 779
ENERGY	RENEWAL	RETROFITTING PUBLIC LIGHTING LED TECH	6 190 906	6 190 906	-
			16 770 906	13 167 992	3 602 914
TOTAL			244 837 043	146 899 916	97 937 128

APPENDIX N: CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

Refer to Chapter 3 of the service delivery performance report.

APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD CURRENT YEAR

Refer to Chapter 3 of the service delivery performance report

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Schools and Clinics fall under the Provincial competency and they are handled by the Provincial departments, i.e. Education, Health and Social Development.

However, the municipality is only responsible to provide services like, water, sanitation, electricity and roads and the municipality is providing those services.

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

During the IDP consultation meetings with other spheres of government, the following community needs were identified that are in line with services that the municipality is responsible for providing. The 2020/2021 FY information is still the same as in 2019/2020 FY.

Sector departments priorities

NO.	PRIORITY	ISSUES TO BE ADDRESSED
1.	Water	Bulk supply
		Reticulation
		Boreholes & Jojo tanks
2.	Sanitation	Sewer systems
		VIP toilets
3.	Electricity	Households connections
		New streets & high mast lights, & maintenance of existing streets & high mast lights & upgrading of transformers.
4.	Road & storm water	Maintenance, paving, grading & tarring of major roads/ streets
		Foot & vehicle bridges
		Storm water drainage
		Speed humps
5.	Waste Management	Refuse removals
		Dumping sites



1



Sector departments priorities

NO.	PRIORITY	ISSUES TO BE ADDRESSED
6.	Human Settlement	RDP houses & Renovation of existing RDP houses
7.	LED	Job creation
		Shopping complexes
8.	Education	Pre-schools, primary & secondary schools
		Admin Blocks & libraries
9.	Health	New clinics
		Existing clinics to operate 24 hours
10.	Community facilities	Social amenities (community halls, parks, sports facilities) & maintenance of existing community halls
		New cemeteries & upgrading of existing cemeteries
		Satellite police station
11.	Safety & security	24 hours visibility of SAPS



3



APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

There are no loans and grants from the City of Mbombela paid to any organisation or person.

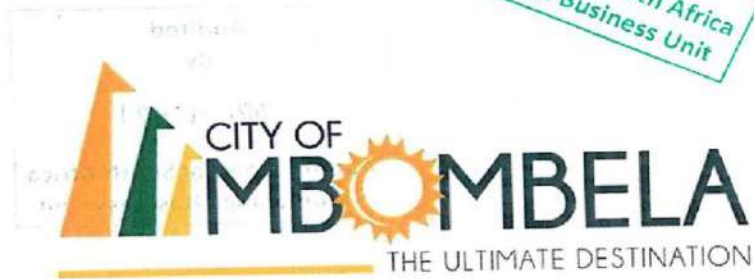
APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

Section 71 returns were all sent on time during the 2020/2021 period to National Treasury Database.

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

All the municipal powers and functions are covered under Appendix D: (i) Functions of Municipality and Chapter 3 of this report.

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit



City of Mbombela
Audited Consolidated Annual Financial Statements
for the year ended 30 June 2021

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Nature of business and principal activities

The City of Mbombela was established as a Category B municipality as determined by the Demarcation Board in terms of Section 4 of the Municipal Demarcation Act and the Provincial Gazette No 2721. The principal activities of the City are to provide services to communities in a sustainable manner, promoting social and economic development and encouraging the involvement of communities and community organizations in the matters of local government in accordance with Section 152 of the Constitution.

Members of Council

Cllr SP Mathonsi
Cllr GS Siwela
Cllr ME Nsimbini

Executive Mayor
Speaker
Chief Whip

**Audited
By**

2022 - 01 - 21

Members of the Mayoral Committee (MMC) and their portfolios

Councillor

Cllr BN Mdhuli
Cllr AS Mthunywa
Cllr PP Nyalunga
Cllr PV Mashego
Cllr C Maseko

Cllr LT Mlombo(deceased)
Cllr NE Gecele - Mkhabela
Cllr A Kumba
Cllr LE Nyalungu
Cllr MM Mlimi

**Auditor General South Africa
Mpumalanga Business Unit**

MMC City Planning and Development
MMC Corporate Services
MMC Public Safety
MMC Energy
MMC Public Works, Roads and Transport and Leader of Government Business
MMC Strategic Management Services
MMC Financial Management
MMC Regional Centre Co-ordination
MMC Water and Sanitation
MMC Community Services

Councillors and their respective wards

Councillor	Ward	Councillor	Ward
Cllr EA Fankomo	1	Cllr MC Mhlanga	25
Cllr JJ Mhlanga	2	Cllr TM Bulunga	26
Cllr DJ Nkosi	3	Cllr DB Nkosi	27
Cllr DD Ngwenyama	4	Cllr SR Masuku	28
Cllr MJ Malomane	5	Cllr TK Nyathi	29
Cllr HB Fakude	6	Cllr R Torr	30
Cllr SM Banda	7	Cllr BA Nyalunga	31
Cllr SE Mbuyane	8	Vacant	32
Cllr EM Sebashe	9	Cllr EK Manzini	33
Cllr DDT Ngobe	10	Cllr RF Mgwenya	34
Cllr EM Mutobvu	11	Cllr RQ Seepsop	35
Cllr BP Nkhoma	12	Cllr JJ Khoza	36
Cllr A Thabethe	13	Cllr NM Maganga	37
Cllr KM Mkhonto	14	Cllr ST Masha	38
Cllr T Marshall	15	Cllr SI Mokoena	39
Cllr KA Oliver	16	Cllr LM Sikonela	40

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Cllr S Van Der Merwe	17	Cllr LM Bhembe	41
Cllr JB Mashaba	18	Cllr MC Nkosi	42
Cllr DB Mkhathswa	19	Cllr HL Shongwe	43
Cllr LC Sibiya	20	Cllr JJ Mkhabela	44
Cllr NA Mokoena	21	Cllr LB Nkosi	45
Cllr TM Pila	22		
Cllr ME Mhawule	23		
Cllr NL Lukhele	24		

Proportional Representative Councillors (PR) and their respective wards

Councillor	Ward	Councillor	Ward
Cllr PP Mbowane	1	Cllr DA Nyundu	25
Cllr MC Mhlanga	2	Cllr ME Nsimbini	26
Cllr SR Schorman	3	Cllr AS Mthunywa	27
Vacant	4	Cllr MJ Hlophe	28
Vacant	5	Cllr JV Mhlaba	29
Cllr K Mdhuli	6	Cllr PV Mashego	30
Cllr JM Mazibane	7	Cllr PCW Minaar	31
Vacant	8	Cllr MG Moyana	32
Cllr MM Mimi	9	Cllr GM Nkambule	33
Cllr EN Sibambo	10	Cllr FS Nkosi	34
Cllr WW Motha	11	Cllr VS Gwebu	35
Cllr HP Celliers	12	Cllr SP Mathonsi	36
Cllr NE Gecelo - Mkhabela	13	Cllr WP Sibiya	37
Cllr BP Mhlanga	14	Cllr SE Makushe	38
Cllr EG Janse van Rensburg	15	Cllr L Maseko	39
Cllr GCB Anthony	16	Cllr BN Mdlhuli	40
Cllr C Maseko	17	Cllr TG Mabuza	41
Cllr TM Charles	18	Cllr ME Jacobs	42
Cllr LE Nyalungu	19	Cllr A Kumba	43
Cllr LE Siboza	20	Cllr MS Mashele	44
Cllr L Ngwenyama	21	Vacant	45
Cllr PP Nyalunga	22		
Cllr GS Siwela	23		
Cllr DE Shongwe	24		

Audit and Performance Committee

Mrs TH Mbatha	Chairperson
Ms LWS Ngwenya	Member
Mr SM Ndukuya	Member
Ms SL Lubisi	Member
Municipal Manager	WJ Khumalo
Chief Financial Officer	ZP Malaza

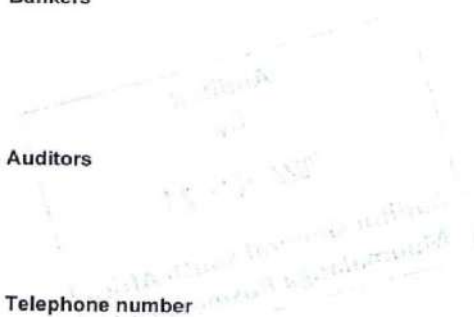
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Registered office	Mbombela Civic Centre
Physical address	Civic Centre 1 Nel Street Mbombela 1200
Postal address	P.O. Box 45 Mbombela 1200
Bankers	ABSA bank Mbombela 2nd Floor, ABSA Square 20 Paul Kruger Street Mbombela 1201
Auditors	Auditor General South Africa - Mpumalanga 10 Nel Street Mbombela 1200
Telephone number	(013) 759 9111
Fax number	(013) 759 2002
Website address	www.mbombela.gov.za
Enquiries:	
Building plans	(013) 759 2184
Electricity	(013) 759 2231
Water and sewerage	(013) 759 2580
Customer care	(013) 759 2025 / 2064
Paypoints:	
White River	(013) 751 1176
KaNyamazane	(013) 794 1254
Matsulu	(013) 778 9061
Kabokweni	(013) 796 0227
Hazyview	(013) 737 7346
Mbombela Civic Centre	(013) 759 2025 / 2064
Mbombela - The Groove	(013) 759 9912 / 9913
Barberton	(013) 712 8800 / 2121
Libraries:	
Kabokweni	(013) 796 1082 / 0590
Matsulu	(013) 778 9864 / 9000
Mbombela	(013) 759 2077
Nelsville	(013) 755 4788
White River	(013) 750 9125 / 6039



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Victory Park	(013) 759 2089
Hazyview	(013) 737 7220 / 7346
Barberton - Town Library	(013) 712 8800 / 2121
Barberton - Emjindini Library	(013) 712 8800 / 2121

Municipal entity

City of Mbombela Development Agency

The City holds 100% shares of the City of Mbombela Development Agency which is a wholly owned municipal entity. The objectives and functions of the agency (entity) is to drive and champion local economic development initiatives in order to achieve job creation and poverty alleviation as per the National Development Plan. The entity is also responsible for promoting investment appetite as well as Small, Medium and Micro Enterprise (SMME) development.

The details of the entity are as follows:

Registered Name:

City of Mbombela Development Agency
1 Nel Street
Civic Centre
Mbombela
1200

Telephone number:

013 759 9111

Members of the Board

Mr L Shezi
Mr P Nkuna
Ms B Mohlala

Chairperson - (resigned February 2021)
Member
Member

Acting Chief Financial Officer (CFO)

Ms B Mohlala



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Index

The reports and statements set out below comprise the audited consolidated annual financial statements for the year ended 30 June 2021:

	Page
Approval and certification of Annual Financial Statements	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 14
Appropriation Statement	15 - 19
Accounting Policies	19 - 52
Notes to the Audited Consolidated Annual Financial Statements	53 - 130



The following supplementary information does not form part of the audited consolidated annual financial statements and is unaudited:

Appendixes:

Appendix A: Schedule of Interest Bearing Borrowings	131
---	-----

Acronyms

DBSA	Development Bank of Southern Africa
EPWP	Expanded Public Works Programme
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
INEP	Integrated National Electrification Programme
MFMA	Municipal Finance Management Act No 56 of 2003
MIG	Municipal Infrastructure Grant
MSIG	Municipal System Improvement Grant
PAYE	Pay as You Earn
PR Councillor	Proportional Representative Councillor
PPE	Property Plant and Equipment
PTNG	Public Transport Network Grant
R	Rand
RUL	Remaining Useful Life
SARS	South African Revenue services

City of Mbombela

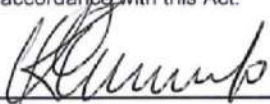
(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Approval and certification of Annual Financial Statements

I am responsible for the preparation of these audited consolidated annual financial statements, which are set out on page 8, in terms of Section 126(1) of the Municipal Finance Management Act No 56 of 2003 and which I have signed on behalf of the Municipality. The audited consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. These financial statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2021.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 38 of these audited consolidated annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act:



WJ Khumalo
Municipal Manager



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position

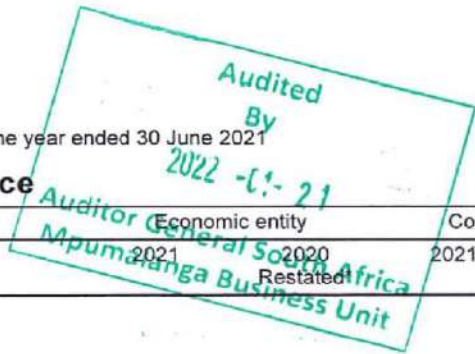
Figures in Rand	Economic entity		Controlling entity	
	2021	2020 Restated*	2021	2020 Restated*
Assets				
Current Assets				
Inventories	49 732 894	35 060 021	49 732 894	35 060 021
Operating lease asset	72 683	18 896	72 683	18 896
Other receivables from exchange transactions	78 345 143	31 720 535	78 345 143	31 719 945
Statutory receivables	106 614 667	116 013 456	106 614 667	116 013 456
VAT receivable	142 991 612	121 737 501	142 991 612	121 737 501
Trade receivables from exchange transactions	193 220 706	323 743 429	193 220 706	323 743 429
Deposits made	6 619 522	5 581 032	6 608 455	5 569 965
Current portion of long-term receivables from non-exchange transactions	1 923 058	430 746	1 923 058	430 746
Cash and cash equivalents	62 339 172	73 033 639	62 333 726	73 019 665
	641 859 457	707 339 255	641 842 944	707 313 624
Non-Current Assets				
Investment property	326 386 654	328 136 959	326 386 654	328 136 959
Property, plant and equipment	7 258 875 929	7 320 677 852	7 258 852 714	7 320 652 955
Intangible assets	13 313 800	14 477 446	13 304 714	14 467 706
Heritage assets	2 301 970	2 301 970	2 301 970	2 301 970
Investments	-	-	100	100
Long-term receivables from non-exchange transactions	1 741 581	2 585 925	1 741 581	2 585 925
	7 602 619 934	7 668 180 152	7 602 587 733	7 668 145 615
Total Assets	8 244 479 391	8 375 519 407	8 244 430 677	8 375 459 239
Liabilities				
Current Liabilities				
Current portion of borrowings	47 520 316	57 408 514	47 520 316	57 408 514
Trade and other payables from exchange transactions	2 211 821 755	1 990 941 828	2 211 810 377	1 990 930 451
Other payables from non-exchange transactions	15 758 078	20 130 332	15 758 078	20 130 332
Consumer deposits	44 991 295	42 874 702	44 991 295	42 874 702
Current portion of post employment benefit liability	4 258 000	4 408 000	4 258 000	4 408 000
Unspent conditional grants and receipts	29 327	72 083 882	29 327	72 083 882
Current portion of provisions	14 567 982	14 932 875	14 567 982	14 932 875
Other financial liabilities	5 695 283	4 363 967	5 695 283	4 363 967
	2 344 642 036	2 207 144 100	2 344 630 658	2 207 132 723
Non-Current Liabilities				
Non-current portion of borrowings	253 253 539	195 845 025	253 253 539	195 845 025
Operating lease liability	145 920	100 184	145 920	100 184
Non-current portion of post employment benefit liability	178 470 999	150 942 999	178 470 999	150 942 999
Non-current portion of provisions	270 704 064	240 387 216	270 704 064	240 387 216
	702 574 522	587 275 424	702 574 522	587 275 424
Total Liabilities	3 047 216 558	2 794 419 524	3 047 205 180	2 794 408 147
Net Assets	5 197 262 833	5 581 099 883	5 197 225 497	5 581 051 092
Accumulated surplus	5 197 262 833	5 581 099 883	5 197 225 497	5 581 051 092

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance



Figures in Rand	Economic entity		Controlling entity		
	2021	2020 Restated	2021	2020 Restated*	
Revenue					
Revenue from exchange transactions					
Sale of goods and rendering of services	24	13 137 549	12 258 405	13 137 549	12 258 405
Service charges	25	1 400 772 342	1 303 946 246	1 400 772 342	1 303 946 246
Rental of facilities and equipment	26	8 316 056	9 510 077	8 316 056	9 510 077
Agency services	27	37 770 715	40 108 580	37 770 715	40 108 580
Licences and permits	28	46 261	2 991 873	46 261	2 991 873
Other income	29	32 816 406	40 940 989	32 816 406	40 940 989
Finance income	30	55 305 712	50 313 245	55 305 712	50 308 123
Gain on liability write-off	31	-	233 020 104	-	233 020 104
Gain on impairment reversal	32	61 788 415	115 993 629	61 788 415	115 993 629
Total revenue from exchange transactions		1 609 953 456	1 809 083 148	1 609 953 456	1 809 078 026
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	33	708 139 708	651 716 932	708 139 708	651 716 932
Transfer revenue					
Government grants and subsidies	34	1 414 459 353	1 351 681 071	1 414 459 353	1 351 323 161
Public contributions and donations	35	2 416 625	34 000 000	2 416 625	34 000 000
Fines, penalties and forfeits	36	5 633 489	14 400 814	5 633 489	14 400 814
Total revenue from non-exchange transactions		2 130 649 175	2 051 798 817	2 130 649 175	2 051 440 907
Total revenue		3 740 602 631	3 860 881 965	3 740 602 631	3 860 518 933
Expenditure					
Employee related costs	37	(1 147 640 891)	(1 010 703 854)	(1 147 640 891)	(1 010 462 003)
Remuneration of councillors	38	(59 255 918)	(58 575 681)	(59 255 918)	(58 537 188)
Inventory consumed	39	(54 657 463)	(52 130 010)	(54 657 463)	(52 130 010)
Depreciation and amortisation	40	(540 369 688)	(542 739 500)	(540 367 352)	(542 737 164)
Finance costs	41	(85 678 468)	(66 171 735)	(85 678 468)	(66 171 735)
Operating lease	42	(6 528 612)	(8 041 324)	(6 528 612)	(8 041 324)
Bad debts written off	43	(298 900 634)	(229 885 128)	(298 900 044)	(229 885 128)
Bulk purchases	44	(959 633 478)	(853 257 171)	(959 633 478)	(853 257 171)
Contracted services	45	(685 290 693)	(684 937 248)	(685 290 693)	(684 937 248)
Transfers and subsidies	46	(4 849 971)	(12 397 093)	(4 849 971)	(12 397 093)
Loss on disposal of property, plant and equipment		(2 347 359)	(1 382 170)	(2 347 359)	(1 382 170)
Inventories losses/write-off		(299 659)	(112 410)	(299 659)	(112 410)
Operational costs	47	(278 986 846)	(239 286 144)	(278 978 318)	(239 198 408)
Total expenditure		(4 124 439 680)	(3 759 619 468)	(4 124 428 226)	(3 759 249 052)
(Deficit) or surplus for the year		(383 837 049)	101 262 497	(383 825 595)	101 269 881

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Economic entity		
Opening balance as previously reported	5 414 059 225	5 414 059 225
Correction of errors	65 778 161	65 778 161
Balance at 01 July 2019 as restated*	5 479 837 386	5 479 837 386
Changes in net assets		
Restated Surplus / (Deficit) for the year	101 262 497	101 262 497
Total changes	101 262 497	101 262 497
Restated* Balance at 01 July 2020	5 581 099 882	5 581 099 882
Changes in net assets		
Deficit for the year	(383 837 049)	(383 837 049)
Total changes	(383 837 049)	(383 837 049)
Balance at 30 June 2021	5 197 262 833	5 197 262 833
Controlling entity		
Opening balance as previously reported	5 414 003 486	5 414 003 486
Correction of errors	65 777 725	65 777 725
Balance at 01 July 2019 as restated*	5 479 781 211	5 479 781 211
Changes in net assets		
Restated surplus for the year	101 269 881	101 269 881
Total changes	101 269 881	101 269 881
Restated* Balance at 01 July 2020	5 581 051 092	5 581 051 092
Deficit for the year	(383 825 595)	(383 825 595)
Total changes	(383 825 595)	(383 825 595)
Balance at 30 June 2021	5 197 225 497	5 197 225 497

See note 49 for accounting error adjustments disclosure.

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Economic entity		Controlling entity	
	2021	2020 Restated*	2021	2020 Restated*
Cash flows from operating activities				
Receipts				
Property rates	715 741 568	649 860 556	715 741 568	649 860 556
Sale of goods and services	1 347 435 945	1 076 174 547	1 347 435 945	1 076 174 547
Government grants and subsidies	1 342 404 836	1 321 494 143	1 342 404 836	1 321 494 143
Finance income	2 053 205	6 549 101	2 053 205	6 542 282
Other income	51 853 677	356 265 584	51 853 677	356 265 584
	3 459 489 231	3 410 343 931	3 459 489 231	3 410 337 112
Payments				
Employee costs	(1 213 331 366)	(1 068 502 855)	(1 213 331 366)	(1 088 222 511)
Bulk purchases	(721 726 933)	(634 992 034)	(721 726 933)	(634 992 034)
Finance costs	(35 438 024)	(62 336 008)	(35 438 024)	(62 336 008)
Other payments	(1 027 447 659)	(1 131 610 732)	(1 027 439 131)	(1 131 520 527)
Transfer and Subsidies	(4 849 971)	(12 397 097)	(4 849 971)	(12 397 097)
	(3 002 793 953)	(2 909 838 726)	(3 002 785 425)	(2 909 468 177)
Net cash flows from operating activities	456 695 278	500 505 205	456 703 806	500 868 935
Cash flows from investing activities				
Purchase of property, plant and equipment	(466 800 924)	(536 712 365)	(466 800 925)	(536 712 365)
Proceeds from sale of property, plant and equipment	108 471	169 333	108 471	169 333
Purchase of other intangible assets	(49 323)	(556 069)	(49 323)	(556 069)
Decrease/(increase) in non - current portion of receivables	(647 968)	(335 938)	(647 968)	(335 938)
Net cash flows from investing activities	(467 389 744)	(537 435 039)	(467 389 745)	(537 435 039)
Cash flows from financing activities				
Repayment of borrowings	-	(13 127 501)	-	(13 127 501)
Finance lease payments	-	(2 983 548)	-	(2 983 548)
Net cash flows from financing activities	-	(16 111 049)	-	(16 111 049)
Net increase/(decrease) in cash and cash equivalents	(10 694 466)	(53 040 883)	(10 685 939)	(52 677 153)
Cash and cash equivalents at the beginning of the year	73 033 639	126 074 521	73 019 665	125 696 817
Cash and cash equivalents at the end of the year	62 339 173	73 033 638	62 333 726	73 019 664

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Audited			Actual amounts on comparable basis	Difference between final budget and actual
	Original budget	Adjustments	Final Budget		
Figures in Rand					
Economic entity					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Sale of goods and rendering of Services	11 358 641	-	11 358 641	13 137 549	1 778 908
Service charges	1 470 537 602	574 256	1 471 111 858	1 400 772 342	(70 339 516)
Rental of facilities and equipment	8 971 531	(5 100 000)	3 871 531	8 316 056	4 444 525
Agency services	-	45 000 000	45 000 000	37 770 715	(7 229 285)
Licences and permits	6 631 360	-	6 631 360	46 261	(6 585 099)
Other income	46 242 212	-	46 242 212	32 816 406	(13 425 806)
Finance Income	45 914 251	(4 500 000)	41 414 251	55 305 712	13 891 461
Total revenue from exchange transactions	1 589 655 597	35 974 256	1 625 629 853	1 548 165 041	(77 464 812)
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	680 901 599	20 000 000	700 901 599	708 139 708	7 238 109
Transfer revenue					
Government grants and subsidies	1 302 437 000	107 706 576	1 410 143 576	1 414 459 353	4 315 777
Public contributions and donations	-	-	-	2 416 625	2 416 625
Fines, penalties and forfeits	8 585 175	-	8 585 175	5 633 489	(2 951 686)
Total revenue from non-exchange transactions	1 991 923 774	127 706 576	2 119 630 350	2 130 649 175	11 018 825
Total revenue	3 581 579 371	163 680 832	3 745 260 203	3 678 814 216	(66 445 987)
Expenditure					
Employee related costs	(1 086 635 464)	1 220 000	(1 085 415 464)	(1 147 640 891)	(62 225 427)
Remuneration of councillors	(63 592 877)	-	(63 592 877)	(59 255 918)	4 336 959
Inventory consumed	(40 660 300)	-	(40 660 300)	(54 657 463)	(13 997 163)
Depreciation and amortisation	(516 566 578)	10 000 000	(506 566 578)	(540 369 688)	(33 803 110)
Finance costs	(27 978 354)	-	(27 978 354)	(85 678 468)	(57 700 114)
Operating lease	(6 505 000)	-	(6 505 000)	(6 528 612)	(23 612)
Bad debts written-off	(430 287 840)	90 710 930	(339 576 910)	(298 900 634)	40 676 276
Bulk purchases	(863 137 457)	10 748 373	(852 389 084)	(959 633 478)	(107 244 394)
Contracted Services	(425 344 466)	(110 446 206)	(535 790 672)	(685 290 693)	(149 500 021)
Transfers and subsidies paid	(5 080 000)	1 644 939	(3 435 061)	(4 849 971)	(1 414 910)
Operational costs	(152 865 000)	(27 990 957)	(180 855 957)	(278 986 846)	(98 130 889)
Total expenditure	(3 618 653 336)	(24 112 921)	(3 642 766 257)	(4 121 792 662)	(479 026 405)
Operating deficit	(37 073 965)	139 567 911	102 493 946	(442 978 446)	(545 472 392)
Loss on disposal of assets and liabilities	-	-	-	(2 347 359)	(2 347 359)
Gain on impairment reversal	-	-	-	61 788 415	61 788 415
Inventories losses/write-downs	-	-	-	(299 659)	(299 659)
	-	-	-	59 141 397	59 141 397
(Deficit) / Surplus for the year	(37 073 965)	139 567 911	102 493 946	(383 837 049)	(486 330 995)
	(37 073 965)	139 567 911	102 493 946	(383 837 049)	(486 330 995)

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
Statement of Financial Position					
Assets					
Current Assets					
Inventories	20 425 495	-	20 425 495	49 732 894	29 307 399
Finance lease receivables	-	-	-	72 683	72 683
Other receivables from exchange transactions	-	-	-	78 345 143	78 345 143
Statutory receivables	-	-	-	106 614 667	106 614 667
VAT receivable	228 627 574	-	228 627 574	142 991 612	(85 635 962)
Trade receivables from exchange transactions	286 473 948	185 481 619	471 955 567	193 231 773	(278 723 794)
Deposits made	-	-	-	6 608 455	6 608 455
Current portion of long-term receivables from non-exchange transactions	4 744 765	-	4 744 765	1 923 058	(2 821 707)
Cash and cash equivalents	215 046 736	71 946 291	286 993 027	62 339 172	(224 653 855)
	755 318 518	257 427 910	1 012 746 428	641 859 457	(370 886 971)
Non-Current Assets					
Investment property	330 446 369	-	330 446 369	326 386 654	(4 059 715)
Property, plant and equipment	7 251 216 548	119 195 502	7 370 412 050	7 258 875 929	(111 536 121)
Intangible assets	18 605 845	8 675 385	27 281 230	13 313 800	(13 967 430)
Heritage assets	2 301 970	-	2 301 970	2 301 970	-
Long-term receivables from non-exchange transactions	-	-	-	1 741 581	1 741 581
	7 602 570 732	127 870 887	7 730 441 619	7 602 619 934	(127 821 685)
Total Assets	8 357 889 250	385 298 797	8 743 188 047	8 244 479 391	(498 708 656)
Liabilities					
Current Liabilities					
Other financial liabilities	41 167 953	-	41 167 953	47 520 316	6 352 363
Trade and other payables from exchange transactions	1 000 000 000	-	1 000 000 000	2 211 821 746	1 211 821 746
Trade and other payable from non-exchange transactions	-	-	-	15 758 078	15 758 078
Consumer deposits	39 013 474	-	39 013 474	44 991 295	5 977 821
Employee benefit obligation	6 981 080	-	6 981 080	4 258 000	(2 723 080)
Unspent conditional grants and receipts	-	-	-	29 327	29 327
Provisions	22 252 736	-	22 252 736	14 567 982	(7 684 754)
Other financial liabilities	-	-	-	5 695 283	5 695 283
	1 109 415 243	-	1 109 415 243	2 344 642 027	1 235 226 784
Non-Current Liabilities					
Non-current portion of borrowings	207 730 129	-	207 730 129	253 253 539	45 523 410
Operating lease liability	-	-	-	145 920	145 920
Non-current portion of post employment benefit liability	72 412 535	-	72 412 535	178 470 999	106 058 464
Non-current portion of provisions	248 674 221	-	248 674 221	270 704 064	22 029 843
	528 816 885	-	528 816 885	702 574 522	173 757 637
Total Liabilities	1 638 232 128	-	1 638 232 128	3 047 216 549	1 408 984 421

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
Net Assets	6 719 657 122	385 298 797	7 104 955 919	5 197 262 842	(1 907 693 077)
Accumulated surplus	6 719 657 122	385 298 797	7 104 955 919	5 197 262 842	(1 907 693 077)

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand					
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Property rates	544 721 279	51 045 080	595 766 359	715 741 568	119 975 209
Sale of goods and services	1 208 098 508	75 994 264	1 284 092 772	1 347 435 945	63 343 173
Government grants and subsidies	1 302 437 000	-	1 302 437 000	1 342 404 836	39 967 836
Finance income	45 914 253	(4 500 002)	41 414 251	2 053 205	(39 361 046)
Other income	65 431 135	38 004 447	103 435 582	51 853 677	(51 581 905)
	3 166 602 175	160 543 789	3 327 145 964	3 459 489 231	132 343 267
Payments					
Employee related costs, remuneration of councillors and suppliers	(2 641 740 566)	124 535 451	(2 517 205 115)	(2 962 505 958)	(445 300 843)
Finance costs	(27 978 351)	-	(27 978 351)	(35 438 024)	(7 459 673)
transfers and subsidies paid	(2 080 000)	1 150 000	(930 000)	(4 849 971)	(3 919 971)
	(2 671 798 917)	125 685 451	(2 546 113 466)	(3 002 793 953)	(456 680 487)
Net cash flows from operating activities	494 803 258	286 229 240	781 032 498	456 695 278	(324 337 220)
Purchase of property, plant and equipment	(410 444 000)	(139 100 582)	(549 544 582)	(466 800 924)	82 743 658
Proceeds from sale of property, plant and equipment	-	-	-	108 471	108 471
Purchase of other intangible assets	-	-	-	(49 323)	(49 323)
Decrease in non-current receivables	-	-	-	(647 968)	(647 968)
Net cash flows from investing activities	(410 444 000)	(139 100 582)	(549 544 582)	(467 389 744)	82 154 838
Cash flows from financing activities					
Repayment of borrowings	(17 514 554)	-	(17 514 554)	-	17 514 554
Net increase/(decrease) in cash and cash equivalents	66 844 704	147 128 658	213 973 362	(10 694 466)	(224 667 828)
Cash and cash equivalents at the beginning of the year	148 202 032	(75 182 367)	73 019 665	73 033 639	13 974
Cash and cash equivalents at the end of the year	215 046 736	71 946 291	286 993 027	62 339 173	(224 653 854)

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand

	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
Economic entity - 2021											
Financial Performance											
Property rates	680 901 599	20 000 000	700 901 599	-	-	700 901 599	708 139 708	-	7 238 109	101 %	104 %
Service charges	1 470 537 602	574 246	1 471 111 848	-	-	1 471 111 848	1 400 772 342	-	(70 339 506)	95 %	95 %
Finance Income	45 914 251	(4 500 000)	41 414 251	-	-	41 414 251	55 305 712	-	13 891 461	134 %	120 %
Transfers recognised - operational	934 350 000	-	934 350 000	-	-	934 350 000	946 317 711	-	11 967 711	101 %	101 %
Other own revenue	81 788 919	39 900 000	121 688 919	-	-	121 688 919	159 508 891	-	37 819 972	131 %	195 %
Total revenue (excluding capital transfers and contributions)	3 213 492 371	55 974 246	3 269 466 617	-	-	3 269 466 617	3 270 044 364	-	577 747	100 %	102 %
Employee costs	(1 086 635 464)	1 220 000	(1 085 415 464)	-	-	(1 085 415 464)	1 147 640 891	-	(62 225 427)	106 %	106 %
Remuneration of councillors	(63 592 877)	-	(63 592 877)	-	-	(63 592 877)	(59 255 918)	-	4 336 959	93 %	93 %
Debt impairment	(430 287 840)	-	(430 287 840)	-	-	(430 287 840)	(298 900 634)	-	131 387 206	69 %	59 %
Depreciation and asset impairment	(516 566 578)	10 000 000	(506 566 578)	-	-	(506 566 578)	(540 369 688)	-	(33 803 110)	107 %	105 %
Finance charges	(27 978 354)	-	(27 978 354)	-	-	(27 978 354)	(85 678 468)	-	(57 700 114)	306 %	306 %
Materials and bulk purchases	(863 137 457)	11 106 708	(852 030 749)	-	(358 335)	(852 389 084)	(959 633 478)	-	(107 244 394)	113 %	111 %
Transfers and grants	(5 080 000)	930 785	(4 149 215)	714 154	-	(3 435 061)	(4 849 971)	-	(1 414 910)	141 %	95 %
Operational costs	(625 374 766)	(15 488 884)	(640 863 650)	-	(32 237 349)	(673 100 999)	(1 028 110 632)	-	(355 009 633)	153 %	164 %
Total expenditure	(3 618 653 336)	7 768 609	(3 610 884 727)	714 154	(32 595 664)	(3 642 766 257)	(4 124 439 680)	-	(481 673 423)	113 %	114 %
Surplus/(Deficit)	(405 160 965)	63 742 855	(341 418 110)	714 154	(373 299 640)	(854 395 316)	(854 395 316)	-	(481 095 676)	229 %	250 %

Auditor General South Africa
 Mpumalanga Business Unit
 2022-01-21

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments	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
Transfers recognised - capital	368 087 000	71 752 576	439 839 576	35 954 000		475 793 576	468 141 642		(7 651 934)	98 %	127 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	2 416 625		2 416 625	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	(37 073 965)	135 495 431	98 421 466	36 668 154		102 493 936	(383 837 049)		(486 330 985)	(374)%	1 035 %
Surplus/(Deficit) for the year	(37 073 965)	135 495 431	98 421 466	36 668 154		102 493 936	(383 837 049)		(486 330 985)	(374)%	1 035 %
Capital expenditure and funds sources											
Total capital expenditure	410 187 000	139 357 582	549 544 582	4 071 957		553 616 539	466 850 246		(86 766 293)	84 %	114 %
Sources of capital funds	368 087 000	71 753 127	439 840 127	7 160 710		447 000 837	470 558 267		23 557 430	105 %	128 %
Transfers recognised - capital	42 100 000	67 604 455	109 704 455	(3 088 753)		106 615 702	75 076 052		(31 539 650)	70 %	178 %
Internally generated funds	410 187 000	139 357 582	549 544 582	4 071 957		553 616 539	545 634 319		(7 982 220)	99 %	133 %

Audited
By
2022 - 01 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number: MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget (i.t.o. s31 of the MFMA)	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	494 803 258	286 229 240	781 032 498	-	-	781 032 498	456 695 278	(324 337 220)	(324 337 220)	58 %	92 %
Net cash from (used) investing	(410 444 000)	(139 100 582)	(549 544 582)	-	-	(549 544 582)	(467 389 744)	82 154 838	82 154 838	85 %	114 %
Net cash from (used) financing	(17 514 554)	-	(17 514 554)	-	-	(17 514 554)	-	17 514 554	17 514 554	- %	- %
Net increase/(decrease) in cash and cash equivalents	66 844 704	147 128 658	213 973 362	-	-	213 973 362	(10 694 466)	(224 667 828)	(224 667 828)	(5)%	(16)%
Cash and cash equivalents at the beginning of the year	148 202 032	(75 182 367)	73 019 665	-	-	73 019 665	73 033 639	13 974	13 974	100 %	49 %
Cash and cash equivalents at year end	215 046 736	71 946 291	286 993 027	-	-	286 993 027	62 339 173	(224 653 854)	(224 653 854)	22 %	29 %

Audited
By

2022 -01- 21

Auditor General South Africa
Gauteng Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be Restated audited outcome
Economic entity - 2020			
Financial Performance			
Property rates			651 716 932
Service charges			1 303 946 246
Investment revenue			50 313 245
Transfers recognised - operational			838 374 750
Other own revenue			489 224 471
Total revenue (excluding capital transfers and contributions)			3 313 575 644
Employee costs	(31 569)	-	(31 569)
Remuneration of councillors	327 462	-	327 462
Bad debt written off	(229 885 128)	-	(229 885 128)
Depreciation and asset impairment	(41 042 398)	-	(41 042 398)
Finance charges	(29 196 258)	-	(29 196 258)
Materials and bulk purchases	(28 883 405)	-	(28 883 405)
Transfers and grants	(11 537 728)	-	(11 537 728)
Operational costs	(134 570 224)	-	(134 570 224)
Total expenditure	(474 819 248)	-	(474 819 248)
Surplus/(Deficit)			(446 043 824)
Transfers recognised - capital			513 306 321
Contributions recognised - capital and contributed assets			34 000 000
Surplus (Deficit) after capital transfers and contributions			101 262 497
Surplus/(Deficit) for the year			101 262 497

Audited
By
2022 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Cash flows				
Net cash from (used) operating				500 505 205
Net cash from (used) investing				(537 435 039)
Net cash from (used) financing				(16 111 049)
Net increase/(decrease) in cash and cash equivalents				(53 040 883)
Cash and cash equivalents at the beginning of the year				128 074 521
Cash and cash equivalents at year end				73 033 638

Accounting Policies



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

1. Presentation of Audited Consolidated Annual Financial Statements

Summary of significant accounting policies.

The audited consolidated annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

A summary of the significant accounting policies, which have been applied in the preparation of these annual financial statements, are disclosed below. Details of any changes in accounting policies are explained in the relevant policy. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of non-cash generating Assets
GRAP 23	Revenue from non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash generating Assets
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-Living Resources



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Audited
By
2022-01-21
Auditor General South Africa
Mpumalanga Business Unit

List of effective Interpretations of the Standards of GRAP

IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue

Transitional provisions

GRAP 18 Segment Reporting

In accordance with directive 3, transitional provisions for high capacity municipalities, on initial adoption of GRAP 18 comparative segment information need not be presented.

1.1 Presentation currency

These audited consolidated annual financial statements are presented in South African Rand, which is the functional currency of the economic entity. The figures are rounded off to the nearest Rand.

1.2 Going concern assumption

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

1.3 Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. If a change in accounting policy results from initial application of a standard of GRAP that has specific transitional provisions, the municipality account for the change in accordance with the specific transitional provisions of that accounting standard.

Reclassifications of certain accounts were made in order to comply with the requirements of Municipal Standard Charts of Accounts (mSCOA). The reclassifications have no impact on the net assets value of the municipality.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Property, plant and equipment

Initial recognition and measurement

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. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:

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

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

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

Property, plant and equipment is initially measured at cost.

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

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.

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.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.4 Property, plant and equipment (continued)

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

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. Costs incurred in using or redeploying an item are not included in the carrying amount of that item.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is recognised in the carrying amount of the item in accordance with the Standard of GRAP on Borrowing Costs.

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 Municipality 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.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses in accordance with the cost model. Land is not depreciated as it is deemed to have an indefinite useful life.

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

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an item of Property, Plant and Equipment is capitalised when it meets the definition and recognition criteria of an asset.

Where the Municipality has an obligation to dismantle, remove and restore items of property, plant and equipment and the initial estimate was initially included in the cost of an item of property, plant and equipment, any changes in the liability are added to or deducted from, the cost of the related asset in the current period. If there is a decrease in the liability and it exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of financial performance.

If there is a change in a provision for which the asset relates, and the change results in 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 an indication, the related 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 or non-cash generating assets. If the related asset has reached the end of its useful life, any subsequent changes in the liability will be recognised in the statement of financial performance.

Depreciation

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 depreciation charge for each period shall be recognised in the statement of financial performance unless it is included in the carrying amount of another asset. The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Land and buildings	
• Land	Indefinite
• Buildings	30-100
• Landfill sites	10-100

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

Infrastructure assets

• Roads, pavement, bridges, and storm water	3-100
• Electrical	3-80
• Water	5-100
• Sanitation	5-100
• Information and communications	3-20
• Solid waste	10-50

Community assets

• Sport and Recreational facilities	10-100
• Parks	Indefinite
• Halls	10-100
• Libraries	10-100

Movable assets

• Specialised vehicles	5-25
• Other vehicles	5-25
• Office equipment	3-25
• Furniture and fittings	5-25
• Bins and containers	5-30
• Specialised plant and equipment	5-20
• Other items of plant and equipment	5-25
• Emergency equipment	5-10
• Computer equipment	3-20



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.4 Property, plant and equipment (continued)

Further detail on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices.

The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revise the expected useful life and/or residual value accordingly.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:
- (c) residual value can be determined by reference to that market; and
- (d) it is probable that such a market will exist at the end of the asset's useful life

The change(s) are accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:
 - The municipality has changed the manner in which the asset is used.
 - The municipality has changed the utilisation rate of the asset.
 - The municipality has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- (c) The asset is approaching the end of its previously expected useful life.
- (d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- (e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- (f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
- (g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and Impairment of Non-cash-generating Assets.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Derecognition

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefit or service potential expected from the use of the asset.

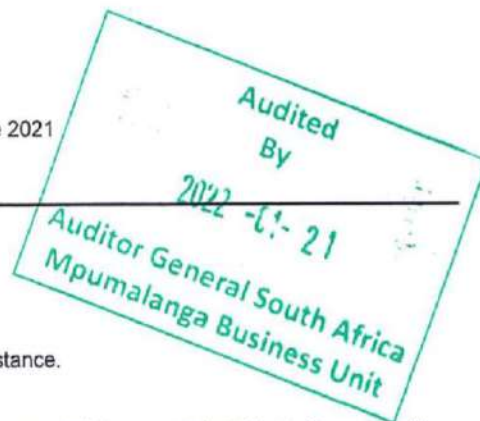
The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal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

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.5 Intangible assets

Initial recognition and measurement

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

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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

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

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

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

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.

Intangible assets are initially recognised at cost. 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.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

Amortisation

The municipality assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for, or provide service potential to the municipality.

The useful life of an intangible asset that arises from binding arrangements (including rights from contracts) shall not exceed the period of the binding arrangement, but may be shorter depending on the period over which the entity expects to use the asset. If the binding arrangements (including rights from contracts) are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the municipality without significant cost.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives using the straight line method. The amortisation rates are based on the following estimated average asset lives.

Item	Useful life
Servitudes	Not depreciated
Licenses and franchises	1 - 5 years
Computer software	5 - 20 years

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.5 Intangible assets (continued)

Further detail on the useful lives of the categories of assets can be obtained from the assets management policy, available for inspection at our offices.

Each item of intangible asset is amortised separately. Rights consist mainly of servitude's. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitude's.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised. The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:
 - residual value can be determined by reference to that market; and
 - it is probable that such a market will exist at the end of the asset's useful life

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

An intangible asset with an indefinite useful life shall not be amortised. The useful life of an intangible asset that is not being amortised shall be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefit or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of financial position.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Initial recognition and measurement

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

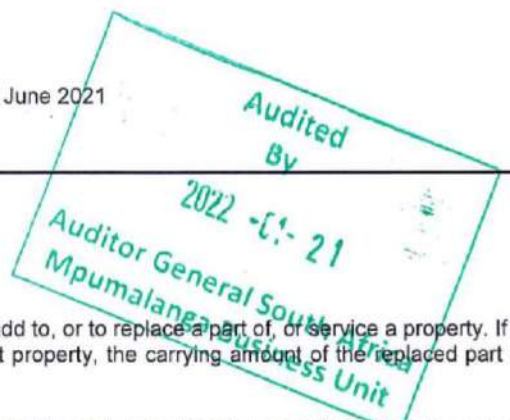
At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or 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.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.6 Investment property (continued)

Subsequent measurement

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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

Transfers to, or from, investment property is made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property

Depreciation

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.

Item	Useful life
Property - land	indefinite
Property - buildings	15 - 100 years

Further detail on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices.

Derecognition

An investment property is derecognised on disposal including disposal through non-exchange transactions or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its 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.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021



Accounting Policies

1.7 Heritage assets

Initial recognition and measurement

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.

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.

The Municipality holds an asset that might be regarded as a heritage asset but on initial recognition, it does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about the asset shall be disclosed in the notes to the financial statements.

The municipality uses judgment to assess the degree of certainty attached to the flow of future economic benefits or service potential that are attributable to the heritage asset on the basis of the evidence available at the time of initial recognition.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

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.

The cost of the heritage asset is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the standard of GRAP on borrowing costs.

Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life is capitalised as part of its cost. Such costs is recognised in the carrying amount of the heritage asset as incurred, when the recognition criteria is met.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. Heritage assets are not depreciated due to its nature however the municipality assess at each reporting date whether there are indications of impairment and, if any, impairment exists, the municipality estimates the recoverable amount or recoverable service amount of the heritage asset.

Impairment

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

Transfers

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

Derecognition

The economic entity 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).

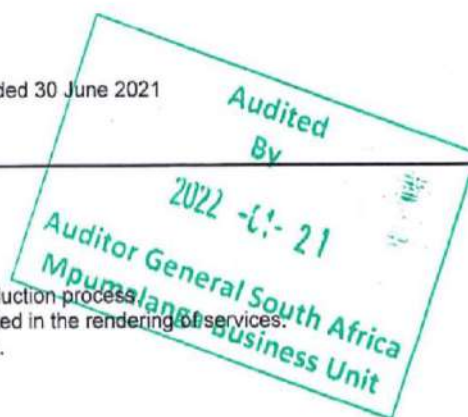
Compensation from third parties for heritage assets that have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.8 Inventories

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services.
- (c) held for sale or distribution in the ordinary course of operations.
- (d) in the process of production for sale or distribution

Initial recognition and measurement

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality and the cost of the inventories can be measured reliably.

Inventories that qualify for recognition as assets are initially recognised at cost. The cost of inventories comprises of all costs purchase cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

When inventories are acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge or to be consumed in the production process of goods to be distributed at no charge or for a nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Refundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an economic 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.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.9 Financial instruments (continued)

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.

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 economic 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 economic entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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

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 economic entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

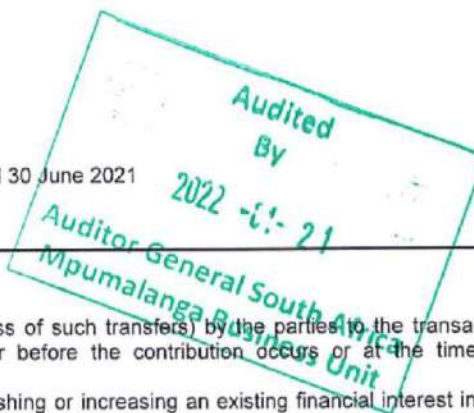
- equity instruments or similar forms of unutilised capital;

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.9 Financial instruments (continued)

- 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 economic 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 economic 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 economic 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 economic 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.

Initial recognition

The economic entity recognises a financial asset or a financial liability in its statement of financial position when the economic entity becomes a party to the contractual provisions of the instrument. Financial assets are recognised through the application of trade date accounting.

Upon initial recognition the Municipality classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

The Municipality measures financial instruments that are designated at fair value on recognition at its fair value at the date of recognition. Financial Instruments designated at amortised cost and those designated at cost are initially measured, at the date of recognition, at its fair value plus transaction costs directly attributable to the acquisition or issue of the instrument.

The classification of financial assets depends on their nature and purpose, and is determined at the date of initial recognition.

Initial measurement of financial assets and financial liabilities

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

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

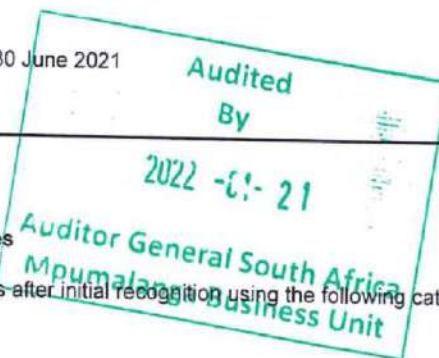
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient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

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the economic entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Financial assets

Financial assets at fair value

These comprise of non-derivative financial assets with fixed or determinable payments. Subsequent to initial recognition such assets are measured at amortised cost using the effective interest method less any impairment and/or plus reversal of impairment.

Financial assets at amortised cost

These comprise of financial assets held for trading, derivative financial assets, non-derivative financial assets designated at fair value and investments in residual interest for which fair value can be measured reliably. Subsequent to initial recognition all changes to fair value are recognised through the statement of financial performance.

Financial assets at cost

These comprise of investments in residual interest that does not have a quoted market price in an active market and the fair value cannot be measured reliably. Subsequent to initial recognition such investments are measured at its carrying amount less any impairment.

Impairment of financial assets

Financial assets other than those held at fair value are assessed for impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of events occurred after initial recognition of the asset, the expected value to be derived from the asset have been materially reduced. The Municipality recognise impairment losses or impairment reversals in the statement of financial performance during the financial year in which the loss or reversal occurred.

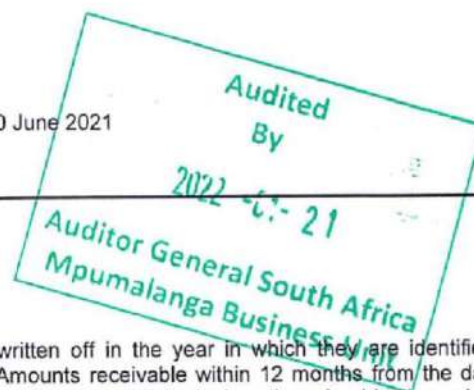
Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.9 Financial instruments (continued)

Accounts receivables

Receivables are initially recognised at its fair value. Bad debts are written off in the year in which they are identified as irrecoverable, subject to approval by appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the initial terms receivables. The amount of the provision is that difference between the asset's carrying amount and its present value of estimated future cash flows, discounted at the initial effective interest rate. An estimate of doubtful debts is made at the end of each reporting period taking into consideration past default experiences. Interest is charged on overdue amounts.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Financial liabilities

After initial recognition, the Municipality measures all financial liabilities, including payables at amortised cost using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities and payables and exclude provisions. Finance charges, including premiums payable, are accounted for on an accrual basis.

Gains and losses

The municipality recognise gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition

Financial assets

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

Financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

1.10 Provisions and contingencies

Provisions are recognised when:

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

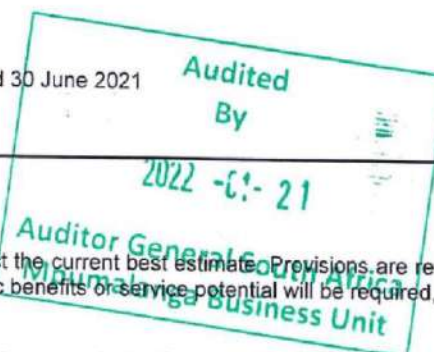
The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.10 Provisions and contingencies (continued)

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

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.

Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in estimated cash flows required to settle the obligation will result in increased carrying amounts of the landfill sites to which the provision relates. The adjusted depreciable amount of the landfill sites will be depreciated over the remaining useful life of the landfill site. Once the landfill site has reached the end of its useful life, all subsequent changes in the value of the liability will be recognised in the statement of financial performance.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.22 and 1.23.

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

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

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.

A contingent liability is a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

1.11 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.

Lease classification is made at the inception of the lease.

Finance leases - lessor

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

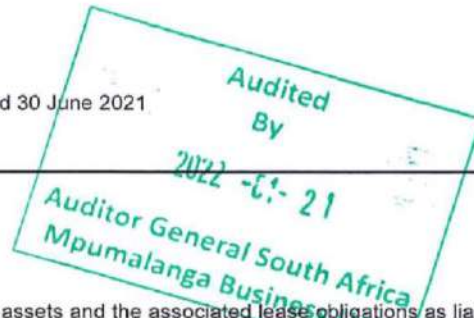
Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the economic entity's net investment in the finance lease.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.11 Leases (continued)

Finance leases - lessee

The Municipality recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or if lower the present value of the minimum lease payments as determined at inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if it is practicable to determine however if not, the incremental borrowing rate shall be used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance expenses and the capital repayment using the effective interest rate method. Lease finance expenses are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases - lessor

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term.

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

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.

1.12 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

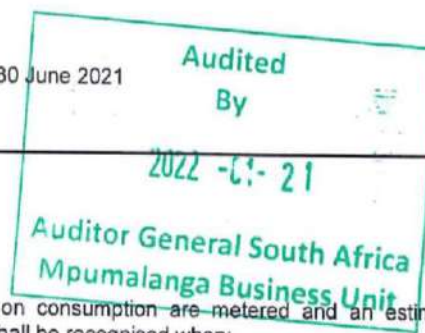
Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.12 Revenue from exchange transactions (continued)

Service charges

Service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- 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 economic entity.

Meters are read on a monthly basis and the revenue is recognised when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on average consumption history.

Service charges relating to refuse removal are recognised on a monthly basis 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 number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwellings on each property and connection, using the tariffs approved by Council and are levied monthly.

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

Interest

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

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

Interest is recognised in the statement of financial performance using the effective interest rate method.

Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The revenue recognised by the Municipality is in terms of the agency agreement and is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions between one or more parties where the Municipality received revenue from another Municipality without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and satisfy the recognition criteria.

An inflow of resources from non-exchange transaction that meets the definition of an asset is recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality and the fair value of the asset can be measured reliably.

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised.

An asset acquired through a non-exchange transaction is initially measured at fair value as at the date of acquisition.

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

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.13 Revenue from non-exchange transactions (continued)

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

Taxes

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

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

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income. The rebates granted are deducted from revenue.

Property rates revenue is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Transfers

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

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.

Fines

Fines are economic benefits or service potential received or receivable to the Municipality from an individual or another Municipality, as determined by a court or other law enforcement body, as a consequence of the individual or another Municipality breaching the requirements of laws and regulations. Control of the traffic fine is demonstrated through the existence of an enforceable claim.

Fines constitute notices of intended prosecution- section 341 spot fines and written notices (summonses- section 56 of the Criminal Procedures Act, 51 of 1977).

Initial recognition and measurement

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

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

Subsequent measurement

Subsequently assets arising from the receivables from traffic fines are impaired based on the collection trends of the previous financial years.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.13 Revenue from non-exchange transactions (continued)

Government grants and donations

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

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.

Concessionary loans

Concessionary loans are loans received by entities at below market terms. The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction and is accounted for in accordance with this Standard.

The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest. The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.14 Borrowing costs

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

The municipality recognise all borrowing costs as an expense in the period in which they are incurred.

1.15 Employee benefits

Employee benefits are all forms of consideration given by a Economic Entity in exchange for service rendered by employees.

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

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

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

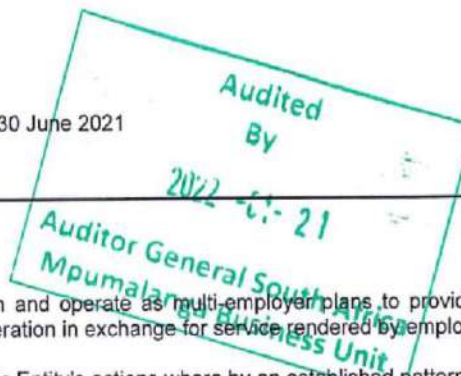
Vested employee benefits are employee benefits that are not conditional on future employment.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.15 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

Short-term employee benefits

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Economic Entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality is expected to pay in exchange for that service that had accumulated at the reporting date.

Post-employment benefits

The Municipality provides post employment benefits for its employees and councillors. These benefits are provided as either defined contribution plans or defined benefit plans.

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

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

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Municipality provide post employment medical care benefits to retired employees and their legitimate spouses. The entitlement to post employment medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Pursuant to the Municipality's obligation to fund the post-employment benefits provided through a defined benefit plan, the Municipality recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the Municipality recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the Municipality recognises as defined benefit asset.

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration.

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

Actuarial gains and losses comprise experience adjustments (the effect of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in the actuarial assumptions. Actuarial gains and losses are recognised in full in the Statement of Financial Performance in the year that they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the Municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

Where the Economic Entity reduces benefits payable under an existing defined benefit plan, the resulting reduction in the defined benefit liability is recognised as (negative) past service cost in the reporting period in which the plan is amended.

Where the Economic Entity reduces certain benefits payable under an existing defined benefit plan and, at the same time, increases other benefits payable under the plan for the same employees, the Economic Entity treats the change as a single net change.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The Economic Entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The Economic Entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

1.16 Construction contracts

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

Contractor is a Economic Entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any. Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

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

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

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

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

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

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

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

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

1.17 Unauthorised expenditure

Unauthorised expenditure means overspending of a vote, expenditure that has not been budgeted for and expenditure not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.17 Unauthorised expenditure (continued)

Unauthorised expenditure has been incurred during the reporting period.

1.18 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 is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure has been incurred during the reporting period.

1.19 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 when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure has been incurred during the period.

1.20 Value Added Tax (VAT)

The municipality accounts for value added tax on the payment basis.

1.21 Budget information

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

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same Municipality and period as for the approved budget. The budget is prepared on the accrual basis. The budget of the Municipality is taken for a stakeholder consultative process and upon approval, the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

The approved budget relates to the fiscal period of 01 July 2020 to 30 June 2021.

1.22 Impairment of cash-generating assets

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

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

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

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

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

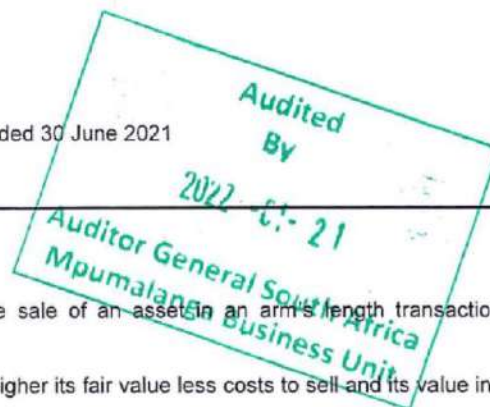
Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.22 Impairment of cash-generating assets (continued)

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

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

Useful life is either:

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

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

Reversal of impairment loss

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

1.23 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

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

- The current profitability of the asset, as well as management's assessment of the profitability of the asset becoming profitable.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

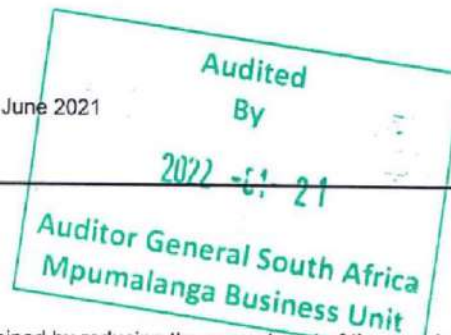
Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



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

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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 to the statement of financial performance.

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.

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

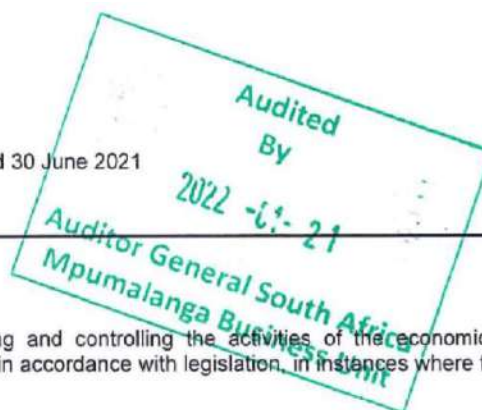
Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.24 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity 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 economic entity.

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited consolidated annual financial statements.

1.25 Grant in aid

The Municipality transfers funds to individuals, organisations, societies and other sectors of government from time to time in accordance with the local government prescripts.

When the transfers are made, the Municipality does not:

- receive any goods or services directly in return, as would be expected in an acquisition or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

The transfers are recognised in the Statement of Financial Performance as expenses in the period that the event giving rise to the transfer occurred.

1.26 Changes in accounting policy, accounting estimates and correction of error

Changes in accounting policies are applied retrospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP) 3, except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the change in accounting policy. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

Changes in accounting estimates are applied prospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP) 3. The detailed information of the change in accounting estimates is disclosed in the notes to the annual financial statements.

Correction of errors is applied retrospectively in the period to which the error has occurred in accordance with the requirements of Generally Recognised Accounting Practice (GRAP) 3, except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the error. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

1.27 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 economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

The Municipality does not adjust the amounts recognised in the audited consolidated annual financial statements to reflect non-adjusting events after the reporting date. If the Municipality receives information after the reporting date but before the financial statements are authorised for issue, about conditions that existed at the reporting date, the disclosure that relate to those conditions shall be updated in light of the new information.

1.28 Capital commitments

Capital commitments disclosed in the notes to the audited consolidated annual financial statements represents the balance committed to capital projects as at the reporting date which will be incurred in the period subsequent to the reporting period.

The municipality discloses commitments inclusive of VAT per the commitments register.

1.29 Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts and/ recoverable service amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used)
- Present value of defined benefit obligation
- Impairment allowance/ Debt impairment
- Impairment of cash-generating and non cash-generating assets
- Provision for long service awards

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of cash-generating and non cash-generating assets
- Provisions



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.30 Statutory receivables

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.

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
 - the definition of an asset is met; and
 - it is probable that future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

The municipality measures a statutory receivable initially at its transaction amount.

The municipality measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The municipality assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

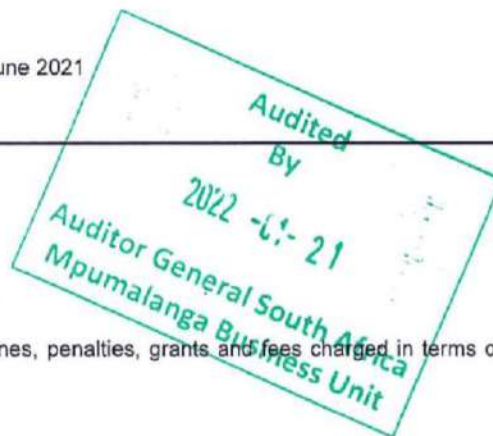
The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable 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.

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The municipality derecognises a statutory receivable when:

- the rights to the cash flows from the statutory 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
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of 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;
 - recognises separately any rights and obligations created or retained in the transfer.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.30 Statutory receivables (continued)

The carrying amount of the transferred asset is 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 considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

1.31 Service concession arrangements: Grantor

A service concession arrangement is a contractual arrangement between a grantor (the municipality) and an operator in which:

- the operator uses the service concession asset to provide a mandated function on behalf of the municipality for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
- the operator constructs, develops, or acquires from a third party; or
- is an existing asset of the operator.
- is provided by the grantor (municipality) which:
- is an existing asset of the municipality; or
- is an upgrade to an existing asset of the municipality.

An asset is provided by the operator, or an upgrade to an existing asset of the municipality is recognised as a service concession asset if:

- the municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the municipality controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement.

The municipality measures initially a service concession asset at its fair value.

The municipality recognises a liability where a service concession asset is recognised.

The liability is initially recognised at the same amount as the service concession asset, adjusted by the amount for any consideration from the municipality to the operator, or from the operator to the municipality.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the liability is accounted for as a financial liability in accordance with GRAP 104.

The payments made to the operator are accounted for according to their substance as:

- a reduction in the liability recognised;
- a finance charge; and
- charges for services provided by the operator.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments are allocated by reference to the relative fair values of the service concession asset and the services. If not, the service component of payments is determined using valuation techniques.

Where the municipality does not have an unconditional obligation to pay cash or another financial asset to the operator, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the liability is accounted for as the unearned portion of revenue arising from the exchange of assets between the municipality and the grantor.

The liability is reduced and revenue recognised according to the substance of the service concession arrangement.

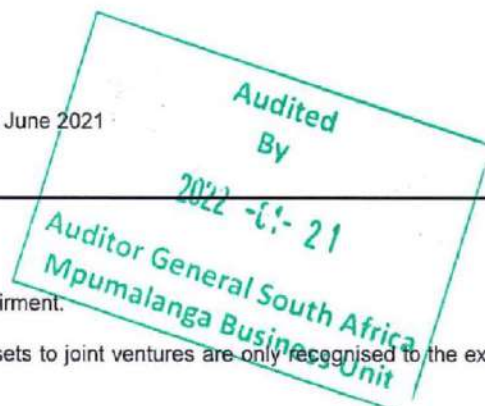
Audited
By
2022 -01- 21

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies



1.32 Investment in Associates and Joint ventures

An interest in a joint venture is carried at cost less any accumulated impairment.

Surpluses and surplus (deficit) resulting from contributions or sale of assets to joint ventures are only recognised to the extent of other venturers' interests in the joint venture.

The economic entity's share of surpluses or surplus (deficit), resulting from purchase of assets from joint ventures are recognised only when the assets are resold to an independent party.

In respect of its interests in jointly controlled operations, the municipality recognises in its audited consolidated annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the revenue that it earns from the sale or provision of goods or services by the joint venture.

In respect of its interest in jointly controlled assets, the municipality recognises in its audited consolidated annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

An investment in an associate is carried at cost less any accumulated impairment.

1.33 Accumulated surplus

The municipality's surplus or deficit for the year is accounted in the accumulated surplus in the statement of changes in net assets.

1.34 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.35 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements



Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
2. Inventories				
Consumable stores	41 595 027	26 888 737	41 595 027	26 888 737
Water in the reservoirs and reticulation system	252 730	122 955	252 730	122 955
Land held for sale	8 149 240	8 149 240	8 149 240	8 149 240
Inventories (write-downs)	49 996 997 (264 103)	35 160 932 (100 911)	49 996 997 (264 103)	35 160 932 (100 911)
	49 732 894	35 060 021	49 732 894	35 060 021

Inventories recognised as an expense

The amount of inventory recognised as an expense during the period is disclosed in Note 39.

Inventory pledged as security

There were no inventories pledged as security during the reporting period.

3. Operating lease asset (accrual)

Current assets	72 683	18 896	72 683	18 896
Non-current liabilities	(145 920)	(100 184)	(145 920)	(100 184)
	(73 237)	(81 288)	(73 237)	(81 288)

4. Other receivables from exchange transactions

Property rental	352 856	333 738	352 856	333 738
Recoveries	376 170	457 920	375 580	457 330
Agency services	47 019 121	-	47 019 121	-
Job costing	30 596 996	30 928 877	30 597 586	30 928 877
	78 345 143	31 720 535	78 345 143	31 719 945

5. Statutory receivables

Traffic fines	4 645 523	6 442 453	4 645 523	6 442 453
Property rates	101 969 144	109 571 003	101 969 144	109 571 003
	106 614 667	116 013 456	106 614 667	116 013 456

Gross balances

Property rates	213 596 318	216 533 344	213 596 318	216 533 344
Traffic fines	66 364 615	76 390 990	66 364 615	76 390 990
	279 960 933	292 924 334	279 960 933	292 924 334

Less: Allowance for impairment

Property rates	(111 627 174)	(106 962 341)	(111 627 174)	(106 962 341)
Traffic fines	(61 719 092)	(69 948 537)	(61 719 092)	(69 948 537)
	(173 346 266)	(176 910 878)	(173 346 266)	(176 910 878)

Net balance

Property rates	101 969 144	109 571 003	101 969 144	109 571 003
Traffic fines	4 645 523	6 442 453	4 645 523	6 442 453
	106 614 667	116 013 456	106 614 667	116 013 456

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
Property rates				
Current (0 -30 days)	34 011 698	37 158 486	34 011 698	37 158 486
31 - 60 days	16 464 631	17 216 152	16 464 631	17 216 152
61 - 90 days	14 439 152	15 048 401	14 439 152	15 048 401
91 - 120 days	13 617 699	13 670 471	13 617 699	13 670 471
121 - 365 days	42 125 647	43 061 759	42 125 647	43 061 759
> 365 days	89 739 115	90 378 807	89 739 115	90 378 807
	210 397 942	216 534 076	210 397 942	216 534 076
Reconciliation of allowance for impairment				
Balance at beginning of the year	176 910 878	129 499 400	176 910 878	129 499 400
Contribution and (reversal) of allowance	(3 564 613)	47 411 478	(3 564 613)	47 411 478
	173 346 265	176 910 878	173 346 265	176 910 878
6. Value Added Tax (VAT) receivable				
Value Added Tax (VAT)	142 991 612	121 737 501	142 991 612	121 737 501
7. Trade receivables from exchange transactions				
Gross balances				
Electricity	168 027 740	247 412 188	168 027 740	247 412 188
Water	53 651 998	52 175 921	53 651 998	52 175 921
Waste water	8 800 832	9 978 827	8 800 832	9 978 827
Refuse	40 801 037	42 177 357	40 801 037	42 177 357
Other	5 073 002	69 591 987	5 073 002	69 591 987
	276 354 609	421 336 280	276 354 609	421 336 280
Less: Allowance for impairment				
Electricity	(21 161 472)	(28 766 984)	(21 161 472)	(28 766 984)
Water	(27 241 680)	(29 706 509)	(27 241 680)	(29 706 509)
Waste water	(4 728 651)	(6 155 674)	(4 728 651)	(6 155 674)
Refuse	(28 301 008)	(29 265 878)	(28 301 008)	(29 265 878)
Other	(1 701 092)	(3 697 806)	(1 701 092)	(3 697 806)
	(83 133 903)	(97 592 851)	(83 133 903)	(97 592 851)
Net balance				
Electricity	146 866 268	218 645 204	146 866 268	218 645 204
Water	26 410 318	22 469 412	26 410 318	22 469 412
Waste water	4 072 181	3 823 153	4 072 181	3 823 153
Refuse	12 500 029	12 911 479	12 500 029	12 911 479
Other	3 371 910	65 894 181	3 371 910	65 894 181
	193 220 706	323 743 429	193 220 706	323 743 429
Electricity				
Current (0 -30 days)	111 515 102	97 319 023	111 515 102	97 319 023
31 - 60 days	19 037 005	16 670 614	19 037 005	16 670 614
61 - 90 days	10 239 803	19 392 044	10 239 803	19 392 044
91 - 120 days	6 300 124	16 102 351	6 300 124	16 102 351
121 - 365 days	14 012 043	38 888 329	14 012 043	38 888 329
> 365 days	6 923 663	59 039 827	6 923 663	59 039 827
	168 027 740	247 412 188	168 027 740	247 412 188

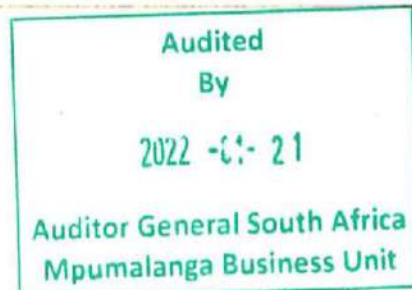
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
Water				
Current (0 -30 days)	18 378 311	13 548 967	18 378 311	13 548 967
31 - 60 days	7 796 413	6 705 813	7 796 413	6 705 813
61 - 90 days	5 776 934	6 504 004	5 776 934	6 504 004
91 - 120 days	5 401 689	5 295 310	5 401 689	5 295 310
121 - 365 days	10 274 862	13 027 914	10 274 862	13 027 914
> 365 days	6 023 789	7 093 913	6 023 789	7 093 913
	53 651 998	52 175 921	53 651 998	52 175 921
Waste water				
Current (0 -30 days)	1 905 543	1 513 988	1 905 543	1 513 988
31 - 60 days	1 224 806	1 021 407	1 224 806	1 021 407
61 - 90 days	1 095 905	1 282 328	1 095 905	1 282 328
91 - 120 days	980 918	970 463	980 918	970 463
121 - 365 days	2 112 232	2 379 249	2 112 232	2 379 249
> 365 days	1 481 429	2 811 393	1 481 429	2 811 393
	8 800 833	9 978 828	8 800 833	9 978 828
Refuse				
Current (0 -30 days)	9 706 066	9 487 384	9 706 066	9 487 384
31 - 60 days	6 061 828	5 776 073	6 061 828	5 776 073
61 - 90 days	5 584 941	5 153 037	5 584 941	5 153 037
91 - 120 days	5 093 079	4 840 455	5 093 079	4 840 455
121 - 365 days	10 257 153	11 229 388	10 257 153	11 229 388
> 365 days	4 097 970	5 691 020	4 097 970	5 691 020
	40 801 037	42 177 357	40 801 037	42 177 357
Other				
Current (0 -30 days)	310 868	2 711 914	310 868	2 711 914
31 - 60 days	601 488	1 952 202	601 488	1 952 202
61 - 90 days	209 740	1 878 945	209 740	1 878 945
91 - 120 days	314 855	3 158 430	314 855	3 158 430
121 - 365 days	727 246	11 362 607	727 246	11 362 607
> 365 days	2 908 804	48 527 890	2 908 804	48 527 890
	5 073 001	69 591 988	5 073 001	69 591 988



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	70 143 463	90 113 402	70 143 463	90 113 402
31 - 60 days	31 273 890	23 188 416	31 273 890	23 188 416
61 - 90 days	20 276 903	25 151 230	20 276 903	25 151 230
91 - 120 days	17 252 399	23 678 840	17 252 399	23 678 840
121 - 365 days	35 242 610	36 461 851	35 242 610	36 461 851
> 365 days	27 602 624	29 700 858	27 602 624	29 700 858
	201 791 889	228 294 597	201 791 889	228 294 597
Industrial/ commercial				
Current (0 -30 days)	90 997 610	49 350 671	90 997 610	49 350 671
31 - 60 days	12 646 394	16 053 216	12 646 394	16 053 216
61 - 90 days	10 212 362	16 557 730	10 212 362	16 557 730
91 - 120 days	9 038 101	14 290 125	9 038 101	14 290 125
121 - 365 days	18 949 764	60 468 507	18 949 764	60 468 507
> 365 days	16 288 880	121 749 680	16 288 880	121 749 680
	158 133 111	278 469 929	158 133 111	278 469 929
National and provincial government				
Current (0 -30 days)	14 686 626	22 275 686	14 686 626	22 275 686
31 - 60 days	7 265 888	10 100 629	7 265 888	10 100 629
61 - 90 days	6 857 211	7 549 798	6 857 211	7 549 798
91 - 120 days	5 417 862	6 068 784	5 417 862	6 068 784
121 - 365 days	25 316 809	23 018 888	25 316 809	23 018 888
> 365 days	67 283 157	62 091 313	67 283 157	62 091 313
	126 827 553	131 105 098	126 827 553	131 105 098
Total				
Current (0 -30 days)	175 827 699	161 739 760	175 827 699	161 739 760
31 - 60 days	51 186 172	49 342 261	51 186 172	49 342 261
61 - 90 days	37 346 476	49 258 758	37 346 476	49 258 758
91 - 120 days	31 708 362	44 037 750	31 708 362	44 037 750
121 - 365 days	79 509 183	119 949 246	79 509 183	119 949 246
> 365 days	111 174 661	213 541 850	111 174 661	213 541 850
	486 752 553	637 869 625	486 752 553	637 869 625
Reconciliation of allowance for impairment				
Balance at beginning of the year	97 592 850	86 525 882	97 592 852	86 525 882
Contributions to allowance	-	11 066 970	-	11 066 970
Reversal of allowance	(14 458 947)	-	(14 458 947)	-
	83 133 903	97 592 852	83 133 905	97 592 852

Trade receivables from exchange transactions pledged as security

There were no trade receivables from exchange transactions pledged as security during the reporting period.

8. Deposits made

Other deposits	593 544	593 544	582 477	582 477
Deposits - Eskom	6 025 978	4 987 488	6 025 978	4 987 488
	6 619 522	5 581 032	6 608 455	5 569 965

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
9. Total receivables from non-exchange transactions				
Current portion of long-term receivables	1 923 058	430 746	1 923 058	430 746
Non-current receivables	1 741 581	2 585 925	1 741 581	2 585 925
	3 664 639	3 016 671	3 664 639	3 016 671
10. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	88 180	87 180	88 085	87 085
Bank balances	62 250 737	72 946 204	62 245 641	72 932 580
Short-term deposits	255	255	-	-
Total cash	62 339 172	73 033 639	62 333 726	73 019 665

Audited
By
2022 -[1]- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Primary Bank Acc - ABSA Mbombela: Account Number: 40-90003-9447	56 319 597	78 006 875	83 919 761	55 600 525	48 104 389	102 624 928
Call Account (Water Deposits) - Bank: ABSA Mbombela: Account Number: 90-6983-8617	4 718	4 702	4 668	4 718	4 702	4 668
Call Account (Service Contribution) - Bank: ABSA Mbombela: Account Number: 90- 7568-1173	311 866	306 151	301 800	645 133	639 418	631 169
Call Account (Grants) - Bank: ABSA Mbombela - Account Number: 40-8341-7222	7 447	7 214	6 811	7 429	7 213	6 811
Primary Bank Acc - ABSA Mbombela: Account Number: 40- 5321-5785	200 000	200 000	200 000	901 185	(2 915 233)	(24 342)
ABSA Bank - Cheque account 4074061187	5 096	13 624	47 164	5 096	13 624	47 164
ABSA Bank - Investment account 9231464852	255	255	330 445	255	255	330 445
Call Account (Lottery Distribution Trust Fund Mbombela) - 40-6856-1426	10 394	10 240	10 023	10 276	10 121	9 905
Cheque Account - Bank: ABSA, Prime Link Account: Account Number: 40-6653-7243	5 125 733	26 706 909	21 760 912	5 125 733	26 706 909	21 762 206
*Bank: ABSA Mbombela - Account Number: 20-7400-3363	-	-	-	(5 560)	(5 560)	(5 561)
First National Bank - Barberton - Account number: 5160026441	9 749	370 530	552 283	(49 793)	370 530	552 283
*ABSA Bank - Mbombela Traffic Account - 10-7000-0209	-	-	-	(4 400)	-	37 665
*First National Bank - Barberton - Account number: 62305845995	-	-	41	41	41	41
*First National Bank - Barberton - Account number: 62305846612	-	-	113	114	114	114
*First National Bank - Barberton - Account number: 62305846935	-	-	728	728	728	728
*First National Bank - Barberton - Account number: 62305847222	-	-	24	24	24	24
*First National Bank - Barberton - Account number: 62000772229	-	-	268	44	44	44
*First National Bank - Barberton - Account number: 62000774704	-	-	117	(1 407)	(1 407)	(1 407)
ABSA Bank - Barbeton - 40-7085-2360	-	9 320	9 320	10 400	10 400	10 400
*First National Bank - Barberton - Account Number: 6227140826	-	-	56	56	56	56
Pettv cash	-	-	-	88 180	87 180	87 180

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2021	2020	2021	2020		
Total	61 994 855	105 635 820	107 144 534	62 338 777	73 033 548	126 074 521

*These municipal bank accounts have since been closed due to being inactive.
The bank accounts are disclosed for comparison purposes.

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity			Controlling entity		
	2021	2020	2020	2021	2020	2020

11. Investment property

Economic entity	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	358 827 926	(32 441 272)	326 386 654	355 215 226	(27 078 267)	328 136 959

Controlling entity	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	358 827 926	(32 441 272)	326 386 654	355 215 226	(27 078 267)	328 136 959

Reconciliation of investment property - Economic entity - 2021

	Opening balance	Transfers In	Depreciation	Total
Investment property	328 136 959	504 343	(2 254 648)	326 386 654

Reconciliation of investment property - Economic entity - 2020

	Opening balance	Depreciation	Total
Investment property	330 446 369	(2 309 410)	328 136 959

Reconciliation of investment property - Controlling entity - 2021

	Opening balance	Transfers In	Depreciation	Total
Investment property	328 136 959	504 343	(2 254 648)	326 386 654

Reconciliation of investment property - Controlling entity - 2020

	Opening balance	Depreciation	Total
Investment property	330 446 369	(2 309 410)	328 136 959

The amount under transfers received were transfers out from property, plant and equipment.

Pledged as security

There were no investment property(ies) pledged as security during the reporting period.

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.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

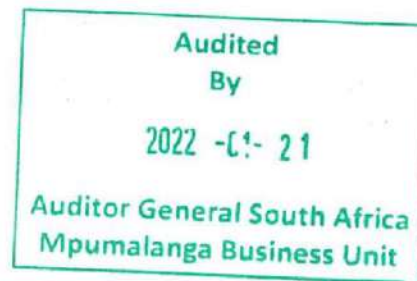
Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

Amounts recognised in surplus or deficit

Rental revenue from Investment property	3 429 330	1 414 591	3 429 330	1 414 591
---	-----------	-----------	-----------	-----------

There were no repairs and maintenance expenses incurred for investment property during the reporting period.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

12. Property, plant and equipment

Economic entity

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	664 978 085	-	664 978 085	664 978 085	-	664 978 085
Buildings	1 582 526 416	(810 189 038)	772 337 378	1 559 206 282	(741 293 883)	817 912 299
Equipment and machinery	49 669 965	(20 331 511)	29 338 454	47 456 215	(17 268 069)	30 188 146
Furniture and equipment	76 321 353	(43 399 485)	32 921 868	74 522 043	(39 094 894)	35 427 149
Transport assets	213 990 886	(107 835 148)	106 155 738	207 114 304	(96 328 741)	110 785 563
Computer equipment	59 249 116	(24 623 265)	34 625 851	54 100 471	(21 061 316)	33 039 155
Roads, pavements and stormwater	3 766 317 954	(2 222 935 140)	1 543 382 814	3 641 044 581	(1 994 186 053)	1 646 858 528
Construction Work-in-progress	1 091 053 848	-	1 091 053 848	1 012 301 002	-	1 012 301 002
Waste management	55 438 170	(13 386 946)	42 051 224	46 595 398	(12 563 084)	34 032 314
Electricity	1 341 801 933	(823 415 564)	518 386 369	1 291 290 454	(771 125 308)	520 165 146
Waste water	769 157 884	(351 183 410)	417 974 474	735 584 194	(310 809 519)	424 774 675
Water	1 456 899 113	(543 565 463)	913 333 650	1 448 974 930	(494 874 399)	954 100 531
Service concession assets - Grantor	1 884 230 360	(855 584 239)	1 028 646 121	1 769 869 119	(808 084 650)	961 784 469
Library	98 791 110	(35 101 055)	63 690 055	98 791 110	(24 460 320)	74 330 790
Total	13 110 426 193	(5 851 550 264)	7 258 875 929	12 651 828 188	(5 331 150 336)	7 320 677 852

Audited
By
2022 - 06 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Controlling entity	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	664 978 085	-	664 978 085	664 978 085	-	664 978 085
Buildings	1 582 526 416	(810 189 038)	772 337 378	1 559 206 282	(741 293 983)	817 912 299
Equipment and machinery	49 669 965	(20 331 511)	29 338 454	47 456 215	(17 268 069)	30 188 146
Furniture and equipment	76 321 353	(43 399 485)	32 921 868	74 522 043	(39 094 894)	35 427 149
Transport assets	213 990 886	(107 835 148)	106 155 738	207 114 304	(96 328 741)	110 785 563
Computer equipment	59 215 476	(24 612 840)	34 602 636	54 066 831	(21 052 573)	33 014 258
Roads, pavements and stormwater	3 766 317 954	(2 222 935 140)	1 543 382 814	3 641 044 581	(1 994 186 053)	1 646 858 528
Construction Work-in-progress	1 091 053 848	-	1 091 053 848	1 012 301 002	-	1 012 301 002
Waste management	55 438 170	(13 386 946)	42 051 224	46 595 398	(12 563 084)	34 032 314
Electricity	1 341 801 933	(823 415 554)	518 386 369	1 291 290 454	(771 125 308)	520 165 146
Waste water	769 157 884	(351 183 410)	417 974 474	735 584 194	(310 809 519)	424 774 675
Water	1 456 899 113	(543 565 453)	913 333 660	1 448 974 930	(494 874 399)	954 100 531
Service concession assets - Grantor	1 884 230 360	(855 584 239)	1 028 646 121	1 769 869 119	(808 084 650)	961 784 469
Library	98 791 110	(35 101 055)	63 690 055	98 791 110	(24 460 320)	74 330 790
Total	13 110 392 553	(5 851 539 839)	7 258 852 714	2 651 794 548	(5 331 141 593)	7 320 652 955

Audited
By
2022 -06- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Economic entity - 2021

	Opening balance	Additions	Disposals	Transfers In	Transfers Out	Donations	Change in accounting estimates	Depreciation	Total
Land	664 978 085	-	-	-	-	-	-	-	664 978 085
Buildings	817 912 299	16 828 308	(27 639)	7 863 357	(504 343)	2 416 625	-	(72 151 229)	772 337 378
Equipment and machinery	30 188 146	2 213 750	-	-	-	-	-	(3 063 442)	29 338 454
Furniture and equipment	35 427 149	1 675 802	-	-	-	-	-	(4 181 083)	32 921 868
Transport assets	110 785 563	7 461 929	(430 301)	-	-	-	-	(11 661 453)	106 155 738
Computer equipment	33 039 155	5 627 501	(265 821)	-	-	-	-	(3 774 984)	34 625 851
Roads, pavements and stormwater	1 646 858 528	25 814 724	(1 723 432)	114 145 341	-	-	-	(241 712 347)	1 543 382 814
Construction Work-in-progress	1 012 301 002	322 649 358	-	-	(243 896 512)	-	-	-	1 091 053 848
Waste management	34 032 314	-	-	-	-	-	8 842 772	(823 862)	42 051 224
Electricity	520 165 146	46 500 682	-	4 010 797	-	-	-	(52 290 256)	518 386 369
Waste water	424 774 675	22 995 832	(8 637)	10 624 631	-	-	-	(40 412 027)	417 974 474
Water	954 100 531	6 517 845	-	1 406 338	-	-	-	(48 691 064)	913 333 650
Service concession assets - Grantor	961 784 469	8 515 193	-	105 846 048	-	-	-	(47 499 589)	1 028 646 121
Library	74 330 790	-	-	-	-	-	-	(10 640 735)	63 690 055
	7 320 677 852	466 800 924	(2 455 830)	243 896 512	(244 400 856)	2 416 625	8 842 772	(536 902 071)	7 258 875 929

Audited
By
2022 - 01 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Economic entity - 2020

	Opening balance	Additions	Disposals	Transfers In	Transfers Out	Donations	Change in accounting estimates	Depreciation	Impairment loss	Total
Land	631 419 320	-	(441 235)	-	-	34 000 000	-	-	-	664 978 085
Buildings	868 361 820	9 043 330	(493 937)	12 297 587	-	-	-	(70 849 022)	(447 479)	817 912 299
Equipment and machinery	32 606 690	538 732	(3 906)	-	-	-	-	(2 953 370)	-	30 188 146
Furniture and equipment	38 971 151	736 246	(71 880)	-	-	-	-	(4 208 368)	-	35 427 149
Transport assets	118 225 854	4 872 608	(285 253)	-	-	-	-	(12 027 646)	-	110 785 563
Computer equipment	32 794 688	4 103 000	(102 664)	-	-	-	-	(3 755 869)	-	33 039 155
Roads, pavements and stormwater	1 784 574 502	49 189 606	-	56 313 675	-	-	-	(243 219 255)	-	1 646 858 528
Construction Work-in-progress	661 513 490	442 357 394	-	-	(91 569 882)	-	-	-	-	1 012 301 002
Waste management	43 713 602	-	-	-	-	-	(8 610 382)	(1 070 906)	-	34 032 314
Electricity	553 481 582	14 518 458	-	5 483 695	-	-	-	(53 318 689)	-	520 165 146
Waste water	464 114 445	-	-	499 980	-	-	-	(39 839 750)	-	424 774 675
Water	968 650 757	11 352 991	(129 341)	14 435 571	-	-	-	(40 209 447)	-	954 100 531
Service concession assets - Grantor	1 015 988 498	-	-	2 539 373	-	-	-	(56 743 402)	-	961 784 469
Library	84 963 090	-	-	-	-	-	(10 632 300)	-	-	74 330 790
	7 299 379 489	536 712 365	(1 528 216)	91 569 881	(91 569 882)	34 000 000	(8 610 382)	(538 827 924)	(447 479)	7 320 677 852

Audited
By
2022 - 01 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Controlling entity - 2021

	Opening balance	Additions	Disposals	Transfers In	Transfers Out	Revaluations	Change in accounting estimates	Depreciation	Total
Land	664 978 085	-	-	-	-	-	-	-	664 978 085
Buildings	817 912 299	16 828 308	(27 639)	7 863 357	(504 343)	2 416 625	-	(72 151 229)	772 337 378
Equipment and machinery	30 188 146	2 213 750	-	-	-	-	-	(3 063 442)	29 338 454
Furniture and equipment	35 427 149	1 675 802	-	-	-	-	-	(4 181 083)	32 921 868
Transport assets	110 785 563	7 461 929	(430 301)	-	-	-	-	(11 661 453)	106 155 738
Computer equipment	33 014 258	5 627 502	(265 821)	-	-	-	-	(3 773 303)	34 602 636
Roads, pavements and stormwater	1 646 858 528	25 814 724	(1 723 432)	114 145 341	-	-	-	(241 712 347)	1 543 382 814
Construction Work-in-progress	1 012 301 002	322 649 358	-	-	(243 896 512)	-	8 842 772	-	1 091 053 848
Waste management	34 032 314	-	-	-	-	-	-	(823 862)	42 051 224
Electricity	520 165 146	46 500 682	-	4 010 797	-	-	-	(52 290 256)	518 386 369
Waste water	424 774 675	22 995 832	(8 637)	10 624 631	-	-	-	(40 412 027)	417 974 474
Water	954 100 531	6 517 845	-	1 406 338	-	-	-	(48 691 064)	913 333 650
Service concession assets - Grantor	961 784 469	8 515 193	-	105 846 048	-	-	-	(47 499 589)	1 028 646 121
Library	74 330 790	-	-	-	-	-	-	(10 640 735)	63 690 055
	7 320 652 955	466 800 925	(2 455 830)	243 896 512	(244 400 855)	2 416 625	8 842 772	(536 900 390)	7 258 852 714

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Additions	Disposals	Transfers In	Transfers Out	Donations	Change in accounting estimates	Depreciation	Impairment loss	Total
Land	631 419 320	-	(441 235)	-	-	34 000 000	-	-	-	664 978 085
Buildings	868 361 820	9 043 330	(493 937)	12 297 587	-	-	-	(70 849 022)	(447 479)	817 912 299
Equipment and machinery	32 606 690	538 732	(3 906)	-	-	-	-	(2 953 370)	-	30 188 146
Furniture and equipment	38 971 151	736 246	(71 880)	-	-	-	-	(4 208 368)	-	35 427 149
Transport assets	118 226 854	4 872 608	(285 253)	-	-	-	-	(12 027 646)	-	110 785 563
Computer equipment	32 768 109	4 103 000	(102 664)	-	-	-	-	(3 754 187)	-	33 014 258
Roads, pavements and stormwater	1 784 574 502	49 189 606	-	56 313 675	-	-	-	(243 219 255)	-	1 646 858 528
Construction Work-in-progress	661 513 490	442 357 394	-	-	(91 569 882)	-	-	-	-	1 012 301 002
Waste management	43 713 602	-	-	-	-	-	(8 610 382)	(1 070 906)	-	34 032 314
Electricity	553 481 582	14 518 458	-	5 483 695	-	-	-	(53 318 589)	-	520 165 146
Waste water	464 114 445	-	-	499 980	-	-	-	(39 839 750)	-	424 774 675
Water	968 650 757	11 352 991	(129 341)	14 435 571	-	-	-	(40 209 447)	-	954 100 531
Service concession assets - Grantor	1 015 988 498	-	-	2 539 373	-	-	-	(56 743 402)	-	961 784 469
Library	84 963 090	-	-	-	-	-	-	(10 632 300)	-	74 330 790
	7 299 352 910	536 712 365	(1 528 216)	91 569 881	(91 569 882)	34 000 000	(8 610 382)	(538 826 242)	(447 479)	7 320 652 955

Pledged as security

There were no property, plant and equipment assets pledged as security during the reporting period.

Compensation received for losses on property, plant and equipment - included in operating profit.

Transport assets	-	100 943	-	-	-	100 943
Office equipment	108 471	68 390	108 471	68 390	-	353 722
	108 471	169 333	108 471	169 333		555 826

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

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

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

Roads, Pavements, Bridges and Stormwater Infrastructure	520 816 395	446 008 855	520 816 395	446 008 855
Water Reservoirs and Reticulation Infrastructure	380 486 336	385 224 896	380 486 336	385 224 896
Electricity Infrastructure	71 078 316	43 942 287	71 078 316	43 942 287
Buildings	51 391 058	29 388 839	51 391 058	29 388 839
Waste Water Infrastructure	67 281 743	107 736 125	67 281 743	107 736 125
	1 091 053 848	1 012 301 002	1 091 053 848	1 012 301 002

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

The COVID-19 pandemic together with the national lockdown emanating from the declared National State of Disaster has significantly disrupted the implementation of most service delivery related projects.

Waste Water Infrastructure

The projects were mainly delayed due to various factors including but not limited to commissioning of projects due to water rights application challenges, land disputes where the project must be implemented, delay on the electricity (power) connection, community unrests, environmental compliance assessments and the internal inefficiencies which has caused a gap between appointment of consultants and contractors.

Water Reservoirs and Reticulation Infrastructure	2 185 389	10 007 126	2 185 389	10 007 126
--	-----------	------------	-----------	------------

The projects were mainly delayed due to various factors including but not limited to commissioning of projects due to water rights application challenges, land disputes where the project must be implemented, delay on the electricity (power) connection, community unrests, environmental compliance assessments and the internal inefficiencies which has caused a gap between appointment of consultants and contractors.



5 548 352

5 548 352

	7 733 741	10 007 126	7 733 741	10 007 126
--	------------------	-------------------	------------------	-------------------

Reconciliation of Work-in-Progress Economic entity - 2021

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	982 912 163	29 388 839	1 012 301 002
Additions/capital expenditure	292 783 782	29 865 577	322 649 359
Transferred to completed items	(236 033 156)	(7 863 357)	(243 896 513)
	1 039 662 789	51 391 059	1 091 053 848

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

Reconciliation of Work-in-Progress Economic entity - 2020

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	627 673 436	33 840 053	661 513 489
Additions/capital expenditure	434 167 796	8 189 598	442 357 394
Transferred to completed items	(79 272 295)	(12 297 587)	(91 569 882)
	982 568 937	29 732 064	1 012 301 001

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	317 557 373	258 190 801	317 557 373	258 190 801
Inventory Consumed	54 657 463	52 130 010	54 657 463	52 130 010
	372 214 836	310 320 811	372 214 836	310 320 811

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.

Service concession arrangements

The former Mbombela Local Municipality signed a 30 year concession agreement in April 1999 with SembCorp Silulumanzi (Proprietary) Limited previously known as the Greater Nelspruit Utility Company (GNUC) for provision of water and sanitation services as well as servicing the growing expectations of the communities on behalf of the municipality. The concession agreement became effective from 1 November 1999 and is subjected to review every five years through the supplementary agreements. The concession areas boundaries are the municipal boundaries of the previous Nelspruit Transitional Council and any extension of services outside the developed areas are dealt with on a case by case basis.

Supplementary agreement number five (5) effective from 1 July 2021 until 30 June 2026 was approved by Council at its meeting held 30 June 2021 under item A(25) in accordance with the five year review process.

The Concessionaire is obligated to ensure that the communities within the concession area have access to a 24 - hour water supply to all formal households and to use best efforts to improve the number of households in informal areas with 24 - hour water supply. It is also a requirement that the Concessionaire must provide portable water and effluent quality in compliance with the National Water Quality Standards.

The concessionaire leases and operates water services delivery assets within the concession area at a rental of R 189 666.25 per month for the remainder of the term of the Concession agreement. The assets are controlled by the Municipality and are recorded in the assets register of the Municipality as Property, Plant and Equipment. The Concessionaire recognises the right to use those assets as intangible assets in accordance with IFRIC 12. The assets leased to and operated by the concessionaire have been separately disclosed as part of property, plant and equipment.

The concession agreements provides for the concessionaire to maintain, refurbish, rehabilitate and improve the assets within its operations and collection of water and sanitation revenue within the Concession area. The water and sanitation tariffs for the Concessionaire are approved by Council for implementation in terms of section 24 of the Municipal Finance Management Act No.56 of 2003. The concessionaire acts as a project manager for construction of new infrastructure within the concession area which is funded by the Municipality. The Concessionaire is obligated to ensure that the assets are adequately maintained each year with adequate maintenance budget provision.

The concession agreement may be terminated by either party with effect from any date after the natural end of the concession contract in the year 2029 or the date of termination of the concession agreement, whichever is earlier, provided that at least 24 months prior written notice has been given by the party intending to cancel the concession agreement to the other party.

All assets operated by the Concessionaire will be transferred back to the Municipality in good condition upon termination of the concession agreement.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

13. Intangible assets

Economic entity

	2021		2020		
Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
799 130	(777 805)	21 325	799 130	(777 805)	21 325
18 138 056	(9 436 149)	8 701 907	18 088 733	(8 223 180)	9 865 553
4 590 568	-	4 590 568	4 590 568	-	4 590 568
23 527 754	(10 213 954)	13 313 800	23 478 431	(9 000 985)	14 477 446

Licenses and franchises
Computer software
Servitudes**Total**

Controlling entity

	2021		2020		
Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
799 130	(777 805)	21 325	799 130	(777 805)	21 325
18 124 976	(9 432 155)	8 692 821	18 075 653	(8 219 840)	9 855 813
4 590 568	-	4 590 568	4 590 568	-	4 590 568
23 514 674	(10 209 960)	13 304 714	23 465 351	(8 997 645)	14 467 706

Licenses and franchises
Computer software
Servitudes**Total**

Audited
By
2022 -C:- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

Reconciliation of intangible assets - Economic entity - 2021

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses and franchises	21 325	-	-	-	21 325
Computer software	9 865 553	49 323	-	(1 212 969)	8 701 907
Servitudes	4 590 568	-	-	-	4 590 568
	14 477 446	49 323	-	(1 212 969)	13 313 800

Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses and franchises	21 325	-	-	-	21 325
Computer software	10 904 346	556 069	-	(1 594 862)	9 865 553
Servitudes	4 590 568	-	-	-	4 590 568
	15 516 239	556 069	-	(1 594 862)	14 477 446

Reconciliation of intangible assets - Controlling entity - 2021

	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
Licenses and franchises	21 325	-	-	-	-	21 325
Computer software	9 855 813	49 323	-	-	(1 212 315)	8 692 821
Servitudes	4 590 568	-	-	-	-	4 590 568
	14 467 706	49 323	-	-	(1 212 315)	13 304 714



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

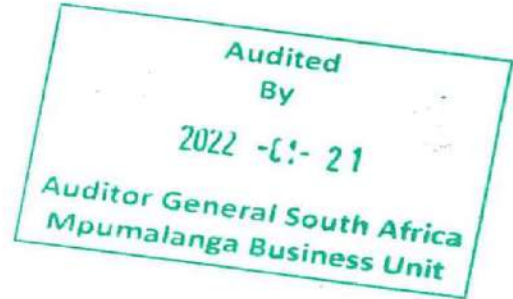
Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
Licenses and franchises	21 325	-	-	-	-	21 325
Computer software	10 893 952	556 069	-	-	(1 594 208)	9 855 813
Servitudes	4 590 568	-	-	-	-	4 590 568
	15 505 845	556 069	-	-	(1 594 208)	14 467 706

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality. No intangible assets were pledged as security for liabilities.

Pledged as security

There were no intangible assets pledged as security during the reporting period



City of Mbombela
(Registration number MP326)
Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

14. Heritage assets



Economic entity	2021		2020	
	Cost	Accumulated impairment losses	Carrying value	Cost
Historical monuments	485 639	-	485 639	485 639
Historical buildings	436 805	(235 147)	201 658	436 805
Stamp collections, military insignia, medals, coin	186 585	-	186 585	186 585
Recreational parks	1 428 088	-	1 428 088	1 428 088
Total	2 537 117	(235 147)	2 301 970	2 537 117

Controlling entity

Controlling entity	2021		2020	
	Cost	Accumulated impairment losses	Carrying value	Cost
Historical monuments	485 639	-	485 639	485 639
Historical buildings	436 805	(235 147)	201 658	436 805
Stamp collections, military insignia, medals, coin	186 585	-	186 585	186 585
Recreational parks	1 428 088	-	1 428 088	1 428 088
Total	2 537 117	(235 147)	2 301 970	2 537 117

Reconciliation of heritage assets Economic entity - 2021

Opening balance	Additions	Disposals	Transfers In	Impairment losses recognised	Total
485 639	-	-	-	-	485 639
201 658	-	-	-	-	201 658
186 585	-	-	-	-	186 585
1 428 088	-	-	-	-	1 428 088
2 301 970	-	-	-	-	2 301 970

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of heritage assets Economic entity - 2020

	Opening balance	Additions	Disposals	Transfers in	Impairment losses recognised	Total
Historical monuments	485 639	-	-	-	-	485 639
Historical buildings	201 658	-	-	-	-	201 658
Stamp collections, military insignia, medals, coin	186 585	-	-	-	-	186 585
Recreational parks	1 428 088	-	-	-	-	1 428 088
	2 301 970	-	-	-	-	2 301 970

Reconciliation of heritage assets Controlling entity - 2021

	Opening balance	Additions	Disposals	Transfers in	Impairment losses recognised	Total
Historical monuments	485 639	-	-	-	-	485 639
Historical buildings	201 658	-	-	-	-	201 658
Stamp collections, military insignia, medals, coin	186 585	-	-	-	-	186 585
Recreational parks	1 428 088	-	-	-	-	1 428 088
	2 301 970	-	-	-	-	2 301 970

Audited
By
2022 -06- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of heritage assets Controlling entity - 2020

	Opening balance	Additions	Disposals	Transfers In	Impairment losses recognised	Total
Historical monuments	485 639	-	-	-	-	485 639
Historical buildings	201 658	-	-	-	-	201 658
Stamp collections, military insignia, medals, coin	186 585	-	-	-	-	186 585
Recreational parks	1 428 088	-	-	-	-	1 428 088
	2 301 970	-	-	-	-	2 301 970

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality. No Heritage assets were pledged as security for liabilities.

Pledged as security

There were no heritage assets pledged as security during the reporting period.

Maintenance of heritage assets

Maintenance of heritage assets by condition - 2021

There were no repair and maintenance costs incurred to maintain heritage assets during the reporting period.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
15. Investments				
At amortised cost				
Investments	-	-	100	100
Non-current assets				
At amortised cost	-	-	100	100

The City holds 100% shares of the City of Mbombela Development Agency which is a wholly owned municipal entity. The objectives and functions of the agency (entity) is to drive and champion local economic development initiatives in order to achieve job creation and poverty alleviation as per the National Development Plan and also to promote investment attraction and SMME development.

16. Interest Bearing Borrowings

At amortised cost				
Development Bank of South Africa R200 million This loan bears interest at 11.09% and is payable bi-annually installments	138 682 767	117 509 911	138 682 767	117 509 911
Development Bank of South Africa R138.6 million This loan bears interest at 11.73% and is payable bi-annually installments	162 088 088	135 740 628	162 088 088	135 740 628
Stock Loans@ 11.60% This loan bears interest at 16.5 % and is repayable in bi-annual installments	3 000	3 000	3 000	3 000
	300 773 855	253 253 539	300 773 855	253 253 539
Total interest bearing borrowings	300 773 855	253 253 539	300 773 855	253 253 539
Non-current liabilities				
At amortised cost	253 253 539	195 845 025	253 253 539	195 845 025
Current liabilities				
At amortised cost	47 520 316	57 408 514	47 520 316	57 408 514

The City concluded a payment holiday arrangement with the Development Bank of Southern Africa on loans payable during the year. The payment relief was afforded to the City given the impact of the Covid-19 pandemic. The interest payable during the payment holiday was recapitalized to the debt.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
17. Trade and other payables from exchange transactions				
Trade payables and accruals	571 753 607	652 877 907	571 744 555	652 868 856
Payments made in advance	147 368 681	129 063 381	147 368 681	129 063 381
Salaries - employee related costs	96 402 307	94 864 011	96 399 981	94 861 685
Retentions	87 746 127	76 526 268	87 746 127	76 526 268
Accrued leave pay	92 458 874	75 945 851	92 458 874	75 945 851
Bulk Water	185 849 846	179 216 945	185 849 846	179 216 945
Agency Fees Payable	218 448 931	217 895 119	218 448 931	217 895 119
Unallocated deposits	42 591 827	33 392 147	42 591 827	33 392 147
Bulk Electricity - Eskom	743 318 203	512 044 560	743 318 203	512 044 560
Bonus accrual	20 494 758	19 115 639	20 494 758	19 115 639
Compensation of Commisison (COID)	5 388 594	-	5 388 594	-
	2 211 821 755	1 990 941 828	2 211 810 377	1 990 930 451
18. Other payables from non - exchange transactions				
Transfers payable	185 088	5 220 818	185 088	5 220 818
Service contributions	15 572 990	14 909 514	15 572 990	14 909 514
	15 758 078	20 130 332	15 758 078	20 130 332
19. Consumer deposits				
Sewerage	10 295 009	9 735 234	10 295 009	9 735 234
Electricity	31 018 473	29 780 980	31 018 473	29 780 980
Water	3 467 482	3 167 481	3 467 482	3 167 481
Housing rental	210 331	191 007	210 331	191 007
	44 991 295	42 874 702	44 991 295	42 874 702

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

20. Post employment benefits

Post employment health care employee benefit

The municipality provides for employees and continuation members to subscribe to a South African Local Government Association accredited medical aid scheme. Upon retirement an employee has the option of continued membership to the medical aid scheme. The municipality provides a 60% subsidy of medical scheme contribution to eligible in service and continuation members upon retirement.

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

Opening balance	155 350 999	169 634 005	155 350 999	169 634 005
Current service costs	7 630 000	9 071 454	7 630 000	9 071 454
Interest costs	16 515 000	16 017 542	16 515 000	16 017 542
Actuarial loss / (gain)	7 420 245	(35 327 251)	7 420 245	(35 327 251)
Actual post-retirement health care benefits payments	(4 187 245)	(4 044 751)	(4 187 245)	(4 044 751)
	182 728 999	155 350 999	182 728 999	155 350 999
Non-current liabilities	178 470 999	150 942 999	178 470 999	150 942 999
Current liabilities	4 258 000	4 408 000	4 258 000	4 408 000
	182 728 999	155 350 999	182 728 999	155 350 999

The post employment benefit plan is wholly unfunded.

Net expense recognised in the statement of financial performance

Current service costs	7 630 000	9 071 454	7 630 000	9 071 454
Interest costs	16 515 000	16 017 542	16 515 000	16 017 542
Actuarial loss / (gain)	7 420 245	(35 327 251)	7 420 245	(35 327 251)
Actual post-retirement health care benefits payments	(4 187 245)	(4 044 751)	(4 187 245)	(4 044 751)
	27 378 000	(14 283 006)	27 378 000	(14 283 006)



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

Assumptions for actuarial valuation

Assumptions made from the actuarial valuation as at 30 June 2021 were as follows:

Discount rate	10.32 %	10.78 %	10.32 %	10.78 %
Consumer inflation	5.47 %	5.29 %	5.47 %	5.29 %
Medical inflation	6.97 %	6.79 %	6.97 %	6.79 %
Maximum subsidy inflation rate	4.85 %	4.72 %	4.85 %	4.72 %
Expected retirement age (years)	62	62	62	62

Discount rate

GRAP 25 requires that the discount rate be set based on the yields government bonds of appropriate term. The expected inflation assumption of 5.47% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.12%) and those of fixed interest bonds (10.32%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+10.32\%-0.50\%)/(1+4.12\%))-1$.

A 1% change effect as included on the actuarial valuation reports.

	2021 Decrease	2020 Decrease	2021 Decrease	2020 Decrease
Health cost inflation effect on the current service cost	6 510 000	7 679 800	6 510 000	7 679 800
Health cost inflation effect on the defined benefit liability	162 796 000	97 645 000	162 796 000	97 645 000
Discount rate effect on the current service cost	9 266 000	11 209 400	9 266 000	11 209 400
Discount rate effect on the health care benefit liability	214 063 000	133 697 000	214 063 000	133 697 000
Health cost inflation effect on the current interest cost	14 710 000	14 193 000	14 710 000	14 193 000
Discount rate effect on the current service interest cost	17 460 000	16 969 600	17 460 000	16 969 600

	Increase	Increase	Increase	Increase
Health cost inflation effect on the current service cost	8 563 000	10 176 500	8 563 000	10 176 500
Health cost inflation effect on the defined benefit liability	199 127 000	124 152 000	199 127 000	124 152 000
Discount rate effect on the current service cost	6 366 000	7 441 400	6 366 000	7 441 400
Discount rate effect on the health care benefit liability	157 847 000	94 911 000	157 847 000	94 911 000
Health cost inflation effect on the current interest cost	18 041 000	17 493 100	18 041 000	17 493 100
Discount rate effect on the current interest cost	15 663 000	15 147 300	15 663 000	15 147 300

	2019 Decrease	2018 Decrease	2019 Decrease	2018 Decrease
Health cost inflation effect on the current service cost	6 962 400	6 953 600	6 962 400	6 953 600
Health cost inflation effect on the defined benefit liability	106 805 000	134 914 000	106 805 000	134 914 000
Discount rate effect on the current service cost	9 918 500	9 837 200	9 918 500	9 837 200
Discount rate effect on the health care benefit liability	149 873 000	175 439 000	149 873 000	175 439 000
Health cost inflation effect on the current interest cost	12 802 800	12 399 700	12 802 800	12 399 700
Discount rate effect on the current service interest cost	14 974 800	14 494 000	14 974 800	14 494 000

	Increase	Increase	Increase	Increase
Health cost inflation effect on the current service cost	8 818 300	8 619 100	8 818 300	8 619 100
Health cost inflation effect on the defined benefit liability	136 911 000	159 520 000	136 911 000	159 520 000
Discount rate effect on the current service cost	6 594 500	6 486 400	6 594 500	6 486 400
Discount rate effect on the health care benefit liability	102 965 000	128 292 000	102 965 000	128 292 000
Health cost inflation effect on the current interest cost	15 172 800	14 502 800	15 172 800	14 502 800
Discount rate effect on the current service interest cost	13 425 700	12 857 300	13 425 700	12 857 300

The amounts disclosed above represent a wholly unfunded defined benefit obligation.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Public Transport Network Grant (PTNG)	-	71 752 576	-	71 752 576
Finance Management Grant (FMG)	-	35 794	-	35 794
Donations Taxi Disaster Grant	29 327	29 327	29 327	29 327
Energy Efficiency Demand Side Management Grant (EEDSM)	-	263 215	-	263 215
Expanded Public Works Programme (EPWP)	-	2 970	-	2 970
	29 327	72 083 882	29 327	72 083 882

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

22. Provisions

Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Additions	Change due to unwinding of interest	Total
Landfill site environmental rehabilitation	176 018 091	25 718 828	2 720 127	204 457 046
Long service awards	79 302 000	1 513 000	-	80 815 000
	255 320 091	27 231 828	2 720 127	285 272 046

Reconciliation of provisions - Economic entity - 2020

	Opening Balance	Additions	Change due to unwinding of interest	Total
Landfill site environmental rehabilitation	175 050 855	3 670 595	(2 703 359)	176 018 091
Long service awards	77 309 376	1 992 624	-	79 302 000
	252 360 231	5 663 219	(2 703 359)	255 320 091

Reconciliation of provisions - Controlling entity - 2021

	Opening Balance	Additions	Change due to unwinding of interest	Total
Landfill site environmental rehabilitation	176 018 091	25 718 828	2 720 127	204 457 046
Long service awards	79 302 000	1 513 000	-	80 815 000
	255 320 091	27 231 828	2 720 127	285 272 046

Reconciliation of provisions - Controlling entity - 2020

	Opening Balance	Additions	Change due to unwinding of interest	Total
Landfill site environmental rehabilitation	175 050 855	967 236	-	176 018 091
Long service awards	77 309 376	1 992 624	-	79 302 000
	252 360 231	2 959 860		255 320 091
Non-current liabilities	270 704 064	240 387 216	270 704 064	240 387 216
Current liabilities	14 567 982	14 932 875	14 567 982	14 932 875
	285 272 046	255 320 091	285 272 046	255 320 091

Environmental rehabilitation

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal in accordance with the National Environmental Management Act 107 of 1998 and the Environment Conservation Act No 73 of 1989. The landfill sites are rehabilitated at the end of each useful life. It is calculated as the present value of the expenditure expected to settle the future obligation to rehabilitate the landfill sites.

The discount rate used reflect the current market assessment of the time value of money and the risks specific to the liability. The valuation for the provision of the landfill sites was reviewed by an independent landfill site and environmental expert.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

Financial Assumptions used for the provision of landfill site

The financial assumptions used for the provision of landfill site rehabilitation at 30 June were as follows:

Adjustments of unit costs	4.82 %	2.41 %	4.82 %	2.41 %
Consumer Price Index (CPI)	4.82 %	2.41 %	4.82 %	2.41 %
Discount rate				
Tekwane West and Barberton landfill sites	8.82 %	7.41 %	8.82 %	7.41 %
Mbombela and Mbonisweni landfill sites	7.07 %	5.91 %	7.07 %	5.91 %
Hazyview landfill site	7.07 %	5.91 %	7.07 %	5.91 %
Net effective discount rate (inflation linked bond rates) above Consumer Price Index (CPI)				
Tekwane West and Barberton landfill sites	4.00 %	5.00 %	4.00 %	5.00 %
Mbombela and Mbonisweni landfill sites	2.25 %	3.50 %	2.25 %	3.50 %
Hazyview landfill site	2.25 %	3.50 %	2.25 %	3.50 %

Long service awards

In accordance with the bargaining collective agreement on conditions of service for the Mpumalanga division and municipal policy, the municipality makes provision for long service awards where employees have uninterrupted service of at least five (5) years.

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

Opening balance	79 302 000	77 309 376	79 302 000	77 309 376
Current service costs	6 626 000	7 202 892	6 626 000	7 202 892
Interest costs	5 210 000	5 926 163	5 210 000	5 926 163
Actuarial (gains) / losses	1 101 244	(2 585 187)	1 101 244	(2 585 187)
Expenditure incurred	(11 424 244)	(8 551 244)	(11 424 244)	(8 551 244)
	80 815 000	79 302 000	80 815 000	79 302 000

Net expense recognised in the statement of financial performance

Current service cost	6 626 000	7 202 892	6 626 000	7 202 892
Interest cost	5 210 000	5 926 163	5 210 000	5 926 163
Actuarial (gains) / losses	1 101 244	(2 585 187)	1 101 244	(2 585 187)
Expenditure incurred	(11 424 244)	(8 551 244)	(11 424 244)	(8 551 244)
	1 513 000	1 992 624	1 513 000	1 992 624

Assumptions for actuarial valuation

Assumptions made from the actuarial valuation as at 30 June 2021 were as follows:

Discount rate	9.13 %	7.07 %	9.13 %	7.07 %
Consumer inflation	4.77 %	2.78 %	4.77 %	2.78 %
Salary inflation	5.77 %	3.78 %	5.77 %	3.78 %

Discount rate

GRAP 25 requires that the discount rate be set based on the yields government bonds of appropriate term. The expected inflation assumption of 4.77% was obtained from the differential between market yields on index-linked bonds (3.69%) consistent with the estimated terms of the liabilities and those of nominal bonds (9.13%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+9.13\%-0.50\%)/(1+3.69\%))-1$.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
A 1% change effect as included on the actuarial valuation report.				
	2021	2020	2021	2020
	Decrease	Decrease	Decrease	Decrease
Discount rate effect on the current service cost	7 057 000	7 739 100	7 057 000	7 739 100
Discount rate effect on the unfunded accrued liability	86 103 000	84 146 000	86 103 000	84 146 000
Discount rate effect on the interest cost	4 766 000	5 588 900	4 766 000	5 588 900
	Increase	Increase	Increase	Increase
Discount rate effect on the current service cost	6 240 000	6 732 000	6 240 000	6 732 000
Discount rate effect on the unfunded accrued liability	76 096 000	74 963 000	76 096 000	74 963 000
Discount rate effect on the interest cost	5 597 000	6 211 800	5 597 000	6 211 800
	2019	2018	2019	2018
	Decrease	Decrease	Decrease	Decrease
Discount rate effect on the current service cost	6 474 200	6 474 200	6 474 200	6 474 200
Discount rate effect on the unfunded accrued liability	82 753 400	73 559 000	82 753 400	73 559 000
Discount rate effect on the interest cost	4 936 400	4 936 400	4 936 400	4 936 400
	Increase	Increase	Increase	Increase
Discount rate effect on the current service cost	5 628 100	5 628 100	5 628 100	5 628 100
Discount rate effect on the unfunded accrued liability	72 488 000	64 501 000	72 488 000	64 501 000
Discount rate effect on the interest cost	5 495 900	5 495 900	5 495 900	5 495 900
23. Other financial liabilities				
Job costing	5 695 283	4 363 967	5 695 283	4 363 967
24. Sale of goods and rendering of services				
Advertisements	714 004	4 727 037	714 004	4 727 037
Amendments fees	5 710 550	3 583 780	5 710 550	3 583 780
Application fees for land usage	4 703 917	2 523 837	4 703 917	2 523 837
Burial fees	1 760 392	1 039 800	1 760 392	1 039 800
Entrance fees	19 526	160 134	19 526	160 134
Fire services	153 409	65 636	153 409	65 636
Photocopies and faxes	75 751	158 181	75 751	158 181
	13 137 549	12 258 405	13 137 549	12 258 405
25. Service charges				
Sale of electricity	1 137 108 487	1 048 364 433	1 137 108 487	1 048 364 433
Sale of water	102 311 533	102 897 572	102 311 533	102 897 572
Solid waste	138 650 856	130 203 228	138 650 856	130 203 228
Sewerage and sanitation charges	22 701 466	22 481 013	22 701 466	22 481 013
	1 400 772 342	1 303 946 246	1 400 772 342	1 303 946 246
26. Rental of facilities and equipment				
Facilities and equipment				
Facilities and Equipment	8 316 056	9 510 077	8 316 056	9 510 077

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
27. Agency services				
Department of Community Safety, Security and Liaison				
Agency fees	37 770 715	40 108 580	37 770 715	40 108 580
Revenue received on behalf of the Department	207 903 415	215 001 294	207 903 415	215 001 294
Less: Licence card fees	-	(2 944 373)	-	(2 944 373)
Less: VAT on agency fees	(5 665 600)	(6 016 287)	(5 665 600)	(6 016 287)
Less: Accruals and payments to the Departments	(164 467 100)	(165 932 054)	(164 467 100)	(165 932 054)
	37 770 715	40 108 580	37 770 715	40 108 580
<p>The Department of Community Safety, Security and Liaison rescinded the cash collection aspect of the principal-agent relationship through mutual consent given the persistent cash flow constraint faced by the municipality. During the transition phase from July 2020 to February 2021, the municipality still rendered the service and carried the costs thereof. The agency fee which comprises of a percentage of the fees collected was raised as a debtor against the Department of Community Safety, Security and Liaison.</p>				
28. Licences and permits				
Trading	46 261	47 500	46 261	47 500
Drivers' licence application fees	-	2 944 373	-	2 944 373
	46 261	2 991 873	46 261	2 991 873
29. Other income				
Collection fees	121 782	5 689 533	121 782	5 689 533
Bad debts recovered	18 088 981	19 883 879	18 088 981	19 883 879
Municipal information and statistics	6 559	1 249 007	6 559	1 249 007
Insurance refunds	58 198	3 029	58 198	3 029
Administration and management fees received	4 624 814	4 535 061	4 624 814	4 535 061
Commissions received	4 376 812	4 355 393	4 376 812	4 355 393
Revenue recognised from service contributions	3 439 882	3 462 094	3 439 882	3 462 094
Sale of property	665 650	-	665 650	-
Skills Development Levy Refund	1 395 477	1 667 765	1 395 477	1 667 765
Staff recoveries - Bursaries	-	31 584	-	31 584
Accident reports	38 251	63 644	38 251	63 644
	32 816 406	40 940 989	32 816 406	40 940 989
30. Finance income				
Interest revenue				
Cash and cash equivalents	2 053 205	6 547 404	2 053 205	6 542 282
Receivables from exchange transactions	53 252 507	43 765 841	53 252 507	43 765 841
	55 305 712	50 313 245	55 305 712	50 308 123
31. Gain on liability write-off				
Gain on liability write-off	-	233 020 104	-	233 020 104
32. Gain or (loss) on imparment				
Gain or (loss) on impairment-receivables	61 788 415	115 993 629	61 788 415	115 993 629

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

33. Property rates

Rates revenue

Residential	297 000 516	273 236 935	297 000 516	273 236 935
Commercial	317 630 118	295 594 451	317 630 118	295 594 451
State	126 536 094	116 910 187	126 536 094	116 910 187
Agriculture	19 598 572	19 804 706	19 598 572	19 804 706
Other	5 484 941	2 414 092	5 484 941	2 414 092
Less: Income forgone	(58 110 533)	(56 243 439)	(58 110 533)	(56 243 439)
	708 139 708	651 716 932	708 139 708	651 716 932

Valuations

Residential	40 704 937 499	40 003 903 896	40 704 937 499	40 003 903 896
Commercial	20 086 297 952	19 837 712 138	20 086 297 952	19 837 712 138
State	5 668 199 800	5 482 862 400	5 668 199 800	5 482 862 400
Municipal	1 461 321 691	26 399 000	1 461 321 691	26 399 000
Agriculture	10 990 165 614	11 622 346 400	10 990 165 614	11 622 346 400
Other	2 411 133 283	571 882 206	2 411 133 283	571 882 206
	81 322 055 839	77 545 106 040	81 322 055 839	77 545 106 040

Valuations on land and buildings are performed every four years. The latest general valuation compiled in accordance with the Municipal Property Rates Act, 2004 came into effect on 1 July 2018. Supplementary valuations are processed on a regular basis as in terms of section 78 of the Municipal Property Rates Act.

A general rate of 0.00734 cent in a Rand (2020 : 0.00692) was applied to property valuations to determine property rates. Various rebates are granted to residential, business, agricultural and other properties and/or categories of owners in terms of the approved Property Rates By-Law. Rates are levied on a monthly basis on property owners. Interest at 3.5% per annum (2020 :9.5%) is levied on outstanding rates.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
34. Government grants and subsidies				
Operating grants				
Equitable share	927 605 979	725 225 000	927 605 979	725 225 000
Financial Management Grant	2 499 999	2 464 685	2 499 999	2 464 685
Expanded Public Works Programme	4 244 000	5 833 030	4 244 000	5 833 030
Disaster Relief Grant	-	1 073 000	-	1 073 000
Public Transport Network Grant	11 967 733	103 421 125	11 967 733	103 421 125
Industrial Development Corporation	-	357 910	-	-
	946 317 711	838 374 750	946 317 711	838 016 840
Capital grants				
Municipal Infrastructure Grant	327 316 000	333 753 000	327 316 000	333 753 000
Energy Efficiency Demand Side Management	6 300 000	7 736 785	6 300 000	7 736 785
Neighbourhood Development Partnership Grant	22 521 001	19 200 000	22 521 001	19 200 000
Integrated National Electrification Programme	27 904 001	27 010 000	27 904 001	27 010 000
Provincial Human Settlement Grant	4 315 759	-	4 315 759	-
Public Transport Network Grant	79 784 881	125 606 536	79 784 881	125 606 536
	468 141 642	513 306 321	468 141 642	513 306 321
	1 414 459 353	1 351 681 071	1 414 459 353	1 351 323 161

Equitable Share

Equitable share	927 605 979	725 225 000	927 605 979	725 225 000
-----------------	-------------	-------------	-------------	-------------

This grant is unconditional and is partially utilised for the indigent support through provision of free basic services.

Municipal Infrastructure Grant (MIG)

Current-year receipts	327 316 000	333 753 000	327 316 000	333 753 000
Conditions met - transferred to revenue - capital	(284 622 609)	(288 480 870)	(284 622 609)	(288 480 870)
Conditions met - transferred to revenue - operating	-	(1 739 130)	-	(1 739 130)
Conditions met - transferred to revenue - VAT	(42 693 391)	(43 533 000)	(42 693 391)	(43 533 000)
	-	-	-	-

This grant was used to accelerate basic infrastructure backlogs for the benefit of poor households. The amount transferred to operating relates to projects budgeted for as capital and service delivery related but for financial reporting purposes the asset identification and recognition criteria was not met.

Integrated National Electrification Programme Grant (INEP)

Current-year receipts	27 904 000	27 010 000	27 904 000	27 010 000
Conditions met - transferred to revenue - capital	(24 264 349)	(23 486 956)	(24 264 349)	(23 486 956)
Conditions met - transferred to revenue - VAT	(3 639 651)	(3 523 044)	(3 639 651)	(3 523 044)
	-	-	-	-

The grant was used to address the electrification backlogs of occupied residential dwellings and the installation of bulk infrastructure, rehabilitation and refurbishment of electricity infrastructure in order to improve the quality of supply. The revenue recognised met the conditions of the grant.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
Public Transport Network Grant (PTNG)				
Balance unspent at beginning of year	71 752 576	101 861 275	71 752 576	101 861 275
Current-year receipts	20 000 000	198 919 000	20 000 000	198 919 000
Conditions met - transferred to revenue - capital	(79 784 882)	(125 606 536)	(79 784 882)	(125 606 536)
Conditions met - transferred to revenue - operating	-	(73 547 952)	-	(73 547 952)
Conditions met - transferred to revenue - VAT	(11 967 694)	(29 873 211)	(11 967 694)	(29 873 211)
	-	71 752 576	-	71 752 576

The grant was used for accelerated planning, construction and improvement of public and non-motorised transport infrastructure and services. The revenue recognised met the conditions of the grant. The unspent amount of the grant is committed to the completion of the Public Transport Infrastructure projects.

Neighbourhood Development Partnership Grant (NDPG)

Current-year receipts	22 521 000	19 200 000	22 521 000	19 200 000
Conditions met - transferred to revenue - capital	(19 583 479)	(16 695 652)	(19 583 479)	(16 695 652)
Conditions met - transferred to revenue - VAT	(2 937 521)	(2 504 348)	(2 937 521)	(2 504 348)
	-	-	-	-

The grant was used to plan and invest in targeted locations in order to attract and sustain third party capital investment aimed at spatial transformation in under served neighbourhoods, specifically in townships. The revenue recognised met the conditions of the grant.

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	-	22 020	-	22 020
Transferred to equitable share	-	(22 020)	-	(22 020)
	-	-	-	-

The grant was used for the implementation of revenue enhancement strategy, strengthening administrative systems for effective implementation of ward participation system, financial systems support and improving municipal audit outcome.

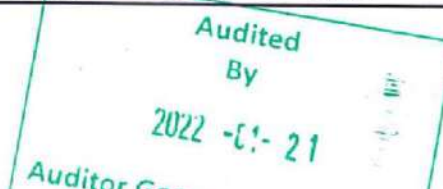
Finance Management Grant (FMG)

Balance unspent at beginning of year	35 794	279	35 794	279
Current-year receipts	2 500 000	2 500 000	2 500 000	2 500 000
Conditions met - transferred to revenue	(2 500 000)	(2 464 485)	(2 500 000)	(2 464 485)
Transferred to equitable share	(35 794)	-	(35 794)	-
	-	35 794	-	35 794

The grant was used to promote and support financial management reforms through financial management internship reforms and in-house capacity building programmes. The revenue recognised met the conditions of the grant.

Donations Taxi Disaster Grant

Balance unspent at beginning of year	29 327	29 327	29 327	29 327
--------------------------------------	--------	--------	--------	--------



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

Energy Efficiency Demand Side Management (EEDSM)

Balance unspent at beginning of year	263 215	-	263 215	-
Current-year receipts	6 300 000	8 000 000	6 300 000	8 000 000
Conditions met - transferred to revenue - operating	(5 478 261)	(6 727 639)	(5 478 261)	(6 727 639)
Conditions met - transferred to revenue - VAT	(821 739)	(1 009 146)	(821 739)	(1 009 146)
Transferred to equitable share	(263 215)	-	(263 215)	-
	-	263 215	-	263 215

The grant was used to implement energy efficiency and demand side management initiatives in order to reduce electricity consumption and improve energy efficiency. The revenue recognised met the conditions of the grant.

Disaster Relief Grant

Current-year receipts	-	1 073 000	-	1 073 000
Conditions met - transferred to revenue	-	(1 073 000)	-	(1 073 000)
	-	-	-	-

Expanded Public Works Programme (EPWP)

Balance unspent at beginning of year	2 970	-	2 970	-
Current-year receipts	4 244 000	5 836 000	4 244 000	5 836 000
Conditions met - transferred to revenue	(4 244 000)	(5 833 030)	(4 244 000)	(5 833 030)
Transferred to equitable share	(2 970)	-	(2 970)	-
	-	2 970	-	2 970

The grant was used to expand labour intensive delivery methods in waste management, road maintenance and other programmes in accordance with the grant framework.

Industrial Development Corporation (IDC)

Balance unspent at beginning of year	-	357 910	-	357 910
Conditions met - transferred to revenue	-	(357 910)	-	(357 910)
	-	-	-	-

The purpose of the Industrial Development Corporation (IDC) grant was mainly for the entity's operating activities and local economic development initiatives and programmes as per the conditions of the grant framework.

35. Public contributions and donations

Public contributions and donations	2 416 625	34 000 000	2 416 625	34 000 000
------------------------------------	-----------	------------	-----------	------------

2021:

The donation relates to building donated by Barberton mines to the Municipality.

2020:

The donation relates to land procured by Provincial Department of human Settlement on behalf of the Municipality for intergrated human settlement.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

36. Fines, Penalties and Forfeits

Building Fines	9 585	92 446	9 565	92 446
Illegal Connections Fines	55 179	96 700	55 179	96 700
Overdue Books Fines	3 131	8 333	3 131	8 333
Municipal Traffic Fines	1 753 347	4 825 364	1 753 347	4 825 364
Tender Withdrawal Penalties	2 332 085	-	2 332 085	-
Unclaimed Money Forfeits	1 480 182	9 377 971	1 480 182	9 377 971
	5 633 489	14 400 814	5 633 489	14 400 814

Audited
By
2022 -[!]- 21
Auditor General South Africa
Mpumalanga Business Unit

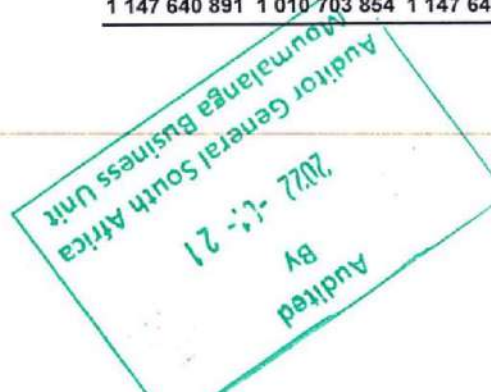
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
37. Employee related costs				
Basic salary and wages	567 581 777	534 618 799	567 581 777	534 461 388
Bonus	46 810 588	43 920 573	46 810 588	43 920 573
Social Contributions - Medical Aid	48 811 890	45 373 149	48 811 890	45 373 149
Social Contributions - Unemployment Insurance Fund	3 543 616	3 528 251	3 543 616	3 527 511
Tools allowance	807 170	606 993	807 170	606 993
Payment in lieu of leave	17 391 014	16 450 161	17 391 014	16 450 161
Remuneration of Chief Executive Officer	-	34 200	-	-
Remuneration of Chief Financial Officer	-	31 500	-	-
Remuneration of Company Secretary	-	18 000	-	-
Overtime	148 049 121	131 072 509	148 049 121	131 072 509
Defined benefit obligation	24 145 000	25 088 996	24 145 000	25 088 996
Long-Service awards	12 937 244	10 543 868	12 937 244	10 543 868
Acting and post related allowances	12 807 014	3 803 568	12 807 014	3 803 568
Car allowance	59 919 236	49 859 132	59 919 236	49 859 132
Housing benefits and allowances	6 051 229	5 878 849	6 051 229	5 878 849
Social Contributions - Pension	114 928 486	107 196 724	114 928 486	107 196 724
Standby Allowance	24 914 314	20 395 915	24 914 314	20 395 915
Cellular and telephone	5 728 877	5 401 080	5 728 877	5 401 080
Actuarial (loss) or gain on defined benefit liability	7 420 245	(35 327 251)	7 420 245	(35 327 251)
Social Contributions - Group Life Insurance	6 873 202	6 342 314	6 873 202	6 342 314
Social Contributions - Bargaining Council	232 745	220 843	232 745	220 843
Remuneration of General Manager - Office of Council	1 682 797	1 637 410	1 682 797	1 637 410
Overtime - Shift additional remuneration	12 573 595	10 794 066	12 573 595	10 794 066
Remuneration of the Municipal Manager	2 533 473	2 061 136	2 533 473	2 061 136
Remuneration of Deputy Municipal Manager - Service Delivery	1 962 631	2 017 760	1 962 631	2 017 760
Remuneration of Deputy Municipal Manager - Institutional Development	1 843 090	1 836 497	1 843 090	1 836 497
Remuneration of General Manager - City Planning	1 703 822	1 637 410	1 703 822	1 637 410
Remuneration of General Manager - Community Services	1 681 419	1 714 101	1 681 419	1 714 101
Remuneration of General Manager - Corporate Services	1 769 435	1 696 690	1 769 435	1 696 690
Remuneration of General Manager - Energy	2 101 107	1 991 874	2 101 107	1 991 874
Remuneration of General Manager - Public Safety	1 987 062	1 654 283	1 987 062	1 654 283
Remuneration of General Manager - Public works, Roads and Transport	1 682 797	1 740 387	1 682 797	1 740 387
Remuneration of General Manager - Regional Centre Coordination	1 639 980	1 705 845	1 639 980	1 705 845
Remuneration of General Manager - Strategic Management Services	1 726 047	1 767 486	1 726 047	1 767 486
Remuneration of General Manager - Water and Sanitation	1 710 438	1 637 410	1 710 438	1 637 410
Remuneration of Chief Financial Officer	2 090 430	1 753 326	2 090 430	1 753 326
	1 147 640 891	1 010 703 854	1 147 640 891	1 010 462 003



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
Remuneration of Municipal Manager				
Annual remuneration	1 673 455	1 395 519	1 673 455	1 395 519
Contributions to UIF, medical and pension funds	337 122	196 899	337 122	196 899
Car allowance	336 000	246 000	336 000	246 000
Cellphone allowance	86 426	61 007	86 426	61 007
Payment in lieu of leave	100 470	161 711	100 470	161 711
	2 533 473	2 061 136	2 533 473	2 061 136

The position of the Municipal Manager was filled with effect from 01 October 2019, as per the resolution taken at a special council meeting held 26 September 2019 under item B(1).

Remuneration of Chief Financial Officer

Annual remuneration	1 305 152	1 099 317	1 305 152	1 099 317
Contributions to UIF, medical and pension funds	331 052	231 899	331 052	231 899
Car allowance	240 000	235 076	240 000	235 076
Cellphone allowance	43 205	40 665	43 205	40 665
Payment in lieu of leave	171 021	146 369	171 021	146 369
	2 090 430	1 753 326	2 090 430	1 753 326

The Chief Financial Officer was appointed with effect from 1 February 2020, as per the resolution taken at the special council meeting held 31 January 2020 under item B(1).

Remuneration of General Manager - Strategic Management Services

Annual remuneration	1 354 962	1 354 962	1 354 962	1 354 962
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Cellphone allowance	43 205	40 663	43 205	40 663
Car allowance	240 000	240 000	240 000	240 000
Payment in lieu of leave	86 067	130 076	86 067	130 076
	1 726 047	1 767 486	1 726 047	1 767 486

Remuneration of Deputy Municipal Manager - Institutional Development

Annual remuneration	1 366 070	1 366 070	1 366 070	1 366 070
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Car allowance	300 000	300 000	300 000	300 000
Cellphone allowance	86 426	127 512	86 426	127 512
Payment in lieu of leave	74 150	-	74 150	-
Acting and post related allowance	14 631	41 130	14 631	41 130
	1 843 090	1 836 497	1 843 090	1 836 497

Remuneration of Deputy Municipal Manager - Service Delivery

Annual remuneration	1 521 102	1 521 102	1 521 102	1 521 102
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Car allowance	353 290	353 290	353 290	353 290
Cellphone allowance	86 426	137 780	86 426	137 780
Acting and post related allowance	-	3 803	-	3 803
	1 962 631	2 017 760	1 962 631	2 017 760

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
Remuneration of General Manager - Corporate Services				
Annual remuneration	1 414 242	1 414 242	1 414 242	1 414 242
Contributions to UIF, medical and pension funds	1 785	1 785	1 785	1 785
Car allowance	240 000	240 000	240 000	240 000
Cellphone allowance	43 205	40 663	43 205	40 663
Payment in lieu of leave	70 203	-	70 203	-
	1 769 435	1 696 690	1 769 435	1 696 690
Remuneration of General Manager - Regional Centre Coordination				
Annual remuneration	1 294 962	1 294 962	1 294 962	1 294 962
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Car allowance	300 000	300 000	300 000	300 000
Cellphone allowance	43 205	40 663	43 205	40 663
Payment in lieu of leave	-	68 435	-	68 435
	1 639 980	1 705 845	1 639 980	1 705 845
Remuneration of General Manager - Public Works, Roads and Transport				
Annual remuneration	1 354 962	1 354 962	1 354 962	1 354 962
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Car allowance	240 000	240 000	240 000	240 000
Cellphone allowance	43 205	40 663	43 205	40 663
Payment in lieu of leave	42 817	102 977	42 817	102 977
	1 682 797	1 740 387	1 682 797	1 740 387
Remuneration of General Manager - Energy				
Annual remuneration	1 682 391	1 682 391	1 682 391	1 682 391
Contributions to UIF, Medical and Pension Funds	1 813	1 785	1 813	1 785
Car allowance	192 000	192 000	192 000	192 000
Cellphone allowance	43 205	40 663	43 205	40 663
Payment in lieu of leave	181 698	75 035	181 698	75 035
	2 101 107	1 991 874	2 101 107	1 991 874
Remuneration of General Manager - Water and Sanitation				
Annual remuneration	1 354 962	1 354 962	1 354 962	1 354 962
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Car allowance	240 000	240 000	240 000	240 000
Cellphone allowance	43 205	40 663	43 205	40 663
Payment in lieu of leave	70 458	-	70 458	-
	1 710 438	1 637 410	1 710 438	1 637 410
Remuneration of General Manager - Community Services				
Annual remuneration	1 294 962	1 294 962	1 294 962	1 294 962
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Car allowance	300 000	300 000	300 000	300 000
Cellphone allowance	43 205	40 663	43 205	40 663
Payment in lieu of leave	41 439	76 691	41 439	76 691
	1 681 419	1 714 101	1 681 419	1 714 101

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
Remuneration of General Manager - Public Safety				
Annual remuneration	1 498 215	1 248 513	1 498 215	1 248 513
Contributions to UIF, medical and pension funds	1 813	1 487	1 813	1 487
Cellphone allowance	43 205	33 886	43 205	33 886
Car allowance	300 000	250 000	300 000	250 000
Payment in lieu of leave	143 829	120 397	143 829	120 397
	1 987 062	1 654 283	1 987 062	1 654 283

General manager - Public safety was appointed with effect from the 5th of September 2019.

Remuneration of General Manager - City Planning

Annual remuneration	1 450 962	1 450 962	1 450 962	1 450 962
Contributions to UIF, medical and pension funds	1 813	1 785	1 813	1 785
Car allowance	144 000	144 000	144 000	144 000
Cellphone allowance	43 205	40 663	43 205	40 663
Payment in lieu of leave	63 842	-	63 842	-
	1 703 822	1 637 410	1 703 822	1 637 410

Remuneration of General Manager - Office of Council

Annual Remuneration	1 354 962	1 354 962	1 354 962	1 354 962
Car Allowance	1 813	1 785	1 813	1 785
Performance Bonuses	240 000	240 000	240 000	240 000
Contributions to UIF, Medical and Pension Funds	43 205	40 663	43 205	40 663
Payment in lieu of leave	42 817	-	42 817	-
	1 682 797	1 637 410	1 682 797	1 637 410

Remuneration of Chief Executive Officer

Acting and post related allowance	-	34 200	-	-
-----------------------------------	---	--------	---	---

Remuneration of Chief Financial Officer

Acting and post related allowance	-	31 500	-	-
-----------------------------------	---	--------	---	---

Remuneration of Company Secretary

Acting and post related allowance	-	18 000	-	-
-----------------------------------	---	--------	---	---

Audited
By
2022-06-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

38. Remuneration of councillors

Executive Mayor	1 484 331	1 478 086	1 484 331	1 478 086
Mayoral Committee Members	10 592 048	10 064 363	10 592 048	10 064 363
Speaker	1 178 508	1 178 508	1 178 508	1 178 508
Councillors	40 972 954	40 851 245	40 972 954	40 851 245
Councillors pension contribution	3 918 765	3 893 074	3 918 765	3 893 074
Chief whip	1 109 312	1 071 912	1 109 312	1 071 912
Board seating allowance	-	38 493	-	-
	59 255 918	58 575 681	59 255 918	58 537 188

Audited
By
2022-06-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2021

	Basic salary	Motor vehicle allowance	Medical	Pension	In kind benefits	Cellphone allowance	Data allowance	Total
Mr. SP MATHONSI	876 035	351 065	45 754	131 405	35 671	40 800	3 600	1 484 330
Mr. GS SIWELA	751 236	283 527	43 002	56 343	-	40 800	3 600	1 178 508
Mr. ME NSIMBINI	693 459	270 834	-	104 019	-	37 400	3 600	1 093 312
Mr. A KUMBA	745 334	267 078	-	55 900	-	40 800	3 600	1 112 712
Ms. PV MASHEPO	723 327	267 078	23 657	54 250	-	40 800	3 600	1 112 712
Ms. BN MDHLULI	719 331	267 078	27 953	53 950	-	40 800	3 600	1 112 712
Ms. C MASEKO	719 331	267 078	27 953	53 950	-	40 800	3 600	1 112 712
Ms. NE GECELO-MKHABELA	716 030	267 078	27 953	53 950	-	37 400	3 600	1 109 312
Mr. PP NYALUNGA	716 030	267 078	31 502	53 702	-	40 800	3 600	1 112 712
Ms. MM MLIMI	745 334	267 078	-	55 900	-	40 800	3 600	1 112 712
Ms. LE NYALUNGA	723 327	267 078	23 657	54 250	-	40 800	3 600	1 112 712
Mr. LT MLOMBOBO	357 953	143 200	-	56 970	-	21 053	1 858	581 034
Ms. AS MTHUNYWA	696 725	267 078	-	104 509	-	40 800	3 600	1 112 712
Mr. KM MKHONTO	664 781	259 244	63 091	49 859	-	40 800	3 600	1 081 375
Mr. DD NGWENYAMA	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Mr. JJ KHOZA	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Ms. TG MABUZA	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Mr. EM MUTOBVU	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Mr. SI MOKOENA	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Mr. TM CHARLES	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Mr. JM MAZIBANE	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Mr. DB MKHATSHIWA	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Ms. MJ HLOPHE	377 286	144 620	-	56 591	-	40 800	3 600	622 897
Mr. TM BULUNGA	342 981	131 476	-	56 591	-	40 800	3 600	622 897
Ms. MS MASHELE	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. MC MHLANGA	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. JB MASHABA	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. L MASEKO	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. RF NGWENYA	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. ME MHWULE	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. BA NYUNDU	318 162	131 476	28 541	47 724	-	40 800	3 600	570 304
Mr. SR SCHORMAN	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. EM SEBASHE	342 981	131 476	-	51 447	-	40 800	3 600	570 304

Audited
By
2022 - 11 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Mr. SR Masuku	342 981	131 476	-	51 447	40 800	3 600	570 304
Ms. EG Janse Van Rensburg	366 910	131 476	-	27 518	40 800	3 600	570 304
Mr. S Van Der Merwe	366 910	131 476	-	27 518	40 800	3 600	570 304
Mr. GCB Anthony	366 910	131 476	-	27 518	40 800	3 600	570 304
Ms. NM Maganga	342 981	131 476	-	51 447	40 800	3 600	570 304
Ms. BA Nyalunga	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. A Thabethe	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. TM Pila	342 981	131 476	-	51 447	40 800	3 600	570 304
Ms. RQ Seepsop	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. K Mdluli	360 336	131 476	-	27 518	40 800	3 600	563 730
Mr. ST Masha	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. JJ Mkhabela	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. DDT Ngobe	334 216	131 476	-	51 447	40 800	3 600	561 539
Ms. EN Sibambo	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. MC Nkosi	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. NL Lukhele	338 598	131 476	-	51 447	40 800	3 600	565 921
Ms. MG Moyana	366 910	131 476	-	27 518	40 800	3 600	570 304
Ms. ME Jacobs	337 509	131 476	31 606	25 313	40 800	3 600	570 304
Ms. MC Mhlanga	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. KA Oliver	390 045	131 476	-	-	40 800	3 600	565 921
Mr. MJ Malomane	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. GM Nkambule	338 598	131 476	-	51 447	40 800	3 600	565 921
Ms. LM Sikonela	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. JV Mhlaba	366 910	131 476	-	27 518	40 800	3 600	570 304
Mr. HB Fakude	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. DJ Nkosi	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. DB Nkosi	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. EA Fankomo	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. TK Nyathi	342 981	131 476	-	51 447	40 800	3 600	570 304
Mr. SE Mbuyane	342 981	131 476	-	51 447	40 800	3 600	570 304
Ms. PP Mbowane	318 162	131 476	28 541	47 724	40 800	3 600	570 303
Ms. SE Makushe	342 981	131 476	-	51 447	40 800	3 600	570 304
Ms. DE Shongwe	342 981	131 476	-	51 447	40 800	3 600	570 304
Ms. FS Nkosi	57 163	21 913	-	8 575	6 800	600	95 051
Mr. PCW Minaar	366 910	131 476	-	27 518	40 800	3 600	570 304
Ms. T Marshall	366 910	131 476	-	27 518	40 800	3 600	570 304
Mr. LM Bhembe	286 822	131 476	59 543	43 681	40 800	3 600	565 922
Mr. HL Shongwe	342 981	131 476	-	51 447	37 400	3 600	566 904

Audited
By
2022 - 21 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Ms. NA Mokoena	308 583	131 476	39 558	46 287	-	40 800	3 600	570 304
Mr. BP Mhlanga	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. EK Manzini	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. LC Sibiya	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. L. Ngwenyama	309 950	131 476	37 986	46 493	-	40 800	3 600	570 305
Mr. KG Ndlovu	338 598	131 476	-	51 447	-	40 800	3 600	565 921
Ms SM Banda	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms Le Siboza	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. BP Nkhoma	338 598	131 476	-	51 447	-	40 800	3 600	565 921
Ms. TP Mhkaishwa	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. VL Mlilo	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. LB Nkosi	338 598	131 476	-	51 447	-	40 800	3 600	565 921
Mr. C Peyper	338 598	131 476	-	51 447	-	40 800	3 600	565 921
Mr. VS Gwebu	338 598	131 476	-	51 447	-	40 800	3 600	565 921
Mr. WW Moftha	342 981	131 476	-	51 447	-	40 800	3 600	565 921
Mr RC Matola	309 525	131 476	38 474	46 429	-	40 800	3 600	570 304
Mr. R Torr	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. JJ Mhlanga	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Ms. NM Zulu	314 399	120 520	-	47 160	-	37 400	3 300	522 779
Ms. K Malla	258 813	99 153	-	38 585	-	30 763	2 714	430 028
Mr. NM Mlambo	87 323	33 395	-	12 862	-	10 363	903	144 846
	36 358 538	13 834 073	578 771	4 480 511	35 671	3 645 779	322 575	59 255 918

2020

	Basic salary	Motor vehicle allowance	Medical	Pension	In kind benefits	Cellphone allowance	Data allowance	Total
Mr. SP Mathonsi	889 928	351 065	29 778	133 489	29 426	40 800	3 600	1 478 086
Mr. GS Swela	753 346	283 527	40 734	56 501	-	40 800	3 600	1 178 508
Mr. ME Nsimbini	696 181	267 704	-	104 427	-	-	3 600	1 071 912
Mr. A Kumba	745 334	267 078	-	56 187	-	40 800	3 600	1 112 999
Mr. PV Mashego	724 563	267 078	22 329	54 629	-	40 800	3 600	1 112 999
Mr. BN Mdhluli	712 878	267 078	34 890	53 753	-	40 800	3 600	1 112 999
Ms. C Maseko	720 246	267 078	26 969	54 305	-	40 800	3 600	1 112 999
Ms. NE Mkhabela	720 246	267 078	26 969	54 305	-	40 800	3 600	1 112 999
Mr. PP Nyalunga	717 675	267 078	29 733	54 112	-	40 800	3 600	1 072 198
Ms. MM Mlimi	745 334	267 078	-	56 187	-	40 800	3 600	1 112 999

Audited
By
2022 - 01 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)
Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Ms. LE Nyalunga	724 563	267 078	22 329	54 629	-	40 800	3 600	1 112 999
Mr. SP Nkosi	41 035	15 730	-	6 155	-	3 400	300	66 620
Ms. AS Mthunywa	696 476	267 078	-	105 045	-	40 800	3 600	1 112 999
Mr. KM Mkhonto	656 544	269 244	58 551	61 635	-	40 800	3 600	1 081 374
Mr. DD Ngwenyama	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Mr. JJ Khoza	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Ms. TG Mabuza	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Mr. EM Motobvu	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Mr. SI Mokoena	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Mr. TM Charles	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Mr. JM Mazibane	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Mr. LT Mlombo	398 629	144 620	-	56 590	-	40 800	3 600	644 439
Mr. BD Mkhathshwa	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Ms. MJ Hlophe	377 270	144 620	-	56 590	-	40 800	3 600	622 880
Mr. TN Bulunga	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. MS Mashelle	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. MC Mhlanga	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. JB Mashaba	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. L Maseko	342 981	131 476	-	51 447	-	41 470	3 600	570 974
Ms. RF Gwenya	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. ME Mhawule	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. BA Nyundu	319 999	131 476	26 429	48 000	-	40 800	3 600	570 304
Mr. SR Schormann	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. EM Sebashe	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. SR Masuku	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. EG Janse Van Rensburg	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Ms. S Van Der Merwe	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. GCB Anthony	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Ms. NM Maganga	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. BA Nyalunga	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. A Thabethe	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. TM Pila	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. RQ Seepsop	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. K Mdhuli	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. ST Mash	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. JJ Mkhabela	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. DDT Ngobe	340 326	131 476	-	51 447	-	40 800	3 600	570 304
Ms. EN Sibambo	342 981	131 476	-	51 447	-	40 800	3 600	567 649
								570 304

Audited
By
2022 - 01 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Mr. MC Nkosi	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. NL Lukhele	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. MG Moyana	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Ms. ME Jacobs	321 136	131 476	46 182	24 085	-	40 800	3 600	567 279
Ms. MC Mhlanga	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. KA Oliver	377 528	131 476	-	-	-	40 800	3 600	553 404
Mr. MJ Mlomane	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. GM Nkambule	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. ML Sikonela	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. VJ Mhlaba	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. HB Fakude	342 981	131 476	-	51 447	-	40 800	3 600	570 304
MR. DJ Nkosi	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. DB Nkosi	360 296	111 564	-	54 044	-	40 800	3 600	570 304
Mr. AE Fankomo	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. TK Nyathi	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. SE Mbuyane	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. PP Mbowane	319 999	131 476	26 429	48 000	-	40 800	3 600	570 304
Ms. SE Makushe	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. DE Shongwe	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. FS Nkosi	340 326	131 476	-	51 447	-	40 800	3 600	567 649
Mr. PCW Mirnaar	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Ms. T Marshall	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. LM Bhembe	294 401	131 476	-	44 160	-	40 800	3 600	570 304
Mr. HL Shongwe	342 981	131 476	-	51 447	-	40 800	3 600	529 504
Ms. NA Mokoena	310 513	131 476	-	46 577	-	40 800	3 600	570 304
Mr. PB Mhlanga	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. EK Manzini	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. LC Sibiya	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. L Ngwenyama	311 550	131 476	36 146	46 732	-	40 800	3 600	570 304
Mr. KG Ndlovu	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. SM Banda	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. LE Sibozo	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. BP Nkhoma	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Ms. TP Mkhathshwa	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. VL Mlilo	366 910	131 476	-	27 518	-	40 800	3 600	570 304
Mr. LB Nkosi	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. C Peyper	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. VS Gwebu	340 326	131 476	-	51 447	-	40 800	3 600	567 649

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Mr. WW Motha	342 981	131 476	-	51 447	-	40 800	3 600	570 304
Mr. RC Matola	341 125	131 476	2 135	51 169	-	40 800	3 600	570 305
Mr. R Torr	327 887	110 643	-	23 158	-	36 448	3 216	501 352
Mr. JJ Mhlanga	327 887	110 643	-	23 158	-	36 448	3 216	501 352
	36 070 138	13 643 010	523 808	4 446 708	29 426	3 504 166	319 932	58 537 188

Remuneration paid to all councillors are within the upper limits set by the Minister for Co-Operative Governance and Traditional Affairs as per his vested power set out in the Remuneration of Public Office Bearers Act no 20 of 1998.

In-kind benefits

The Executive Mayor, the Speaker and Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor have the use of a Council leased vehicle for official duties. The Speaker uses the council procured vehicle for official purposes.

Council provided security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost to Council based on the security risk assessment conducted.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
39. Inventory consumed				
Material and supplies	5 156 877	4 986 745	5 156 877	4 986 745
Consumables	49 500 586	47 143 265	49 500 586	47 143 265
	54 657 463	52 130 010	54 657 463	52 130 010
40. Depreciation and amortisation				
Property, plant and equipment	536 902 071	538 835 229	536 900 389	538 833 547
Investment property	2 254 648	2 309 409	2 254 648	2 309 409
Intangible assets	1 212 969	1 594 862	1 212 315	1 594 208
	540 369 688	542 739 500	540 367 352	542 737 164
41. Finance costs				
Borrowings	47 520 317	26 321 459	47 520 317	26 321 459
Trade and other payables	35 413 421	35 931 062	35 413 421	35 931 062
Finance leases	-	165 132	-	165 132
Bank	24 603	83 487	24 603	83 487
Finance charges - Provision for landfill site	2 720 127	3 670 595	2 720 127	3 670 595
	85 678 468	66 171 735	85 678 468	66 171 735
42. Operating lease				
Operating lease	6 528 612	8 041 324	6 528 612	8 041 324

The City is leasing various buildings for office accommodation purposes and a fleet vehicle for the official trips of the Executive Mayor. These lease contracts have options for renewal on the terms and conditions agreed by all parties. The escalation rates ranges between 8-10 per cent respectively for the office accommodation leases.

There is no contingent rent paid or payable on all the agreements.

43. Bad debts written off

Bad debts written off	298 900 634	229 885 128	298 900 044	229 885 128
-----------------------	-------------	-------------	-------------	-------------

Council has approved the writing off, of irrecoverable debt for 2020/2021 financial year at its meeting held 31 May 2021 under item A(6).

Audited
By
2022-06-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
44. Bulk purchases				
Electricity - Eskom	886 815 769	799 439 583	886 815 769	799 439 583
Water	72 817 709	53 817 588	72 817 709	53 817 588
	959 633 478	853 257 171	959 633 478	853 257 171
Material losses incurred during the year under review were as follows:				
Electricity losses				
Electricity purchased (kWh)	757 592 198	725 385 407	957 592 198	725 385 407
Electricity sold (kWh)	(594 423 874)	(590 153 690)	(594 423 874)	(590 153 690)
Electricity losses (kWh)	163 168 324	135 231 717	363 168 324	135 231 717
Electricity losses (kWh)	163 168 324	135 231 717	163 168 324	135 231 717
Unit cost per kWh	1.17	1.10	1.17	1.10
Electricity losses in Rand value	190 906 939	148 754 889	190 906 939	148 754 889
Percentage Loss:	21.54 %	18.64 %	21.54 %	18.64 %
Water losses				
Water pumped and distributed (KL)	4 148 256	5 261 586	4 148 256	5 261 586
Water sold (KL)	(3 231 589)	(4 056 529)	(3 231 589)	(4 056 529)
Water distribution losses in KL	916 667	1 205 057	916 667	1 205 057
Water distribution losses in KL	916 667	1 205 059	916 667	1 205 059
Water losses in KL	5.23	5.05	5.23	5.05
Average cost per KL	5.23	5.05	5.23	5.05
Water losses in Rand Value	4 794 168	6 085 548	4 794 168	6 085 548
Percentage Loss:	22.10 %	22.90 %	22.10 %	22.90 %

Audited
By
2022-01-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
45. Contracted services				
Outsourced Services				
Alien Vegetation Control	178 331	316 194	178 331	316 194
Burial Services	10 075 239	5 042 588	10 075 239	5 042 588
Business and Advisory	9 109 708	5 976 595	9 109 708	5 976 595
Catering Services	951 646	4 335 057	951 646	4 335 057
Cleaning Services	2 448 685	3 692 037	2 448 685	3 692 037
Hygiene Services	-	79 811	-	79 811
Internal Auditors	10 000 781	9 703 675	10 000 781	9 703 675
Illegal Dumping	38 772 253	18 750 857	38 772 253	18 750 857
Litter picking and street cleaning	-	544 243	-	544 243
Medical waste removal	7 500	32 537	7 500	32 537
Meter Management	4 450 263	12 727 423	4 450 263	12 727 423
Mini Dumping Sites	33 792 872	27 010 594	33 792 872	27 010 594
Personnel and Labour	-	26 169	-	26 169
Refuse Removal	46 961 863	37 507 460	46 961 863	37 507 460
Security Services	69 314 782	68 567 277	69 314 782	68 567 277
Translators, Scribes and Editors	9 000	4 000	9 000	4 000
Transport Services	6 390	222 190	6 390	222 190
Drivers Licence Cards	-	2 348 175	-	2 348 175
Project management	36 536 857	44 545 622	36 536 857	44 545 622
Organisational	369 514	-	369 514	-
Commissions and Committees	96 602	113 936	96 602	113 936
Human resources	3 923 435	6 690 672	3 923 435	6 690 672
Consultants and Professional Services				
Business and Advisory	2 031 568	6 113 395	2 031 568	6 113 395
Infrastructure and Planning	8 619 058	5 774 413	8 619 058	5 774 413
Laboratory Services	1 254 886	1 990 631	1 254 886	1 990 631
Legal Cost	18 362 094	25 417 452	18 362 094	25 417 452
Legal Costs - Issue of summons	81 828	365 452	81 828	365 452
Legal Costs - Collection	2 837 175	1 411 548	2 837 175	1 411 548
Accounting and auditing	8 171 484	8 335 118	8 171 484	8 335 118
Business and financial management	11 128 707	9 265 714	11 128 707	9 265 714
Contractors				
Artists and Performers	-	134 400	-	134 400
Audio-visual Services	31 200	200 315	31 200	200 315
Bore waterhole drilling	-	79 230	-	79 230
Electrical	21 738 935	17 232 010	21 738 935	17 232 010
Event Promoters	512 599	2 786 768	512 599	2 786 768
Fire Protection	695 472	66 050	695 472	66 050
Gardening Services	863 152	32 401 934	863 152	32 401 934
Gas	-	3 948	-	3 948
Maintenance of Buildings and Facilities	52 470 597	41 062 715	52 470 597	41 062 715
Maintenance of Equipment	16 211 222	15 113 532	16 211 222	15 113 532
Maintenance of Unspecified Assets	166 070 450	108 705 406	166 070 450	108 705 406
Medical Services	386 030	242 039	386 030	242 039
Pest Control and Fumigation	51 399 982	13 098 178	51 399 982	13 098 178
Traffic and Street Lights	11 659 315	6 210 135	11 659 315	6 210 135
Transportation	11 830	75 554	11 830	75 554
Sewerage Services	38 038 375	85 190 387	38 038 375	85 190 387
Sports and Recreation	152 889	115 028	152 889	115 028
Stage and Sound Crew	182 700	599 529	182 700	599 529
Forestry	595 786	-	595 786	-
Engineering - Civil	4 777 638	54 709 255	4 777 638	54 709 255
	685 290 693	684 937 248	685 290 693	684 937 248

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
46. Transfers and subsidies				
Other subsidies				
Non-profit institutions	700 000	3 746 309	700 000	3 746 309
Social assistance: - Grant in aid	-	3 768 129	-	3 768 129
Poverty relief	435 055	168 637	435 055	168 637
Scholarship program	-	53 035	-	53 035
Bursaries	3 714 916	4 660 983	3 714 916	4 660 983
	4 849 971	12 397 093	4 849 971	12 397 093
47. Operational costs				
Advertising	1 584 535	2 722 023	1 584 535	2 700 742
Auditors remuneration	10 998 433	7 285 971	10 998 433	7 285 971
Bank charges	2 545 152	3 697 297	2 543 604	3 694 206
Materials and Supplies	-	1 582	-	982
Commission - Prepaid electricity	1 680 420	5 801 379	1 680 420	5 801 379
Rental	-	43 376	-	-
Entertainment	55 594	111 629	55 594	111 629
Insurance 3rd party payments and excess	28 695 919	14 701 127	28 695 919	14 701 127
Information Technology Services	14 656 544	14 296 954	14 656 544	14 296 954
Workmen's Compensation Fund	5 388 594	3 583 531	5 388 594	3 583 531
Learnerships and Internships	1 755 358	2 736 398	1 755 358	2 736 398
Travel and subsistence	1 392 625	4 977 582	1 385 645	4 958 194
Skills Development Fund Levy	7 931 108	7 439 759	7 931 108	7 439 759
Signage	463 225	567 291	463 225	567 291
Postage and courier	1 555 699	3 340 238	1 555 699	3 340 238
Uniform and protective clothing	7 934 502	7 933 015	7 934 502	7 933 015
Printing - Publications and books	583 917	527 909	583 917	527 909
Contribution to provisions - Rehabilitation of Landfill Sites	16 876 056	5 907 023	16 876 056	5 907 023
Honoraria (Voluntarily Workers)	-	30 000	-	30 000
Professional bodies, membership and subscription	5 310 412	10 265 950	5 310 412	10 265 950
Telephone and fax	9 569 504	12 997 680	9 569 504	12 997 680
Transport provided as part of departmental activities	256 074	2 031 039	256 074	2 031 039
Travel agency fees	10 951	201 916	10 951	201 916
Title deed search fees	130 668	128 293	130 668	128 293
Municipal services	100 659 029	93 786 392	100 659 029	93 786 392
Licences - radio and television	621 739	25 382	621 739	25 382
Rewards Incentives	5 821 054	5 833 413	5 821 054	5 833 413
Registration fees	67 656	382 644	67 656	382 644
Vehicle tracking	4 804 395	1 701 840	4 804 395	1 701 840
Indigent relief	39 845 289	19 330 562	39 845 289	19 330 562
Remuneration to Ward Committees	5 063 446	4 973 000	5 063 446	4 973 000
Performers and arts	-	15 600	-	15 600
Licences	2 728 948	1 908 349	2 728 948	1 908 349
	278 986 846	239 286 144	278 978 318	239 198 408

Audited
By
2022-01-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
48. Cash generated from operations				
Deficit for the year	(383 837 049)	101 262 497	(383 825 595)	101 269 881
Adjustments for:				
Depreciation and amortisation	540 369 688	542 739 500	540 367 352	542 737 164
Loss on disposal of property, plant and equipment	2 347 359	1 382 170	2 347 359	1 382 170
Inventory write off	299 659	112 410	299 659	112 410
Public contributions and donations	(2 416 625)	(34 000 000)	(2 416 625)	(34 000 000)
Gain on reversal of impairment of debtors	(61 788 415)	(115 993 629)	(61 788 415)	(115 993 629)
Finance costs - Finance leases	-	165 132	-	165 132
Bad debts written off	298 900 634	229 885 128	298 900 044	229 885 128
Movements in operating lease assets and accruals	(8 051)	(61 680)	(8 051)	(61 680)
Movements in retirement benefit assets and liabilities	(27 378 000)	(14 283 007)	(27 378 000)	(14 283 007)
Movements in provisions	29 951 955	11 570 242	29 951 955	11 570 242
Movement in long service award	-	-	-	-
Recapitalisation of finance cost	47 520 317	-	47 520 317	-
Changes in working capital:				
Inventories	(14 672 873)	(7 915 357)	(14 672 873)	(7 915 357)
Other receivables from exchange transactions	(46 625 198)	2 281 936	(46 625 198)	2 281 936
Trade receivables from exchange transactions	(106 588 905)	(271 537 541)	(106 588 905)	(271 537 541)
Statutory Receivables	9 398 789	(720 421)	9 398 789	(720 421)
Deposits made	(1 038 490)	(392 516)	(1 038 490)	(383 146)
Trade and other payables from exchange transactions	266 493 494	128 911 369	266 493 494	128 902 317
Value Added Tax	(21 254 111)	(6 538 002)	(21 254 111)	(6 537 548)
Other payables from non - exchange transactions	(4 372 254)	(39 279 570)	(4 372 254)	(39 279 570)
Unspent conditional grants and receipts	(72 054 555)	(30 186 929)	(72 054 555)	(29 829 019)
Consumer deposits	2 116 593	2 592 511	2 116 593	2 592 511
Other financial liabilities	1 331 316	510 962	1 331 316	510 962
	456 695 278	500 505 205	456 703 806	500 868 935

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

49. Prior period errors

Opening Balance as previously reported- Accumulated Surplus	- 5 414 059 226	- 5 414 003 486
Correction of error - Net effect on opening accumulated surplus	- 65 778 161	- 65 777 725
	- 5 479 837 387	- 5 479 781 211

Increase in cost due to donated Land - property, plant and equipment: Land	- 34 000 000	- 34 000 000
Increase in cost due to completed property plant and equipment: building projects completed in previous financial years	- 16 899 198	- 16 899 198
Decrease in accumulated depreciation to completed property, plant and equipment: building projects completed in previous financial years	- 52 616	- 52 616
Decrease in accumulated depreciation - property, plant and equipment: Equipment and machinery	- 10 551 540	- 10 551 540
Decrease in accumulated depreciation - property, plant and equipment: furniture and equipment	- 8 094 190	- 8 094 190
Decrease in accumulated depreciation - property, plant and equipment: transport assets	- 93 566 504	- 93 566 504
Decrease in accumulated depreciation - property, plant and equipment: computer equipment	- 11 021 308	- 11 009 420
Additions to completed property, plant and equipment: roads infrastructure projects completed in previous financial years	- 182 189 781	- 182 189 781
Increase in accumulated depreciation - property, plant and equipment: roads, pavements and stormwater	- (20 865 288)	- (20 865 288)
Decrease in construction work in progress projects that were completed in previous years but were only componentised in the current financial year	- (250 042 142)	- (250 042 142)
Increase in cost due to property, plant and equipment - Electricity assets previously not recognised	- 1 958 812	- 1 958 812
Increase in accumulated depreciation to property, plant and equipment - electricity	- (46 552)	- (46 552)
Increase in cost due to completed property, plant and equipment: Waste Water projects completed in previous financial years	- 6 915 925	- 6 915 925
Increase in accumulated depreciation to property, plant and equipment - electricity	- (565 759)	- (565 759)
Increase in cost due to completed property, plant and equipment: Water projects completed in previous financial years	- 26 807 891	- 26 807 891
Increase in accumulated depreciation to completed property, plant and equipment: water projects completed in previous financial years	- (949 772)	- (949 772)
Decrease in VAT receivables	- (16 590)	- -
Decrease in accumulated depreciation - Intangible assets	- 5 138	- -
Increase in public contribution and donations	- (34 000 000)	- (34 000 000)
Decrease in depreciation to property, plant and equipment	- (8 773 063)	- (8 773 063)
Nett effect of VAT on creditors not accrued for in the 2018/2019 financial year and prior	- 207 806	- 207 806
Increase in trade and other payables from exchange transactions - Invoices relating to the 2018/19 financial year and prior	- (6 896 693)	- (6 896 693)
Increase trade and other payables from exchange transactions - due to salaries and allowances back pay for employees	- (4 317 498)	- (4 317 498)
Decrease in cost - property plant and equipment: Computer equipment	- (19 191)	- (19 191)

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
	-	65 778 161	-	65 777 725
The reported net deficit for the previous year has been adjusted by the following identified accounting errors:	-	50 552 067	-	50 558 273
Decrease in trade and other payables from exchange transactions - interest incorrectly charged by the department of community safety, security and liason	-	8 701 670	-	8 701 670
Increase in trade and other payables from exchange transactions - Invoices relating to the 2019/2020 financial year	-	(1 079 526)	-	(1 079 526)
Increase in Vat receivable - error in capturing of invoices for which Vat was claimable	-	249 090	-	249 090
Nett effect of VAT on creditors that not accrued for in the 2019/2020 financial year.	-	67 311	-	67 311
Decrease in depreciation and amortisation	-	4 085	-	-
Increase in public contributions and donations due to land transferred to the municipality	-	34 000 000	-	34 000 000
Decrease in depreciation for the year due to incorrect depreciation calculations made.	-	8 773 063	-	8 773 063
Increase in operational costs	-	(5 263)	-	-
Net effect of adjustments on the prior year	-	101 262 497	-	101 269 881

The Municipality recalculated backpays for employees due to finalisation of the placement process as well as implementation of the task grading salary scales in order to address salary disparities.

The Municipality received invoices that related to expenditure incurred during the 2019/2020 financial year. These invoices were paid and the corresponding restatements were corrected in the prior year.

The Municipality received invoices that related to expenditure incurred prior to the 2018/2019 financial year. These invoices were paid and the corresponding restatements were corrected in the prior year.

Accounting for depreciation for assets that were previously not calculated due to assets not being recognised or assets transferred from work-in-progress.

Reversal of work-in-progress incorrectly capitalised. The recognition criteria according to GRAP 17 not satisfied.

Computer equipment assets to the value of R 19 198.00 as well as computer software with the value of R 8 154.00 had reached the end of its useful lives. The assets were still in use and in good condition. The useful lives of the assets were not previously reviewed at year end thus a correction of error is applied.

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

50. Comparative figures

Certain comparative figures have been reclassified due to Municipal Standard Chart of Accounts (mSCOA) and Generally Recognised Accounting Practice (GRAP) to ensure fair presentation and consistency.

Economic entity

Statement of financial position

	Comparative figures previously reported	Reclassification	After reclassification
Trade and other payables from exchange transaction - Trade payables and accruals	694 832 519	(49 939 879)	644 892 640
Trade and other payables from exchange transactions - Salaries Employee related costs	74 308	90 469 879	90 544 187
Other payables from non-exchange transactions - Transfers payable	60 660 333	(40 530 000)	20 130 333
Total	755 567 160	-	755 567 160

Some items within Trade and other payables from exchange transactions - Trade payables and accruals to Trade and other payables from exchange transactions - Salaries: employee related costs.

Some items within Trade and other payables from exchange transactions - Trade payables and accruals to Other payables from exchange transactions - Transfers payables.

Statement of financial performance

	Comparative figures previously reported	Reclassification	After reclassification
Expenditure			
Transfers and subsidies paid	16 658 146	(4 261 053)	12 397 093
Operational costs - Indigent relief	15 069 508	4 261 053	19 330 561
Total	31 727 654	-	31 727 654

Indigent relief expense was reclassified from transfers and subsidies paid to operational cost line item based on the nature of the expenditure.

Audited
By
2022-01-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

51. Change in accounting estimates

The provision for the rehabilitation of landfill sites was revised at year end and was recognised in the surplus or deficit for the reporting period.

The effect of the change in accounting estimate on the current year's depreciation was an increase of R 41 280 for the Tekwane Landfill site, an increase of R 116 912 for the Barberton Landfill site and an increase of R 64 024 for the Hazyview Landfill site. The change in accounting estimate was added to the cost of the related asset in the current reporting period. The total overall effect of the future periods is a cumulative net increase in the depreciation cost of R 8 842 772 over the remaining useful life of the related assets. The effect of the change in future periods will be an increase in the annual depreciation expense amounting to R 41 280 totalling to R 1 775 082 over the remaining useful life of the Tekwane Landfill site, an increase in the annual depreciation expense amounting to R 116 912 totalling to R 4 442 671 over the remaining useful life of the Barberton landfill site and an decrease in the annual depreciation expense amounting to R 64 024, totalling R 2 625 019 over the remaining useful life of the Hazyview landfill site. The overall impact on the finance costs will increase by R 107 623 in the following financial year.

52. Auditors' remuneration

Fees	10 998 433	7 285 971	10 998 433	7 285 971
------	------------	-----------	------------	-----------

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



53. Commitments

Authorised capital expenditure

Already contracted for or Not yet contracted for:

• Infrastructure - Water	34 802 429	85 373 501	34 802 429	85 373 501
• Infrastructure - Roads, Pavement and Stormwater	372 646 931	235 908 564	372 646 931	235 908 564
• Infrastructure - Electricity	174 532 109	149 373 055	174 532 109	149 373 055
• Infrastructure - Waste Water	114 028 196	96 798 133	114 028 196	96 798 133
• Buildings	23 890 188	595 080	23 890 188	595 080
• Community Facilities	9 439 937	30 113 598	9 439 937	30 113 598
Approved but not contracted for:	-	-	-	-
• Infrastructure - Waste water	5 249 377	-	5 249 377	-
• Infrastructure - Roads, Pavement and Stormwater	28 118 119	-	28 118 119	-
• Infrastructure - Water	17 293 129	-	17 293 129	-
• Infrastructure - Electricity	-	16 262 461	-	16 262 461
	780 000 415	614 424 392	780 000 415	614 424 392

The expenditure will be funded as follows:

• Government grants	758 601 906	593 483 469	758 601 906	593 483 469
• Internal funding	21 398 509	20 940 923	21 398 509	20 940 923
	780 000 415	614 424 392	780 000 415	614 424 392

Total capital commitments

Already contracted for / Not yet contracted for	780 000 415	614 424 392	780 000 415	614 424 392
Funded	(780 000 415)	(614 424 392)	(780 000 415)	(614 424 392)
	-	-	-	-

Authorised operational expenditure

Already contracted for:

• Typical Work Stream - Electrification	47 556 545	20 535 590	47 556 545	20 535 590
• Typical Work Stream - Spatial Planning	18 829	1 190 636	18 829	1 190 636
• Typical Work Stream - Meter conversion and replacement	-	8 974 404	-	8 974 404
• Typical Work Stream - Intergrated Public Transport Network	3 084 837	1 470 120	3 084 837	1 470 120
• Typical Work Stream - Water Services	3 987 314	11 034 492	3 987 314	11 034 492
• Typical Work Stream - Financial Management	5 798 908	7 359 834	5 798 908	7 359 834
• Typical Work Stream - Waste Management	12 621 542	40 054 065	12 621 542	40 054 065
• Typical Work Stream - Other	16 821 570	29 289 133	16 821 570	29 289 133
	89 889 545	119 908 274	89 889 545	119 908 274

Total operational commitments

Already contracted for	89 889 545	119 908 274	89 889 545	119 908 274
------------------------	------------	-------------	------------	-------------

Total commitments

Total commitments	89 889 545	119 908 274	89 889 545	119 908 274
Already contracted for				

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	937 002	1 391 103	937 002	1 391 103
- in second to fifth year inclusive	574 243	1 511 245	574 243	1 511 245
	1 511 245	2 902 348	1 511 245	2 902 348

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five (5) years. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	128 577	148 463	128 577	148 463
- in second to fifth year inclusive	323 918	412 750	323 918	412 750
- later than five years	101 736	141 480	101 736	141 480
	554 231	702 693	554 231	702 693

Certain of the economic entity's equipment and buildings is held to generate rental income. Rental of equipment and buildings is expected to generate rental yields on an ongoing basis. Lease agreements have terms from 3 to 6 years. There are no contingent rents receivable.

Audited
By
2022-06-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



54. Contingencies

Contingent liabilities

Damage claims

A claim against the City was instituted through a high court summons, where the Plaintiff is claiming R 15 904 902.13 excluding interest and legal fees. The Plaintiff's claim is for services provided to the City, however the City is contesting the matter. R 15 904 902.	15 904 902	15 904 902	15 904 902	15 904 902
A claim against the City through high court combined summons for the UB 40 concert to the amount of R 1 557 166 The City is contesting the case through appointed legal representatives. The City requested security to be present at the event, of which the plaintiff did not comply with the request. R 1 557 166.	1 557 166	1 557 166	1 557 166	1 557 166
A dispute between the Municipality and a concensionaire is currently being investigated. The difference is due to an opening balance on a statement that both parties could not agree upon.	47 393 765	-	47 393 765	-
A claim against the City was instituted through a high court summons, where the Plaintiff is claiming R 1 125 239.01 excluding interest and legal fees. The plaintiff's claim is for general maintenance of council's buildings, however the City is contesting the matter. R 1 900 000 is inclusive of interest cost and legal fees.	1 900 000	1 900 000	1 900 000	1 900 000
A claim against council has been instituted through combined summons to the amount of R 19 000.00 for "verbal agreement". The case is defended through appointed legal representatives. R 19000.	19 000	19 000	19 000	19 000
A procurement dispute claim through High Court summons emanating from a forged cession of payment agreement which was not honoured by council. Council is contesting the claim based on external legal advice. The City was granted leave to appeal to defend and an undertaking not to proceed with the summary judgment was made by the applicant's legal representatives. The case is dormant. R 2 540 043.	2 540 043	2 540 043	2 540 043	2 540 043
Unilaterally amended agreement for the provision of free raw water for a period of 6 years within the Nsikazi /Kanyamazane area. R 11 510 110	11 510 110	11 510 110	11 510 110	11 510 110
An application was made to National Treasury for condonation of the unauthorised expenditure on conditional grants incurred during 2009/2010 and 2010/2011 financial years. The municipality is awaiting the pending outcome of the request after all supporting evidence was submitted in collaborating of the unauthorised expenditure which was outside the respective conditional grants framework. Municipal (Infrastructure Grant: R 163 400 959 and Public Transport Infrastructure Grant: R 41 177 177) R 204 578 136.	204 578 136	204 578 136	204 578 136	204 578 136

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Mahlatse David Makhubedu // SALGBC and Mbombela Local Municipality. This matter involves the alleged constructive dismissal of the employee who then referred a dispute to the Labour Court. Msikinya Attorneys are the appointed legal representatives handling the matter on behalf of the city. R 552 961.	552 961	552 961	552 961	552 961
A dispute has arisen due to non-performance on agreed deliverables as stipulated on the service level agreement. The matter is currently under mediation. R 14 052 481.	14 052 481	14 052 481	14 052 481	14 052 481
Total contingent liabilities	300 008 564	252 614 799	300 008 564	252 614 799

Audited
By
2022-01-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



55. Related parties

Controlling Entity

City of Mbombela Development Agency

The Umjindi Local Development Agency (UMLEDA) was incorporated on the 30th of October 2008. The former Umjindi Local Municipality held 100% shares of Umjindi Local Economic Development Agency (UMLEDA). City of Mbombela has at its meeting held 27 October 2016 under item A(11) resolved to approve the name change of the entity to City of Mbombela Economic Development Agency. The objectives and functions of the agency (entity) is to drive and champion local economic development initiatives in order to achieve job creation and poverty alleviation as per the National Development Plan and also to promote investment attraction and SMME development.

Mbombela Economic Development Agency

Mbombela Economic Development Agency (MEDA) was established by the Municipality as a service utility in terms of Section 86H of the Municipal Systems Act No 32 of 2000 through the passing of the by-law. The municipality has significant influence over the agency. The agency is a dormant section 21 company.

Mbombela Economic Development Partnership.

Council has at its meeting held 26 February 2015 under item A(4) resolved to approve the establishment of the Mbombela Economic Development Partnership. The Mbombela Economic Development Partnership was constituted as an independent not for profit company established in terms of the Companies Act, No 71 of 2008.

The overriding objective of Mbombela Economic Development Partnership is to meet the City's economic development strategic outcomes in partnership with the community in order to stimulate the economy by focusing on sector support thus creating an enabling environment that will attract investment, stimulate increased job creation, skills transfer, youth and small business development, resource resilience and liveable and safe community development.

The Mbombela Economic Development Partnership is responsible for the following core functions:

- Mobilisation and establishing partnerships for thematic programmes
- Communication, Promotion, Intelligence Distribution
- Coordination and facilitation of spatial, sector and/or project interventions
- Facilitate dialogue amongst key stakeholders

Municipal Housing Entity

Council has at its meeting held 29 March 2019 under item A(6) resolved for the establishment of Municipal Housing Entity. The Municipal Housing Entity will be responsible for creating and managing social housing and rental stock, and further managing community rental stock. The City of Mbombela will be the controlling entity for the Municipal Housing Entity.

Umsebe Accord

Umsebe Accord is a Non Profit company established to pursue public benefit objectives entrusted with the four municipalities namely, Municipio De Matola Municipality(Mozambique), Municipal Council of Mbabane(eSwatini), Nkomazi Local Municipality and the City of Mbombela Local Municipality. The objectives and functions of the company (entity) amongst others include promotion of local economic development initiatives and meeting the strategic objectives of the four cities as registered in the Memorandum of Incorporation. The Board of Directors constitutes representatives from all the four city's (municipalities) nominated to represent each municipality accordingly. Council has resolved at its meeting held 31 August 2018 under item A(4) to review and renew the Umsebe Accord Protocol for a five years period from 2018 to 2023.

Municipal Solidarity Fund

The Municipal Solidarity Fund was established to solicit funding that would be used to fight the COVID-19 pandemic and the sound consequences of the pandemic, including but not limited to social development, supporting the homeless, food security, support to informal traders, assisting the unemployed in the communities. The Fund was established as a Non-Profit Organization.

The diversified Board of Directors were appointed to serve and contribute to the successful realization of the strategic objectives of the Fund. The establishment of the Municipal Solidarity Fund with terms of reference was approved by Council at its meeting held 30 October 2020 under item A(9).

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Related party transactions

Description

Transfers and subsidies	700 000	-	700 000	-
-------------------------	---------	---	---------	---

The amount of R 700 000.00 was paid to Mbombela Economic Development Partnership.

Remuneration of management is disclosed Note 37 to these unaudited consolidated annual financial statements.

Remuneration of councillors and other in-kind benefits is disclosed in Note 38 to these unaudited consolidated annual financial statements.

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to the South African Local Government Association (SALGA)

Opening balance	10 104 828	-	10 104 828	-
Current year subscription	10 751 182	10 104 828	10 751 182	10 104 828
Amount paid - current year	(3 212 622)	-	(3 212 622)	-
Amount paid - previous years	(10 227 377)	-	(10 227 377)	-
	7 416 011	10 104 828	7 416 011	10 104 828

Audit fees

Opening balance	5 787 624	7 045 635	5 787 624	7 045 635
Current year audit fees	10 998 433	8 378 866	10 998 433	8 378 866
Amount paid - current year	(1 787 866)	(2 719 709)	(1 787 866)	(2 719 709)
Amount paid - previous years	(5 718 784)	(6 917 168)	(5 718 784)	(6 917 168)
	9 279 407	5 787 624	9 279 407	5 787 624

PAYE, UIF and SDL

Opening balance	34 058 579	13 643 812	34 058 579	13 643 812
Current year expense	211 058 541	199 232 426	211 058 541	199 232 426
Amount paid - current year	(175 278 734)	(165 173 847)	(175 278 734)	(165 173 847)
Amount paid - previous years	(34 058 579)	(13 643 812)	(34 058 579)	(13 643 812)
	35 779 807	34 058 579	35 779 807	34 058 579

The unpaid balance is the amount for May and June 2021 which was payable in July 2021.

Pension and Medical Aid Deductions

Opening balance	20 152 449	17 918 718	20 152 449	17 918 718
Current year expense	256 308 550	235 269 646	256 308 550	235 269 646
Amount paid - current year	(234 914 821)	(215 117 197)	(234 914 821)	(215 117 197)
Amount paid - previous years	(20 152 449)	(17 918 718)	(20 152 449)	(17 918 718)
	21 393 729	20 152 449	21 393 729	20 152 449

The unpaid balance is the amount for June 2021 which was payable in July 2021.

VAT

VAT receivable	142 991 612	121 737 501	142 991 612	121 737 501
Opening balance	121 737 501	115 199 953	121 737 501	115 199 953
Total amount claimed from SARS during the year	81 438 929	96 108 823	81 438 929	96 108 823
Total amount received during the year	(77 922 562)	(75 945 766)	(77 922 562)	(75 945 766)
Adjustments	(121 532 923)	(122 277 803)	(121 532 923)	(122 277 803)
Net VAT on accruals	144 473 013	108 652 294	144 473 013	108 652 294
VAT receivable	148 193 958	121 737 501	148 193 958	121 737 501
VAT receivable (as per VAT 201)	3 720 945	13 085 207	3 720 945	13 085 207
Net VAT on accruals	144 473 013	108 652 294	144 474 013	108 652 294
VAT receivable	148 193 958	121 737 501	148 194 958	121 737 501

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Councillors' arrear consumer accounts

30 June 2021

	Outstanding less than 90 days	Outstanding more than 90 days	Total R
Cllr A Kumba	228	2 410	2 638
Cllr SP Mathonsi	3 340	13 509	16 849
Cllr JJ Mkhabela	1 822	-	1 822
Cllr RC Matola	5 835	71 401	77 236
Cllr LM Bhembe	1 051	12 987	14 038
Cllr NA Mokoena	5 912	6 849	12 761
Cllr L Ngwenyama	501	2 799	3 300
Cllr KG Ndlovu	246	2 973	3 219
Cllr MJ Hlophe	2 799	-	2 799
Cllr NE Nsimbini	678	11 626	12 304
Cllr AS Mthunywa	4 457	15 853	20 310
Cllr TG Mabuza	339	-	339
Cllr BN Mdhuli	487	-	487
Cllr PV Mashego	3 303	-	3 303
Cllr EG Janse Van Rensburg	590	145	735
Cllr NE Mkhabela	2 207	-	2 207
Cllr R Torr	867	-	867
Total councillors arrear consumer accounts	34 662	140 552	175 214

30 June 2020

	Outstanding less than 90 days	Outstanding more than 90 days	Total R
Cllr A Kumba	222	1 531	1 753
Cllr ME Nsimbini	2 494	2 701	5 195
Cllr SP Mathonsi	3 037	620	3 657
Cllr KG Ndlovu	235	2 024	2 259
Cllr LM Bhembe	981	9 286	10 267
Cllr NA Mokoena	2 443	-	2 443
Cllr L Ngwenyama	514	2 489	3 003
Cllr MJ Hlophe	1 993	1 702	3 695
Cllr AS Mthunywa	2 700	40 349	43 049
Cllr RC Matola	5 708	49 056	54 764
Cllr JJ Mkhabela	1 600	7 472	9 072
Total councillors arrear consumer accounts	21 927	117 230	139 157

Distribution losses in terms of MFMA 125(2)(d)(i)

Material losses are disclosed in note 44 of these audited consolidated annual financial statements

Audited
By
2022 -01- 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

57. Deviation from supply chain management regulations

In terms of regulations 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Deviations from Supply Chain Management	16 651 756	35 604 062	16 651 756	35 604 062
---	------------	------------	------------	------------

Audited
By
2022-01-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Name of Company	Exceptional Cases	Urgent Cases	Total
Actom (Pty) Ltd T/A Electrical Products	125 242		125 242
Akroscorn IT Communication	595 696		595 696
Bacilac Investments T/A Enersel Technologies	54 280		54 280
Barry Theron Electronics	196 276		196 276
BCIT	2 300		2 300
Bell Equipment Sales South Africa Limited	437 694		437 694
Conlog	313 643		313 643
Crawley's Locksmiths	279 000		279 000
Daisy Mpumalanga	2 645		2 645
Fire Sibindi Electrical	968 693		968 693
G Shekwa Enterprise	574 108		574 108
Gawa Professional Fitment Centre T/A Hi-Q Nelspruit	1 883		1 883
Government Printing Works	222 663		222 693
Ibutho Leziqhwe Trading	176 013		176 013
J Brynard T/A Amber Elektries	190 692		190 692
J P Barnard Drukery Ond, Cc T/A Minuteman Press	38 647		38 647
John Maytham Investments	49 621		49 621
Landis & Gyr (Pty) Ltd	2 364 918		2 364 918
Machine And Power Plant Engineering	1 387 206		1 387 206
Mandlakazi Electrical Technologies (Pty) Ltd	140 291	19 278	159 569
Marce Projects (Pty) Ltd	171 529		171 529
Mbalsa Trading Enterprise	577 654		577 654
Mboniseni Trading And Projects	29 701		29 701
Media24	43 884		43 884
Mgayi Manyike T/A Nyiks & Company	14 973		14 973
Muziwagavin	528 085		528 085
Q T Supply And Electrical (Pty) Ltd	3 422 220	49 000	3 471 220
Robbietech cc T/A Paint Centre	9 869		9 869
Rushiaii 4 T/A Khuselo Electra	4 944		4 944
Shawal Timbers And Forestry	88 126		88 126
Sibusisiwe Contractor T/A Sibusisiwe Electrical	1 218 065		1 218 065
Syntell (Pty) Ltd	257 874	29 908	287 782
The Lowvelder / Mpumalanga News	311 838		311 838
Thomas Tyres Nelspruit Commercial	29 417		29 417
Truvelo Africa Electronics Division	10 527		10 527
Vanguard Projects cc	1 696 747		1 696 747
Workshop Electronics cc	16 579		16 579
Total	16 553 570	98 186	16 651 756

Audited
By
2022 - 6.1 - 21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

58. Unauthorised expenditure

Opening balance as previously reported	341 284 740	992 157 803	341 284 740	992 157 803
	341 284 740	992 157 803	341 284 740	992 157 803
Add: Unauthorised Expenditure - current year	486 319 531	474 819 248	486 319 531	474 819 248
Less: Amount written off - current	-	(400 687 599)	-	(400 687 599)
Less: Amount written off - prior period	-	(725 004 712)	-	(725 004 712)
Closing balance	827 604 271	341 284 740	827 604 271	341 284 740

The unauthorised expenditure incurred relates to the overspending on the approved operational expenditure budget.

59. Fruitless and wasteful expenditure

Opening balance as previously reported	173 079	85 649 700	173 079	85 649 700
Add: Fruitless and Wasteful Expenditure - interest charged	-	44 632 732	-	44 632 732
	173 079	130 282 432	173 079	130 282 432
Less: Amount written off - current	-	(35 966 490)	-	(35 966 490)
Less: Amount written off - prior period	-	(94 142 863)	-	(94 142 863)
Closing balance	173 079	173 079	173 079	173 079

The fruitless and wasteful expenditure incurred during the reporting period relates to interest charged on payments which were not made within 30 days on receipt of an invoice or statement in compliance with Section 65 of the Municipal Finance Management Act, 2003. The City continues to face persistent financial cash flow challenges, which impacted in its obligations to pay its suppliers timeously.

60. Irregular expenditure

Opening balance	512 015 891	698 826 142	511 966 928	698 777 179
Add: Irregular Expenditure - current year	50 796 732	125 388 135	50 788 204	125 388 135
	562 812 623	824 214 277	562 755 132	824 165 314
Less: Amount written off - current	-	(125 388 135)	-	(125 388 135)
Less: Amount written off - prior period	-	(186 810 251)	-	(186 810 251)
Closing balance	562 812 623	512 015 891	562 755 132	511 966 928

Audited
By
2022-01-21
Auditor General South Africa
Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

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

		Audited By
Irregular expenditure incurred as a result of non adherence to SCM Policy	Disciplinary steps taken/criminal proceedings Investigation in progress	3 145 248
Irregular expenditure incurred as a result of the continuation of multiple extended contracts for service delivery related projects	Investigation in progress	5 143 022
Irregular expenditure incurred as a result of contract secured through other organs of state not in compliance with the interpretation of the SCM regulation 32	Investigation in progress	32 328 222
Irregular expenditure incurred as a result of misplaced tender document during the previous audit process	Investigation in progress	4 305 611
Irregular expenditure incurred as a result of awards to person in the service of the municipality and their close family members	Investigation in progress	5 866 101
The irregular expenditure incurred relates to the expenditure incurred without an approved operational expenditure budget	Investigation in progress	8 528
		50 796 732
		50 788 204

Current year

The irregular expenditure incurred relates to the expenditure incurred without an approved operational expenditure budget.

Prior Year

The above irregular expenditure as at 30 June 2014 was as a result of:

Board seating allowance of R3000.00 paid to the Chairperson of the board which was not in accordance with the allowance approved by council. The balance of R45 963.75 were salaries paid to the administrative clerk after contract of employment was terminated.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

61. Risk management

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Council has established a risk management committee, which is responsible for reviewing the effectiveness of the institutional risk management systems, policy, procedures and practices.

Credit risk

Is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations.

- Trade and other receivables from exchange transactions
- Non-current receivables from exchange transactions
- Investments
- Non-current investments
- Other non-current financial assets
- Cash and cash equivalents
- Deposits made

Trade and other receivables from exchange transactions

The Municipality's trade and other receivables exposure to credit risk is influenced mainly by the individual risk characteristics of each consumer. Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of consumer and other receivables. No consumer or other receivables have been pledged as security. Certain consumer and other receivables that were past due have been defaulted on by counterparties, thus legal action has been instituted against these parties in an attempt to recover this debt, where debt is irrecoverable it has been written off. No conditions or terms of the consumer and other receivables have been re-negotiated with counterparties.

Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

Cash and cash equivalents

The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

Maximum exposure to credit risk at reporting date for each class of financial assets was:

Cash and cash equivalents	62 339 172	73 033 639	62 333 726	73 019 665
Investments	-	-	100	100
Trade receivables from exchange transactions	193 220 706	323 743 429	193 220 706	323 743 429
Receivables from non-exchange transactions	106 614 667	116 013 456	106 614 667	116 013 456
Deposits made	6 619 522	5 581 032	6 608 455	5 569 965
Other receivables from exchange transactions	78 345 143	31 720 535	78 345 143	31 719 945
	447 139 210	550 092 091	447 122 797	550 066 560

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements



Figures in Rand

Impairment disclosure for current financial assets carried at amortised costs

All of the Municipality's financial assets have been reviewed for indicators of impairment. Refer to Note 7 for the impairment reconciliation of consumer and other receivables.

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings and are therefore not linked to the interest bank repurchase rate. The municipality has only four interest bearing borrowings as indicated in Appendix A.

At year end, financial instruments exposed to interest rate risk were as follows:

- Investments
- Borrowings

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The Municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Up to 1 Year

Current portion of borrowings	47 520 316	57 408 514	47 520 316	57 408 514
Other financial liabilities	5 695 283	4 363 967	5 695 283	4 363 967
Trade and other payables from exchange transactions	2 211 821 755	1 990 941 828	2 211 810 377	1 990 930 451
Other payables from non-exchange transactions	15 758 078	20 130 332	15 758 078	20 130 332
Consumer deposits	44 991 295	42 874 702	44 991 295	42 874 702

1 - 5 years

Non - current portion of borrowings	89 085 765	79 155 993	89 085 765	79 155 993
-------------------------------------	------------	------------	------------	------------

>5 years

Borrowings	164 164 813	116 686 071	164 164 813	116 686 071
	2 579 037 305	2 311 561 407	2 579 025 927	2 311 550 030

Concentration of credit risk

The concentration of the credit risk associated with:

Borrowings	11 %	11 %	11 %	11 %
Other financial liabilities	3 %	5 %	3 %	5 %
Trade and other payables from exchange transactions	89 %	84 %	89 %	84 %

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



Financial Sustainability and Liquidity Management

The City has been unable to meet most of its current obligations by paying service providers within 30 days on receipt of invoice or statement in compliance with Section 65 of the Municipal Finance Management Act No 56 of 2003. The persistent cash flow constraints emanates from the accumulation of trade payables over the previous financial years and minimal cash backed reserves.

Liquidity management objectives have not been entirely met as the cash coverage ratio was less than a month which is below the norm of three months and the current ratio was fragile as the current liabilities exceeded the current assets by R 1 702 782 579 (2020: R 1 499 804 845) with an outcome assessment of less than one. The municipality was not able to maintain 100 per cent level of cash backed reserves during the reporting period. A material amount of receivables have been impaired due to non-collectability.

As part of the responsive measures, Council adopted various strategies and plans to address the financial situation challenge. Council has approved the liquidity management policy at its meeting held 31 May 2019 under item A(4) (c) for implementation. The liquidity policy seeks to give guidance for maintaining sufficient liquidity intensities to meet the liabilities when due under both normal and stressed conditions without incurring any prohibited expenditure. Furthermore, the Revenue Enhancement Strategy for the City was approved by Council at the meeting held 31 May 2017 under item A(4) for which implementation is ongoing. The revenue management strategy outlines the various optimisation measures to enhance the liquidity and financial health position.

The City has also developed Supply Chain Management sourcing strategy which was approved by Council at the meeting held 28 June 2017 under item A(4). One of the objectives for the sourcing strategy is to regulate prices on certain commodities in order to ensure that goods and services are procured in a most economic manner.

The City requested intervention from National Treasury to conduct the Municipal Financial Management Capability Maturity assessment for which the outcome was tabled before Council at its meeting held 28 June 2018 under item A(1). The Municipal Financial Management Capability Maturity Model assessed the maturity level of the municipality on various aspects of internal controls, policies and procedures and compliance with Legislation. An action plan to address the weaknesses identified through the Municipal Finance Management Capability Maturity Assessment has been developed and it is currently being implemented.

Furthermore, National Treasury was requested to assist with the development of a Financial Recovery Plan as a turnaround management initiative. The plan was approved by Council at its meeting held 28 June 2018 under item A(3). The City is implementing the approved Financial Recovery Plan and Council as well other internal and external stakeholders have been monitoring the implementation thereof on a quarterly basis.

The municipality continues to aggressively implement the financial interventions and revenue collection strategies in order to improve financial sustainability and liquidity management objectives. The municipality is focusing on implementing the various strategies and plans aggressively in order to shorten the turnaround/ recovery period. In responding to the cash flow constraints faced by the municipality, the city is focusing on revenue optimisation, cost minimisation to achieve value for money as well as implementing the approved creditor's reduction plan. Payment negotiations and arrangements are continually made with major suppliers given the financial constraints faced by the City in implementing the creditors' reduction plan.

The outbreak of the Coronavirus (COVID-19) pandemic has aggravated the financial situation of the municipality with the uncertainty and complexity impacting the global economy. The COVID-19 disruption has affected all countries and all sectors including private and public sector. The impact of the pandemic has taken its toll on not just human lives, but industries and financial markets too, the extent of which is currently indeterminate. The City has carefully considered our unique circumstances, risk exposures and considered the impact the outbreak may have on our financial reporting. The collection rates were impacted during the period of the national lockdown as the enforcement of credit control measures was relaxed in April 2020. The collection rate for the municipality has since stabilised. All material effects of the impact of COVID-19 have been accounted for in the annual financial statements in their respective components.

Due to the nature and complexity of the pandemic, the further development, duration and impact of the coronavirus could not be predicted.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



62. Events after the reporting date

There were unknown indicative and/ or non-indicative facts or circumstances which prompted disclosure between the reporting date and the date of these annual financial statements.

63. Budget differences

Material differences between budget and actual amounts greater than 10% based on the Table A1 of the budget schedules in accordance with the Municipal Budget and Reporting regulations No.32141

Statement of Financial Performance:

Revenue:

The City has significantly being impacted by the COVID-19 pandemic and subsequently national lockdown restrictions given the declared National State of Disaster. The global disruption has negatively impacted on the generation and collection of revenue from customers during the national lockdown period given the persistent job losses and continued business liquidations. The City will continue to invest on revenue optimisation initiatives in order to improve the financial distress situation of the institution.

1. Rental of Facilities and Equipment

The variance is mainly attributable to the recognition of rental revenue for the Provincial Government in rendering the Licensing function. The budget amount for the rental of the Mbombela Stadium was adjusted downwards during the adjustments budget given the lockdown restrictions on the hosting of events.

2. Agency Fees

The variance on the agency fees is due to the licensing and registration function being transferred to the Provincial Government with effect from 1 March 2021. The transfer of the function was primarily driven by the consultation process with the employees and organized labour in accordance with the relevant legislative prescripts.

3. Licenses and permits

The variance is attributable to national lockdown restrictions given the COVID-19 global pandemic as well as the transfer of the licensing function to the Provincial Government.

4. Other income

The variance is attributable to inadequate collection of bad debts recoveries due to the impact of the national lockdown restrictions and the global pandemic.

5. Finance Income

The national lockdown has significantly resulted in an increase in trade receivables and subsequent interest charges to those customers due to significant financial impact of the global pandemic. The City continues to enforce credit control and debt collection measures despite the impact of the pandemic.

The City further continues to implement the financial recovery plan as part of the financial turnaround strategy which was tabled and approved by Council at its meeting held 28 June 2018 under item A(3). Council and other internal stakeholders together with external stakeholders exercise oversight responsibility on the implementation of the approved Financial Recovery Plan on a quarterly basis.

6. Fines, Penalties and Forfeits

The variance is mainly due to the implementation of the approved revenue enhancement strategy through roadblocks and the execution of Warrant of Arrest.

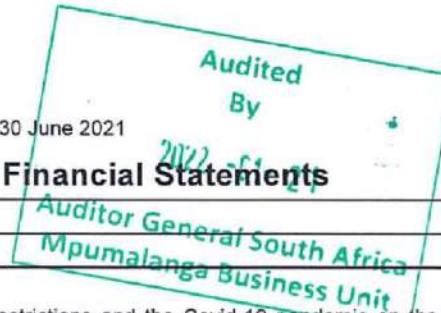
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



The variance is mainly due to the impact of the national lockdown restrictions and the Covid-19 pandemic on the traffic fines. The City is exploring various revenue optimization measures to contribute to the turnaround situation of the organization.

Expenditure:

7. Inventory Consumed

The variance is attributable to the acquisition and utilisation of materials and supplies for the maintenance and operations of electrical infrastructure assets. The City experienced numerous service delivery breakdowns during the reporting period. The City has developed maintenance plans for most of the assets in order to ensure adequate spending on repairs and maintenance.

8. Finance Costs

The major cost driver is the interest charged by creditors for payments made after 30 days on receipt of the invoice or statement which has been disclosed in the notes to these annual financial statements as Fruitless and Wasteful Expenditure. The late payment of creditors is mainly due to the financial distress faced by the City. The cost of the City's operations continued to be high and exacerbated by the trade payables balance from the 2019/2020 financial year. The City is implementing various strategies and plans including the Financial Recovery Plan in order to improve financial resilience and sustainability. The results of the financial recovery plan will be yielded over period of years given the severity of the financial distress.

9. Operating leases

The variance is attributable to the tools of trade offered to full-time Executive Mayors as outlined in the Determination of Upper Limits of salaries, allowances and benefits of different members of municipal council.

10. Depreciation and amortization

The variance is due to the continuous update of the asset register in line with the relevant accounting framework.

11. Bad Debts Written Off

The variance is attributable to the differences between budgeting and financial accounting. The bad debts written off are set off against the provision which is made each year based on the collection rate projections. The implementation of the Municipal Standard Chart of Accounts requires that the actual debt written off be disclosed as part of the operating expenses within the Statement of Financial Performance. The debt impairment expense is part of the gains and losses which is disclosed as impairment loss or gains.

Council has approved the writing off, of irrecoverable debt for 2020/2021 financial year at its meeting held 31 May 2021 under item A(6).

12. Bulk purchases

The variance on the bulk purchases is mainly due to implementation of the high mast light projects as well as the increased electricity household connections due to the community driven demands.

13. Contracted services

The variance is primarily attributable to the expensing of certain capital expenditure funded from conditional grants and internal funding which did not result in an asset in accordance with the asset definition and recognition criteria guided by the GRAP framework. The projects were budgeted for under the capital budget due to the service delivery nature however the asset definition and recognition criteria in terms of the Generally Recognised Accounting Practice (GRAP) framework could not be met.

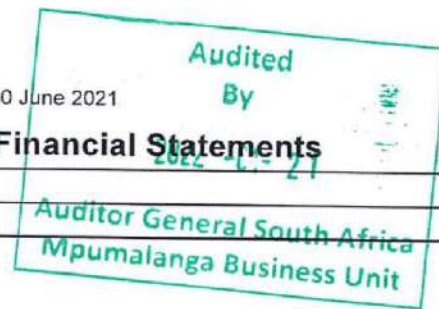
City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand



14. Transfers and Subsidies

The variance is as a result of the basis differences. The difference is due to the provision of free basic water (first 6 kilolitres) to all communities as well as the provision of water to indigent consumers. The City also provides water to disadvantaged communities that have no access to water through other intervention measures. The 6kl free basic water within the concession area is the major cost driver for the actual expenditure incurred. The provision of water during the national lockdown was a key priority for the City in curbing the spread of the Covid-19 pandemic.

15. Operating costs

The variance in municipal operating costs is significantly attributable to the municipal services costs. These costs entail own consumption of electricity as a result of new boreholes and street lighting connections as well as water consumption costs.

Statement of Financial Position:

16. Current Assets

The variance on the current assets is primarily due to the Value Added Tax (VAT) receivable amount at year end from South African Revenue Services (SARS), electrical inventory items procured due to the persist breakdowns, cash and cash equivalents balance, deposits made to Eskom and the other receivables from exchange transactions.

The City had a closing balance of its cash and cash equivalents of R62 million in comparison to the budgeted amount of R287 million.

17. Current Liabilities

The variance is as a result of the significantly increased trade and other payables from exchange transactions, current portion of the borrowings and consumer deposits. The City is implementing the approved creditors' reduction plan by engaging and making payment arrangements with key suppliers and creditors.

The City continues to implement the approved financial recovery plan approved by Council at its meeting held 28 June 2018 under item A(3) and the cost curtailment strategy. The implementation of the approved financial recovery plan, approved revenue enhancement strategy and the cost curtailment strategy will enable the City to build cash backed reserves and be able to meet its financial and liquidity management objectives.

18. Non-Current Liabilities

The variance is mainly attributable to the non-current portion of the provisions which consists on the provision for the rehabilitation of the Landfill sites and the provision for the Long Service Awards determined in accordance with the Standards of GRAP 19 and 25 respectively.

Cash Flow Statement:

19. Net cash flows from operating activities

The variance was caused by the impact of the national lockdown restrictions which impacted on the economic activities within the City. The other contributing factor emanated from the employee related costs primarily being the overtime cost, shift allowances, danger allowance, as well as the special danger allowances (Covid-19) paid during the reporting period.

20. Net cash flows used in investing activities

The implementation of service delivery projects was attributed to the Covid-19 pandemic as well as focusing on grant funded projects given the financial distress situation.

City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

21. Net cash flows from financing activities

The variance is due to the engagements with the Development Bank of Southern Africa (DBSA) on a payment holiday which was granted during the reporting period. The payment holiday was for 24 Months on the capital repayment and 12 months on the interest payment. The interest is recapitalized to the loan to give payment relief given the impact of the disruption.

Changes from the approved budget to the final budget

The original budget, adjustments budget as well as the final budget have been tabled and approved by Council respectively.

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well additional grant funding that was allocated to the municipality. The original approved budget was amended to include the roll over committed capital projects, to project and align the revenue and expenditure with the set targets and milestones based on the mid year budget performance assessment and the previous financial year's audited annual financial statements through the adjustments budget. The adjustments budget was approved by council at its meeting held 25 February 2021 under item A(1) in line with the provisions of section 28 of Municipal Finance Management Act no 56 of 2003.

Furthermore the changes between the approved adjusted budget and the final budget was as a result of budget virements in line with the approved virement policy of Council. The final approved budget considering the virements made was approved by council at its meeting held 25 August 2021 under item A(6).



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

64. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The three key business units comprise of:

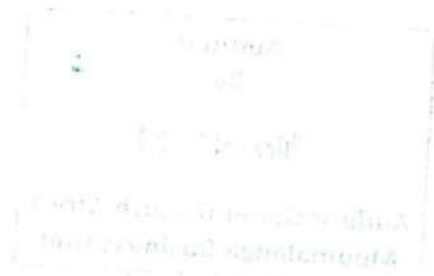
Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;

Economic and environmental services which includes planning and development, road transport and environmental protection services; and;

Trading services which includes energy sources, water management, waste water management and waste management services;

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.



City of Mbombela

(Registration number MP326)

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Segment surplus or deficit, assets and liabilities

Controlling entity - 2021

	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
Revenue					
Revenue from non-exchange transactions	1,756,477	451,699,687	846,110,172	834,522,991	2,134,089,327
Revenue from exchange transactions	5,664,795	47,493,282	1,404,070,741	32,190,358	1,489,419,176
Revenue from transactions with other segments	-	-	43,321,860	-	43,321,860
Interest revenue	-	-	-	55,305,712	55,305,712
Gains and losses	-	(1,298,733)	25,267,690	35,172,439	59,141,396
Total segment revenue	7,421,272	497,894,236	2,318,770,463	957,191,500	3,781,277,471
Entity's revenue					3,781,277,471
Expenditure					
Total segment expenses	342,072,295	333,822,885	1,973,304,487	846,535,759	3,495,735,426
Depreciation and amortisation	13,680,178	241,266,370	201,729,382	83,691,422	540,367,352
Interest expense	26,347,460	21,172,857	2,720,127	35,438,024	85,678,468
Internal charges	5,646,810	677,493	26,074,150	10,923,367	43,321,820
Total segment expenditure	387,746,743	596,939,605	2,203,828,146	976,588,572	4,165,103,066
Total segmental surplus/(deficit)					(383,825,595)

City of Mbombela
Appendix A

Unaudited Schedule of Interest bearing borrowings as at 30 June 2021

Loan Number	Redeemable	Balance at Tuesday, 30 June 2020		Interest capitalised during the period		Redeemed written off during the period		Balance at Wednesday, 30 June 2021	
		Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
	1976/2001	3 000	-	-	-	-	-	3 000	-
		3 000						3 000	
	2014/2029	117 509 950	21 172 857	-	-	-	-	138 682 807	-
	2010/2030	135 740 628	26 347 460	-	-	-	-	162 088 088	-
		253 250 578	47 520 317					300 770 895	
		253 253 578	47 520 317					300 773 895	

Loan Stock

Stock Loan@ 11.60%

Annuity loans

DBSA R138 600 000 @ base rate of R186 plus the Margin (11.73%)
DBSA R200 000 000 @ 12.62%

Annuity loans

Total external loans