2022/23

MANDENI

LOCAL

MUNICIPALITY

MANDENI LOCAL MUNICIPALITY

ANNUAL REPORT

Volume I

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CONCLUSION

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium-Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

CHAPTER 1

– MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

On behalf of the Mandeni Municipality, it is with great honor and humility that we present the 2022/23 draft annual report that contain the achievements and appreciate challenges experienced by the Municipality during the said financial year. The 2022/23 financial year marks the second year of the cycle of the Integrated Development Planning five-year cycle. In our endeavor in eradicate poverty and under-development and improve the quality of life for our community, the directive of Mandeni Municipality is not unique to the broader mandate given to local government by South African Constitution, chapter 7. The only uniqueness we have are different legitimate expectations of our citizen. Further chapter 10 of the constitution that is public administration s195(d) states that services must be provided impartially, fairly, equitable and without bias therefore Mandeni Municipality remains committed to democratic governance to ensure that our short, medium and long-term strategies, priorities and plans are implemented effectively and efficient.

Therefore, as the Municipality we are committed to render good services to communities such as transformation of the lives of our people, clean governance as well as implementing

creative and innovative ways to ensure that our service delivery targets are effectively and efficiently achieved. This report will highlight the municipal performance in light of six municipal Key Performance Areas.

This includes; Municipal Transformation and Institutional development, Basic Service Delivery, Local Economic Development, Good governance and Public Participation, Financial Viability and Management and Spatial Rational and Environmental Management.

The municipality in 2022/23 financial year strived to function and provide essential services such as water, sanitation, electricity and solid waste removal, this are imperatives services as enshrined in RSA constitution under bill of rights. Mandeni Municipality planned a number of projects such a electrification, roads, solid waste and recreational facilities

108 households were provided with electrification infrastructure dry connections in Dendethu/Wetane Project in ward 5. Furthermore, 105 households were provided with electrification infrastructure dry connections in eHlanzeni wards 7 in 2022/23 FY. The electrification project planned in Okhovothi and Emhlangeni was delayed due to SCM challenges and processes. Hence the project was not completed. It will be completed in 2023/24 FY.

Despite those challenges' municipality managed to ensure the safety of community is prioritized through the installation of 6 high-Mast lights in wards 3,5,9,11 and 12.

Municipality also constructed a community hall in ward 13 to ensure that there is an improvement of Community infrastructure.

There was further prioritized through upgrade of rural gravel roads Phase 4(b) in ward 6 as well as Manono road in ward 15. This was significant in ensuring that the Batho Pele principles are taking in to consideration. The municipality also continue improved the road infrastructure where the target of 1700 square meters of potholes maintained was

set in the beginning of the FY and achieved 1729.2 square meters. repaired and maintained in-house are prioritize so that public from rural areas have an access to roads, that are in satisfactory standard, the target of 300 Km that was set at the beginning of 2022/23 financial was over achieved with 373.1 KM. The municipality further ensure that safety of the community is taking into consideration, 25 speedhumps were constructed in ward 3,7, 13;14 and 15

The municipality managed to successfully procured Outreach Library Park-home to ensure that community have access to education hence Chapter 2 section 29 of the RSA constitution states that everyone has the right to acquire basic education including the adult education. A consistent waste collection activity from all 18 wards as per the approved collection schedule, is still rendering these services effectively efficiency, in order to promote sec 24 of the Constitution which states that everyone has a right to get environment that is not harmful to the health and well-being. As well as procurement of Crew Cab and Cherry picker. The grass cutting was also achieved where the empowering local contractors to perform such services in all Mandeni wards. A target of 7100458 square meters were set at the beginning of the financial year, however an overachieved of 8122178 square meters. further 15 skip bins were procured and delivered in ward 4,7 & 18. This adds the cleanup campaign that conducted, as well as annual target of 262 collections of waste removal was achieved, however there are still serious challenges in surrounding the overall cleanliness of Mandeni, therefore this was combatted by 15 skip bins that were procured and delivered in ward 4,7 & 18.

RSA constitution s 24 states that everyone has the right to adequate housing. The municipality therefore targeted the construction of 200 RDP houses in wards 8,9.11.12,16, 17 and 18, However, only 73 houses were constructed. This was due to deliberations and process to appoint local subcontractors wishing to participate in the construction of units.

In terms of job creation through infrastructure projects, EPWP the municipality managed to employ 684 participants were recruited. The municipality also maintained its

consistency in term of ensuring that the completion of the PMS Assessment tool, as part of the requirements by the Provincial COGTA were submitted timeously with competence being noted**.**

Municipal staff were also empowered during the financial period under review with officials undertaking minimum competency training as well as training in their specific fields. The municipality fosters and encourages a learning environment in order to pursue education to staff. In terms of governance, the municipality ensured that the Audit Committee and Performance Audit Committee and the MPAC were fully functional and achieved their legislative mandates.

The municipality has successfully managed to conduct all IDP roadshows and has successfully drafted and adopted the full IDP which include all relevant stakeholders as per the requirement set forth in the Municipal Systems Act as well as the Municipal Finance Management Act.

Furthermore, there was also a successful program conducted for youthful drivers and education. 684 jobs were created through LED/EPWP initiatives.

Municipal staff were also upskilled during the 2022/23 FY with officials undertaking minimum competency training as well as training in their specific fields through 100% utilization of the Workplace Skills Plan (WSP). Mandeni Municipality will ensure that one of its valuable resources, i.e., its staff, is highly valued and supported. Training, personal development, career-pathing, talent management, coaching, mentoring, Individual Performance Management and Employment Assistance Programs are some of the specific interventions that will need to be enhanced.

Under Municipal Financial Viability and Management, the municipality ensured compliance through the submission of all monthly reports, section 72, section 52 (d) to all relevant stakeholders such as National Treasury, COGTA, etc. The adjustment budget was

also tabled to ensure that smooth operation of projects was conducted.

As the municipality, we, as ever, understand the importance of maintaining a successful financial system. In this regard we have ensured that 100 percent of our creditors are paid within 30 days.

In terms of the municipal financial status, ratio of cash and cost coverage sustained was targeted 1:3 months. The municipality achieved 1: 9 months. The municipality performed well with the expenditure of MIG and Library Grant with 100% achieved. 104% of the operational budget was spent. However, INEP was not achieved with an actual of 89% due to poor performance by contractors.

I would like to reiterate the support of the council working in conjunction with the administration of the municipality in transforming the lives of our people, by implementing practices of good governance, working with integrity, honesty and transparency and maintaining a financially viable organization that delivers on its promises of quality service delivery to all people residing within Mandeni Municipality.

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Mr. T.P Mdlalose

Honourable Mayor

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW

As the Accounting Officer of Mandeni Municipality, I hereby confirm that the 2022/23 Annual Report has been compiled in accordance with the Local Government Municipal Finance Management Act (No. 56 of 2003) read in conjunction with the Local the National Treasury MFMA Circular No.63.

Let me commence with extending my gratitude, by thanking the staff, councilors, members of the communities and stakeholders for the support and commitment shown in 2022/23 financial.

The intention of the annual report is to reflect various projects carried out for the entire period of 2022/23, and the departments provide detailed feedback on performance against targets to various stakeholders including the community, government departments and other interested parties.

We achieved several service delivery goals as well as increase in performance and financial management of our municipality. We have sustained unqualified audit with matters, though our intention is to achieve unqualified audit opinion without matters. In the previous financial year, the municipality acquired the same audit opinion.

The report also further ensures Batho Pele principles are considered accordingly where principles such as openness and transparency, access, information are upheld, and the clients of the municipality are informed of the decisions that were taken in this period under review. This report originates from the approved Municipal Strategic Objectives and Service Delivery and Governance Priorities as contained in the approved Municipal Integrated Development Plan.

The Municipality ensured that following significant objectives were effectively and efficiently met.

- To bring new Leadership (Administration and Political) with speed on the Municipal Strategic approach and direction and further solicit new ideas and inputs in advancing the Municipal Mandate of quality and sustainable service delivery.
- To improved monitoring and evaluation method for sustainability for creating the synergy between Municipality function and Batho Pele principles such as service standard.
- To acknowledge successes and failures or challenges and thus review the strategies in effort to maintain focus by the Municipality in attainment of its long-

term vision.

- To take stock of progress made in implementing the Municipal Five-Year Strategic Document (Integrated Development Plan)
- To monitor and modify key service delivery focus areas for the remaining period this term of office of Council.
- The Municipality ensured that their staff embarked on transparency and accountability through the cascading of individual performance management. This has ensured that each employee has taken full responsibility for their daily operations and duties. Hence, the Corporate Services department has appointed an IPMS Officer.
- The municipality has ensured that technology has been integrated with PMS in order to minimize costs by introducing an e-PMS System. This system will be paper-less and accelerate operational delays.
- Enhanced monitoring and evaluation approach by ensuring that several compliance measures during the 2022/23 financial year were taken into consideration. This was through compliance of all stakeholders, through submission of Annual Report, PMS Assessment tool, C88 Reporting template, section 72 reports, as well as annual performance report as per s46 MSA
- To ensure that the Municipal Strategic Business Plan (Integrated Development Plan) is in keeping with the new Strategic Development Agenda and new Legislative Frameworks hence credible and remain the main delivery mechanism for Quality Service Delivery.
- RSA constitution under bill of rights S24 states that everyone has the rights ti acquire the environment that is not harmful to their wellbeing , therefore it is for that reason that the Municipality continues to strive and function essential services to the community.

- As the Accounting Officer of the municipality, I also ensure that the relevant legislation such as RSA Constitution and MFMA, MSA etc are implemented accordingly. Section 124 of the MFMA in conjunction with section 219 of the Constitution, stated that the disclosure concerning councilors, directors and officials this must be included to the AFS of the municipality which contain the information of salaries, allowance and benefits of political officer bearers and councilors of the municipality. Those benefits, allowance and salaries are crafted within the upper limits of the framework that is in section 219 of the Constitution.

- To ensure that the Municipal Strategic Business Plan (Integrated Development Plan) is in keeping with the new Strategic Development Agenda and new Legislative Frameworks hence credible and remain the main delivery mechanism for Quality Service Delivery.

The administration at senior management level concluded 2022/23 financial year with all senior managers, two senior managers join the last financial year Mandeni Municipality. Mandeni municipality works co-operatively in terms of sharing information with sector departments such as COGTA. COGTA assesses and guides the municipality with certain municipal operations. Provincial and national treasury activities such as assessing Section 72 reports (budget and mid-year) have also occurred before the 25th of January, during each financial year.

Departments such as agriculture, home affairs, Social Welfare and Human Settlement visit various wards to provide services through OSS programs (Operation Sukuma Sakhe). Grants are provided by Human Settlements to build RDP houses. As section 26 of RSA Constitution states that everyone has the right to access adequate housing.

The strategic planning session with our council has resulted in a service delivery plan which is already being implemented in all 18 wards in Mandeni. The plan is not an overnight fix but a short, medium and long term to ensure that all communities within

the Mandeni Municipal area have basic essential services.

Establishment of the Mandeni Municipality is as a category B Municipality. This is a municipality that shares municipal executive and legislative authority in its area.

The Municipality approved bylaws in order to guide the community to conduct their businesses. The top five strategic risks experienced by the Municipality are lack of municipal cemeteries and failure to maintain existing cemeteries, failure to ensure sustainable waste management solutions, unavailability of Landfill site within the district, failure to ensure reliable and equitable provision of houses, failure to attract and retain investors.

As the accounting officer of the municipality, one must address projects which highlighted educational approaches. This was through the procurement of a mobile park-home library to ensure that everyone has the access to education in the community of Mandeni.

The procurement of several plant equipment during the financial year has solidified the objectives of ensuring the community has access to roads which are graded. This highlights the Batho Pele Principles of service delivery.

Several vacancies were also advertised and filled, thus, ensuring employment opportunities are made available and the youth of Mandeni are equipped with skills and experience through various internship programmes.

As the Accounting Officer, I have ensured that the municipal financial status, ratio of cash and cost coverage sustained was targeted at 1:3 months. Nonetheless, the municipality achieved 1: 9 months. This is a commendable achievement pointing to the financial status of the organization. The expenditure of MIG and Library Grant was achieved at 100%. 104% of the operational budget was spent. However, INEP was not achieved with an actual of 89% due to poor performance by contractors.

It is admirable to note the improvements in relation to our spending and expenditure patterns, but we need to do more. The existent excuse of lack of resource might be a

sincere one, but the key question is how efficiently we use the resources at our disposal. It is clear from this annual performance report that we are moving in the right direction, although not there yet. It is of principal importance to synchronize our quarterly plans with quarterly targets to achieve our broader goals of an effective and efficient Local Municipality

The municipal overall performance as a result of these challenges remained satisfactory but all efforts shall be put in place to ensure that there is improved level and quality of service delivery to the Community with high level of speed.

Yours Faithfully

_____

Mr. S. G. Khuzwayo

Municipal Manager

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Mandeni Local Municipality is located along the northern coast of KwaZulu-Natal approximately 50km north of eThekwini Metro and south of the uMhlathuze Municipality. It lies along the N2 National and Provincial corridor, as well as the north-south rail link connecting the economic hubs of Durban and Richards Bay. As such, the municipality is strategically located to provide services and derive economic benefits from these economic hubs. Mandeni Local Municipality is one of the four (4) local municipalities that make up the iLembe District. The other local municipalities are KwaDukuza, Maphumulo and Ndwedwe.

Mandeni Municipality covers approximately 545.48km2 and is made up of 17 Electoral Wards. The municipality is predominantly rural in character, with Ingonyama Trust land accounting for the majority of its land mass. There are four Traditional Council areas within the municipality's area of jurisdiction, namely:

Map 1: Mandeni Locality Map

Mandeni Local Municipality has excellent regional transportation linkages with the national road – N2 – serving the province, the two major ports of Durban and Richards Bay, the railway line which serves as an important link between the ports as well as the hinterland parts of South Africa and the airports – both existing and proposed, including the Isithebe airstrip.

The identification of the eThekwini-uMhlathuze Corridor places Mandeni Local Municipality in an advantageous position as it is located in between these two municipalities. It stands to benefit hugely from economic activities that will accrue as a result of this initiative.

Mandeni Local Municipality also functions as an important service center for a substantial rural hinterland which lies to the west beyond the eNdulinde Hills. There are no other service centers in the tribal areas and therefore the urban center of Mandeni serves as an important sub-regional service center for the 'shadow corridor of poverty' which tracks the 'development corridor' along the coast. Mandeni is in fact arguably the only place along the coast where the development corridor and the shadow corridor of poverty meet, and hence the acknowledgement of its potential in the Provincial Spatial Framework.

Mandeni Local Municipality is made up of 18 wards. There are four Traditional Authorities namely, iNkosi uMhlongo, iNkosi uMathonsi, iNkosi uMcambi and Nkosi uNgcobo. The

majority of the land within the municipality is owned by Traditional Authorities. Some of the wards fall within these Traditional Authorities, such as Ward 1,2,8, and 9 which fall under Macambini Traditional Authority, ward 6,11, and 16 falls under eLangeni Traditional Authority and ward 5,7,12,13,14,15 and 17 falls under the Mathonsi Traditional Authority.

Informal settlements with limited to no facilities or infrastructural services occur on the periphery of the developed areas and within the Isithebe Industrial area and Sundumbili Township. This is also evident in the periphery of the well-established Sundumbili Township and Mathonsi tribal authority area eastwards of the hinterland. Village centres such as Wangu in the west and Nyoni in the north-eastern side comprise of commercial and service development in the two tribal authorities of Mathonsi & Macambini.

The Mandeni Municipality is strongly committed to develop its character as an area of scenic beauty and strong developmental contrasts. As a potential and growing tourist destination, it will enhance its visual and aesthetic appeal. The municipality aims at improving physical and functional integration by establishing a functional town center. The Mandeni municipality aims at increasing economic efficiency of the Municipal area and ensuring that there is improved investor confidence therefore attracting more development to occur within the area.

COMMENT ON BACKGROUND DATA:

The key findings were derived from the community survey which was
conducted in 2016 by stats SA . Some of the data/information that was obtained is used for comparison purpose. The table below illustrates the population, sex and dependency ratio. The findings illustrate demographic profile from the national to local level (Mandeni Municipality).

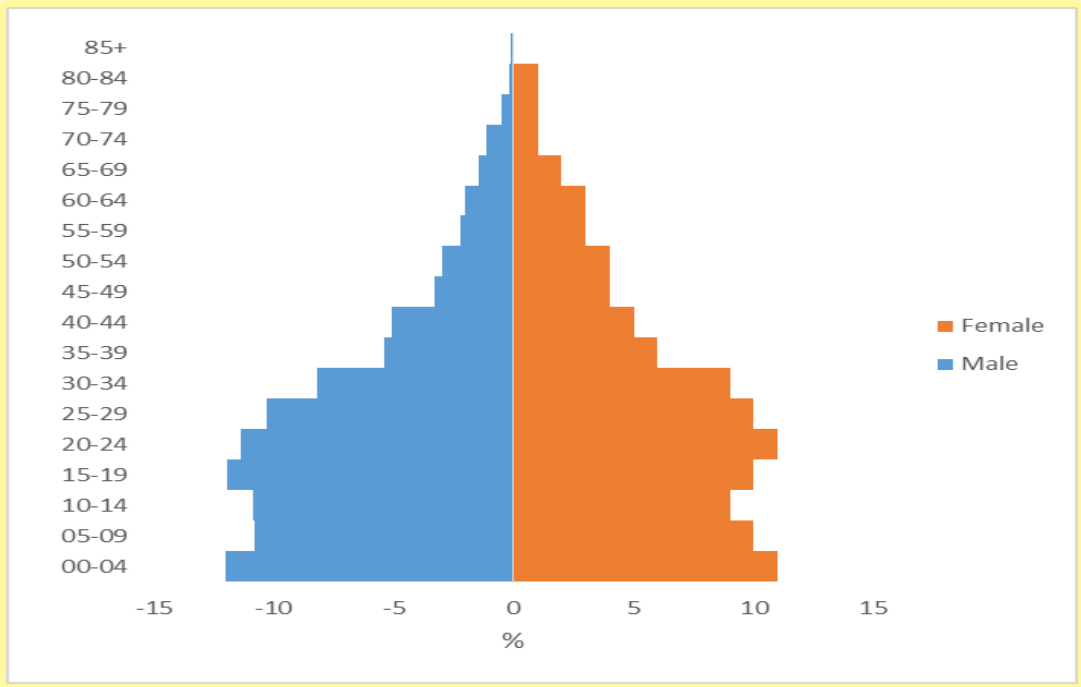
Table 1.3.1 Population Details

Indicator	Sub Indicator	Population	% of population
Population	Population	147 808	

Population Composition	Young (0-14)	47 242	32%
	Youth (15-34)	60 385	41%
	Adults (35-64)	33 426	20%
	Elderly (65+)	6 755	7%
Gender	Male	70 257	48,0%
	Female	77 551	52,0%

	Male	**Female**
0 – 4	8447	8411
5 – 9	7590	7799
10 – 14	7638	7357
15 – 19	8393	7909
20 – 24	7994	8261
25 – 29	7238	7921

30 – 34	5768	6900
35 – 39	3796	4577
40 – 44	3579	3818
45 – 49	2318	3287
50 – 54	2110	2755
55 – 59	1571	2213
60 – 64	1431	1970
65 – 69	1032	1726
70 – 74	803	1093
75 – 79	337	720
80 – 84	120	458
5+	92	376


85+
80-84
75-79
70-74
65-69
60-64
55-59
50-54
45-49
40-44
35-39
30-34
25-29
20-24
15-19
10-14
05-09
00-04
-15
-10
-5
0
5
10
15
%
Female
Male

VISION

"TO BE A RELIABLE PEOPLE CENTERED AND SUSTAINABLE ECONOMIC HUB BY 2030"

MISSION

We will achieve our mission by:

- ✓ Continuously striving for better
- ✓ Excelling all key processes of Service Delivery.
- ✓ Continuously listening and responding to our communities and all stakeholders.

VALUES

In keeping with the principles of Batho Pele, Our conduct will be guided by the following:,

- ✓ Transparency
- ✓ Integrity
- ✓ Inclusiveness
- ✓ Commitment
- ✓ Honesty
- ✓ Professionalism

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Technical Services Department (TSD) is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

• Technical Administration/Planning and Projects (PMU);

• Roads and Storm Water Repairs and Maintenance;

• Parks, Verges and Open Spaces Maintenance;

• Municipal Buildings Repairs and Maintenance (Works);

• Electricity Distribution; Street lighting; installations and Mechanical Workshop.

The municipality has initiated a process towards the establishment of a Programme Management Unit (PMU) to create sufficient capacity within this department and reposition the municipality to deliver sustainable infrastructural services. The PMU will comprise of appropriately qualified, skilled and experienced personnel. It will manage all major capital projects, bring expertise, develop systems and procedures and transfer skills and knowledge to municipal staff to leave behind a well capacitated unit on exit.

Mandeni Municipality holds Infrastructure Development Summit started in November 2013 in order to bring together all relevant stakeholders from varying sectors of society to engage and discuss the infrastructure related challenges facing the municipality and identify possible solutions. Solutions were identified; programs and action plans were developed to help the municipality to achieve its true potential. The recommendations have been incorporated into the organizational strategy.

COMMENT ON ACCESS TO BASIC SERVICES:

All formal households have access to basic civil engineering services. Informal areas within the urban edge have been provided with a minimum level of basic services since 2007. The provision of services to the informal areas is as a result of rural-urban migration and new family formation which makes planning difficult. An assessment is made annually to determine the backlogs to be addressed based on available funding. Theft and vandalism disrupt the provision and maintenance of services.

Even though Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of

free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Organizational development function falls under the Human Resource Section. Its main objectives are: To manage organizational design and business modelling, co-ordinate culture and change management, administer job descriptions, job evaluation system management, and to develop and maintain an effective employee performance appraisal system and awards process.

The organizational strategic performance however sits in the office of the Municipal Manager, with functions of providing Strategic Scorecard provides the Council with a measurable tool enabling them to fulfil their oversight role in overseeing strategy implementation and consist of the following key elements:

- Strategic Outcomes
- Strategic Key Performance Indicators
- Strategic projects

This document, the Mandeni Municipality Employment Equity Plan (EEP) is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all-occupational levels and levels in the workforce.

The Mandeni Municipality Employment Equity Plan (EEP) which covers the period of 2012 to 2018 is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best

Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all-occupational levels and levels in the workforce.

1.5. STATUTORY ANNUAL REPORT PROCESS

The Municipal Finance Management Act No. 56 of 2003, Chapter 12, prescribes that every municipality must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129. The purpose of an annual report is –

1. to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
2. to provide a report on performance against the budget of the municipality or municipal entity for the financial year; and
3. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

   3.1 The annual report of municipality must include –

   3.2 the annual financial statements of the municipality, and in addition if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);

   3.3 the Auditor-General's audit report in terms of section 126 (3) on those financial statements; and

   3.4 The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit those statements to the Auditor-General for auditing and the accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit those statements to the parent municipality of the entity and the Auditor-General for auditing. The Auditor-General must audit those financial statements and submit and audit report to the accounting officer of the municipality or entity within three months of the receipt of the statements.

The mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. The council of a municipality must consider the annual report of the municipality of municipal entity, and by no later than two months from the date on which the annual report was tabled in council, adopt an oversight report containing council's comments on the annual report which must include a statement whether the council-

1. Has approved the annual report without reservations;
2. Has rejected the annual report; or
3. Has referred the annual report back for the revision of those components that can be revised.

In order to give effect to the above legislative requirements, Mandeni Municipality adheres to the table above in order to ensure the communities of Mandeni Municipality are able to view the contents of the Annual Report on time; the table serves as a strict and legislated guide.

The 2022/23 Financial Year rendered the municipality an unqualified audit with matters as confirmed by Auditor General reports as the AG. The Municipality has developed

comprehensive interventions to address these challenges and will be monitored through relevant structures, which is attached in terms of circular 63 of the MFMA in chapter 6.

CHAPTER 2

– GOVERNANCE

INTRODUCTION TO GOVERNANCE

CHAPTER 2

INTRODUCTION TO GOVERNANCE

The nature of governance within the Municipality is such that it is spread in four major components with various structures exercising some authority and accountability in various levels. The following depicts the governance components:

- Political Governance Structure, this governance structure deals with the political governance of the Municipality through Political Office Bearers, Council, Committees;
- Administrative Governance Structures, this governance structure on the other hand focuses on the administration and management of the Municipality is vested in the Municipal Manager who is the Accounting Officer. The Municipal Manager is assisted by the Senior Management Team of the Executive Managers. The Municipal Manager is tasked with the establishment, development and management of sound and effective municipal administration;
- Intergovernmental Relations, the Executive Mayor is the custodian of the intergovernmental relations fora. There are various structures that have been established at the local and provincial level to promote engagement between Municipalities, Sector Departments, State Entities, and etc;
- Public Accountability and Participation, the Mayor assisted by the Municipal Manager is responsible for the community engagement and participation in the affairs of the Municipality, such as IDP, budget processes, public meetings/Mayoral Izimbizo, etc;
- Corporate Governance, the Municipal Manager assisted by Senior Managers is responsible for the Corporate Governance of the Municipality. This entails risk management & anti-corruption and fraud, internal audit, Supply Chain Management, Oversight Committees, Policies and By-laws, integrated reporting, etc.

2.1. POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Mandeni Municipality comprises of the elected councillors and the respective senior managers and the way they actually work together on a day-to-day basis in order to achieve organizational goals

The political governance of the Municipality is derived from the Constitution of 1996 which directs in Section 151 (3) that the Municipality has the right to govern on its own initiative, the local government affairs of the local community. The legislative and executive authority of the Municipality is vested in the Municipal Council.

The Municipal Systems Act Chapter 7 Section 50-52 directs that the Municipality must within its administrative and financial capacity establish and organise its administration in a manner that would enable the Municipality to respond to the needs of the community, facilitate the culture of public service and accountability. The Administration of the Mandeni Municipality under the stewardship of the Municipal Manager who exercises the administrative governance of the Municipality.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

In compliance with Section 151(3) of the Constitution, Section 53 of the Systems Act (Act 32 of 2000) and the Municipal Structures Act (Act 117 of 1998) Mandeni Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each Political Office Bearer of the Municipality and of the Municipal Manager is defined and adhered to accordingly.

The Political Leadership of the Municipality comprises of elected Councillors through both the Ward System and Proportional Representation, is led by the Mayor. On the other side

the Administration of the Municipality is composed of Executive Management appointed in terms of Section 56 and 57 of the Municipal Systems Act as amended. The Municipal Manager is the head of Administration. In order to realise the Constitutional mandate of the Municipality these two components, including the Community have to work together.

2.1 POLITICAL GOVERNANCE

COUNCIL

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision-makers, councillors are also actively involved in community work and the various social programmes in the Municipal Area and also through the ward committees established in each of the 18 wards.
The municipality's political affairs are managed through an Executive Committee (EXCO) headed by the Mayor. There are different Portfolio Committees, each headed by a member of the Executive Committee member established to ensure effective governance.

EXECUTIVE COMMITTEE

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

HIS WORSHIP: THE MAYOR Cllr. T.P Mdlalose

The Mayor is the leader of the council and has a number of roles which are both legislative and functional. The legislative requirements are outlined in Section 73 and 73AA of the Local Government Act 1989.

The LG Act states that the functions of the Mayor of a Council include:

- - Providing guidance to Councillors about what is expected of a Councillor, including in relation to the role of a Councillor under section65, and the observation of the Councillor - -Conduct Principals and the Councillor Code of Conduct under section 76B, 76BA and 76C
- - Acting as the principal spokesperson for the Council
- Supporting good working relations between Councillors
- - Carrying out the civic and ceremonial duties of the Office of the Mayor

 HIS WORSHIP: THE DEPUTY MAYOR Cllr. B.L MAGWAZA	The Executive Deputy Mayor exercises the powers and performs the duties of the Executive Mayor if the Executive Mayor is absent or not available or if the office of the Executive Mayor is vacant.

 Cllr.P.M Sishi	 Cllr.M.S Mdunge
 Cllr. B.L Magwaza	 Cllr. S.Z Mdletshe
 Cllr.M.Shelembe	 Cllr.M. Mthembu

PORTFOLIO COMMITTEES

Section 80 committees are established to advise the Mayor on policy matters and any other matter to be considered by the Mayor. They are assigned to specialise in a specific functional area of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. They are appointed by Council and the Chairperson is appointed by Council.

The municipal administrative departments report to council via EXCO through its Portfolio Committees of relevance in terms of the key performance areas. The following are the portfolio committees that have been established:

- Community Service and Public Safety
- Economic Development Planning and Human Settlement
- Budget and Treasury
- Infrastructure Development and Technical Services
- Local Public Administration and Human Resources
- Special Programmes

Section 79 committees are permanent committees appointed to advise the Municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. MPAC inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of section 129 of the Municipal Finance Management Act.

RULES COMMITTEE

This committee is normally chaired by the Speaker of Council and is normally composed of Chief Whips of all political parties represented in Council and other members that Council may add.

Terms of Reference

- Look at the implementation of Councillor Code of Conduct and adherence thereto
- Look at the implementation of Council Rules of Order and Standing Orders
- Advise Speaker and Council on matters needing attention
- Look at Council Dress Code and other matters related to council activities.
- Advise the Speaker and Council on matters requiring disciplining of councillors when Rules and Standing Orders are broken.
- Advise the Speaker and Council on the appointment of Ad Hoc committees when need arises
- Regularly reports to Council on its work and activities.
- Regulate Internal Functioning of Council and its committees.

AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE

In terms of section 166(2) of the MFMA, Council has an Audit Committee which is an independent advisory body which must advise the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal financial control;
- Risk management;
- Performance management; and
- Effective governance.

COUNCILLORS

Councilors are elected by the local registered voters in terms of the local segment of the Voter's Roll to serve a predetermined term of office on the local council as representatives of their respective constituencies. Mandeni Local Municipality has a total of 35 seats. Eighteen (18) of these seats are allocated to ward councilors who are elected by each of the

eighteen wards. Another seventeen (17) seats are allocated top parties through the proportional representation system of elections.

ALLOCATION OF COMMITTEES

Mandeni Local Municipality has five (5) Section 80 Committees established by Council. Each one of these committees is chaired by the members of Executive Committee, and the allocation is as follows:

A. ECONOMIC DEVELOPMENT AND HUMAN SETTLEMENT				
1.	CLLR	SZ	MDLETSHE	ANC -Chairperson
2.	CLLR	MC	MKHALIPHI	ANC
3.	CLLR	S	NTULI	ANC
4.	CLLR	NS	NCUBE	IFP
5.	CLLR	F	GINA	IFP
6.	CLLR	N	KHUZWAZYO	EFF
7.	CLLR	SS	MDUNGE	ANC

B. INFRASTRUCTURE DEVELOPMENT TECHNICAL SERVICE				
1.	CLLR	ST	MAGWAZA	ANC – Chairperson
2.	CLLR	DGP	MTHEMBU	ANC
3.	CLLR	S	MTHEMBU	ANC
4.	CLLR	ST	THWALA	ANC
5.	CLLR	BA	MCHUNU	IFP
6.	CLLR	M	NCANANA	IFP
7.	CLLR	SJ	MATHONSI	AIC

C. LOCAL PUBLIC ADMINISTRATION HUMAN RESOURCE			
1.	CLLR	MS MDUGE	IFP -Chairperson

2.	CLLR	S MABHIDA	ANC
3.	CLLR	N NXUMALO	ANC
4.	CLLR	S NAICKER	DA
5.	CLLR	SJ MATHONSI	ANC
6.	CLLR	Z NXUMALO	IFP
7.	CLLR	X MATHONSI	ANC

D. FINANCE			
1.	CLLR	CLLR TP MDLALOSE	ANC -Chairperson
2.	CLLR	T MHLONGO	ANC
3.	CLLR	NO DLADLA	ANC
4.	CLLR	P NSELE	EEF
5.	CLLR	BA MCHUNU	IFP
6.	CLLR	LS ZUNGU	IFP

E. COMMUNITY SERVICES AND PUBLIC SAFETY			
1.	CLLR	BL MAGWAZA	ANC -Chairperson
2.	CLLR	SS MDUNGE	ANC
3.	CLLR	MB NGIDI	ANC
4.	CLLR	CL MTHEMBU	ANC
5.	CLLR	SP NAICKER	DA
6.	CLLR	PP NSELE	EFF
7.	CLLR	BA KHUMALO	IFP

POLITICAL DECISION-TAKING

The Standing Rules and Orders of Council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by Council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council:

a) Approval of Budget

b) The imposition of rates and taxes, levies and duties.

c) The passing of By-laws.

d) The raising of loans.

Other matters are delegated to the Executive Mayor in terms of Section 59 of the Municipal Systems Act. The Executive Mayor must report to Council on the execution of duties delegated to her. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councilor.

Before a Council passes a resolution on any of the following matters it shall first require the Mayor to play his executive role and submit a report and recommendation to the full sitting of Council.

a) The passing of By-laws

b) The approval of budgets

c) The imposition of rates

d) The raising of loans

e) The approval of the IDP and any amendments or reviews of this plan.

f) The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.

g) And any other powers and functions as prescribed by various pieces of legislation.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Chairperson	Cllr. S. Shandu (Chairperson)	ANC
Member	Ms. S. Nkwanyana	EFF
Member	Mr. D Mthembu	ANC
Member	Mr. S Mathonsi	IFP

FUNCTIONS

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

REPORTING

The MPAC reports directly to the municipal council and the chairperson of the MPAC must liaise directly with the speaker on the inclusion of reports of the MPAC in the council agenda. As the MPAC is a committee of the council, its reports are submitted directly to the council without being submitted to the Executive Committee. The chairperson of the MPAC liaises directly with the speaker on the inclusion of its report in the council agenda, and the committee staff ensures that the documentation is physically included in the agenda of the council meeting.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and if necessary, review the staff establishment, in line with organizational objectives and development priorities. This mechanism provides for the review of the organizational structure at the beginning of the financial year, which entails revisiting each Department and Business Units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). The organizational design and the structure of the Municipality are such that it seeks to respond to both national and local government priorities of:

a) Municipal Institutional Development & Transformation.

b) Basic Service Delivery

c) Local Economic Development

d) Municipal Financial Viability

e) Good governance

f) Building Local Economies to create more employment & sustainable livelihood.

g) Improve local public services and broaden access to services

h) Promote more active community participation in local government

i) Effective, accountable and clean local government

The Municipal Manager is the Head of Administration and plays a pivotal role in the functioning of the Municipality. The Municipal Manager subject to policy direction by Council must organize the Administration in the manner that enables Council to hold the Municipal Manager accountable for the overall performance of the Municipality.

As head of the administration, the municipal manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the municipality's performance management system, and is responsive to the needs of the local community to participate in municipality. The municipal manager manages communication between the political structures and office-bearers and the administration.

In order to be able to give fruition to the requirement to run an efficient, economical and accountable administration, the operations of the municipality are divided into six directorates:

a) Office of the municipal Manager

b) Budget and Treasury

c) Corporate Services

d) Community Services and Public Safety

e) Economic Development, Planning and Human Settlements

f) Technical Services and Infrastructure Development

. TOP ADMINISTRATIVE STRUCTURE

 MUNICIPAL MANAGER **Mr. S.G Khuzwayo**	Municipal Manager is responsible for the operations and performance in the following sections: ▪ Responsible for setting up effective and sound local administration; ▪ Coordinates the compilation of IDP; ▪ Responsible for PMS of the Municipality; ▪ Oversees the management of internal audit; ▪ As the Accounting Officer has overall responsibility for finances of the Municipality; ▪ Advice Political Office Bearers and Council on various issues; ▪ Responsible for compliance of the Municipality with various pieces of legislation; ▪ Must ensure community participation in the affairs of the Municipality; ▪ Legal Services; and ▪ Risk Management

 CHIEF FINANCIAL OFFICER **Miss N.N. Mngomezulu**	Chief Financial Officer is responsible for the operations and performance in the following sections: ▪ Financial Planning and Treasury; ▪ Supply Chain Management; ▪ Expenditure Control; ▪ Credit Control and Debtors; ▪ Revenue Control; and ▪ Asset Management and ▪ Property Valuations;

 DIRECTOR: CORPORATE SERVICES **Mr. V.P Zulu**	Corporate Services Director is responsible for the operations and performance in the following sections: ▪ Information and Communications Technology; ▪ Administration and Auxiliary Services; ▪ Human Resources and ▪ Council Secretariat

DIRECTOR: TECHNICAL SERVICES **Mr. K. Gumede** 	Technical Services Director is responsible for the operations and performance in the following sections: ▪ Electrical Services; ▪ Roads and Storm water; ▪ Mechanical Workshop; ▪ Municipal Buildings; ▪ Waste Management; ▪ Parks, Verges and Gardens; ▪ Project Management.

 DIRECTOR: ECONOMIC DEVELOPMENT & PLANNING HUMAN SETTLEMENTS **Mr. Mbongwa**	Economic Development & Planning Human Settlements is responsible for the operations and performance in the following sections: ▪ Local Economic Development; ▪ Development Planning; ▪ Strategic Planning/IDP; ▪ Human Settlements and ▪ Building Control.

 DIRECTOR: COMMUNITY SERVICES AND PUBLIC SAFETY. **Mrs. Kutwana-Gomana**	The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections: • Library Services; • Parks, Verges and Gardens Community Facilities; • Community Development; • Public Safety • Fire and Rescue Services and Disaster Management; • Security Services • Cemeteries & Crematoria and • Waste Management

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The municipality strengthened the functioning of the following structures established according to the provisions of the Intergovernmental Relations Framework Act no 13 of 2005. These high-level strategic forums are as follows: IDM Intergovernmental Relations Forum, Executive Mayors Forum, District Speakers Forum, Municipal Managers Forum, Chief Financial Officers Forum, IDP Representative Forum and PMS Forum.

The above forums are established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres. Such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mayor and Municipal Manager of Mandeni LM attend the Premier's Co-ordinating Forum (PCF). The IDM enjoys the advantage of having the Mayor as the Chairperson of SALGA, which then puts the Region in a better position to influence SALGA in strategic issues that are of interest to the Region and South Africa as a whole. Members of the Mayoral Committees (MMCs) also attend, and in some cases chair SALGA working groups. The IDM also sends representatives to SALGA Provincial and National Members' Assemblies.

Inter-Governmental Forums (IGR) are functioning well at District level. The Mayors IGR Forum has a year programme scheduled for monthly meetings. The Speakers', Chief Whips' and MMCs' Forums as well as the Troika meetings are operating. The MMCs also have established relations with their respective Member of Executive Committees (MECs) and in some cases, national government departments as well.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality participates in the Premiers' Inter-Governmental Forum as well as the Provincial Speaker's Forum.

The Municipal Managers also have a Provincial and National Forum. In all these Forums, issues pertaining to service delivery and matters of common interest are discussed.

Information and best practices are shared and the interaction with Province and other municipalities is valuable to have a better co-ordination and co-operation.

Various forums in which officials participate are also structured at Provincial level, e.g., Communication Forum and SALGA Technical workgroups.

Councillors and Officials also participate in SALGA working groups in which valuable information is shared.

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

The Mandeni Municipality has no municipal entities; however, the Enterprise Ilembe has been established within the Ilembe District Municipality.

DISTRICT INTERGOVERNMENTAL STRUCTURES

IGR in the ILembe District was initially introduced in 2006 and has since developed fully. There is coordination in the functions of the district family of municipalities. It has provided a platform for the district municipalities to plan and synchronize all the programmes and projects that are inter-reliant as provided by the IDP's.

There are 10 Forums within the district, with the District Intergovernmental Forum being the highest authority. All Forum is constituted by senior officials from the Local Municipalities, District Municipality, Provincial and National Sector Departments. Each forum meets as indicated in the structure above to discuss issues pertaining to its portfolio and functions with an aim to devise a plan on how these entities can collectively work towards achieving their respective IDP objectives and National priorities/outcomes.

The Sub-Forums then report to the Technical Support Forum (made up by Municipal Managers) for discussion and recommendation. The Technical Support Forum in turn reports to the District Intergovernmental Forum (Mayors Forum).

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. PUBLIC MEETINGS

Public participation is an institutionalised function in our Municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction. The evolution of ward-based planning and the related establishment of ward committee system have elevated community participation to higher level in terms of legal provision and institutionalisation of the process. Mandeni Local Municipality, through the Office of the Speaker, liaise continuously with communities through ward committee members and other stakeholder forums.

In order to facilitate maximum participation by ward committee members, the Municipality provides stipends for each member.

In the promotion of public accountability and participation members of the public are invited to attend all meetings of the Council and its committees. Another mechanism of public participation is conducted through Mayoral Budget and Integrated Development Plan (IDP) Izimbizo's. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to illicit the needs of the community in order to provide input for the new financial year. A second Izimbizo is held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and illicit responses thereto

2.5. IDP PARTICIPATION AND ALLIGNMENT

The Municipal Systems Act as promulgated in 2000 describes the various core processes that are essential in realizing a system of developmental local government. These aspects include participative governance, IDP, performance management and reporting, resource allocation and organisational change. These processes are linked into a single cycle at the local level that

will align various sectoral initiatives from national and provincial government departments with municipalities own capacities and processes, including alignment with district initiatives.

The process plan is a document that is developed for this very purpose it outlines the framework/process for the alignment and engagement in the review of the Integrated Development Plan. This is done in alignment with parallel processes like the Budget and the Performance Management System. Every year around the end of August, the Municipality finalize a Process Plan which is approved by Full Council, once approved a public notice is posted to our website and various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs. The very same Process Plan is posted on the Mandeni website where different activities and milestones are reflected in terms of the IDP review and PMS and Budget implementation and monitoring. The Mandeni Municipality has a structured program of public participation. This program is reflected in the Process Plan and forms the basis for citizenry engagement framework which is currently mooted in a form of a public participation policy.

The following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voices are accommodated in the planning, execution and review of the IDP, Budget and PMS processes:

- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on PMS Progress/SDBIP and IDP
- Monthly Community Meetings by Councillors (due to financial constrains-are held once in two months /6 meetings per annum per ward
- Project Based Meetings
- Sector Plan Based Engagements
- Executive committee
- Full Council Meeting

- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Municipal Property Rates Act (MPRA)
- Service Standard or Charter
- Community Based Planning
- Complaints Register: Customer Care and Batho Pele Engagements
- Sukuma Sakhe – Premier's Flagship Tool for Accelerated Service Delivery at a Ward Base Level
- Attendance to invitations by Interest groups
- Partnerships and MOUs: MIDI,
- Inaugural State of the Municipal Address (SOMA)

The public participation mechanisms/forums listed above are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, quarterly and annually as reflected in our Process Plan, the intergovernmental relations and citizenry participation system model is presented for adoption by Full Council which forms the basis for Public Participation Policy.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Municipality formulated a programme with ward numbers, dates, time and venues for public meetings in relation to IDP review. The programme included stakeholders such as the business community and the rate payers. All the stakeholders were engaged on IDP review, Budget and Performance Management System in terms of the KPAs and KPIs. At the end IDP representative forum meeting resolutions were taken after participation by sector departments and NGO's, which were relevant to partake in the discussion of Mandeni IDP review all our meetings were successful with meaningful participation of the public.

IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	YES/NO
Does the municipality have impact, outcome, input, output indicators?	NO
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	YES
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Were the indicators communicated to the public?	YES
Were the four quarter aligned reports submitted within stipulated time frames?	YES
* Section 26 of Municipal Systems Act 2000 T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

Corporative governance is a link between all three spheres of government as enshrined in the constitution of the country. Inter-governmental relations are working relations between spheres of government for realization of a service delivery. In terms of the mandate of each sphere per the constitution, the expectation is that spheres of government complement each other. This is done for the purpose of best practice and service delivery.

Corporate Governance within Mandeni Municipality entails *Risk Management*, *Anti-Corruption and Fraud*, Internal Audit, Audit and Audit Performance Committee, Municipal Public Accounts Committee and Supply *Chain Management* which is unpacked below

2.6. RISK MANAGEMENT

The Mandeni Local Municipality subscribes to the Public Sector Risk Management Framework as well as other international best practices to identify, analyze, treat, monitor and communicate risks internally

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act Number 56 of 2003) stipulates that the Accounting Officer of the Municipality is responsible for managing the financial administration of the municipality and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Risk Management unit does implement risk management processes, developing Strategic Risk Register, Operational Risk Registers, Fraud Risk Register, and ICT Risk Register. These registers are monitored to ensure that all risks that could hamper service delivery are being prioritized.

The Municipality has in the current year of assessment a dedicated unit to co-ordinate the function of risk management under the Risk Management Unit. This unit has been ably guided by an independent risk chairperson, the Enterprise Risk Management Committee, the Audit and Performance Committee, the Accounting Officer and all senior management and management in the formulation of the risk registers. Furthermore, this unit has ensured that there has been quarterly sitting of the risk management committee and that risks are monitored and reported on a quarterly basis. Internal audit has also played a significant role in this area in ensuring that the municipality complies with the requirements of the Municipal Finance Management Act.

The Audit and Performance Committee has also been actively involved in the risk management processes. Hence, why the Risk Management Committee chairperson is required to submit a quarterly report to the Audit & Performance Committee.

The Risk Management Committee is chaired by the independent chairperson. The Risk Management Committee is governed by its Charter. This approach has proven to be successful, and in terms of good governance. This is what is required by the National Treasury Risk Management Framework.

The Municipality ensured that there was a successful risk assessment process conducted during the commencement of the period and it should be noted that this process was attended by the KZN Provincial Treasury. During this process the strategic top 10 risks were

identified, and the strategic risk register was developed. it incorporated all the risks that were identified and the mitigating action plans to be implemented by the management. During the risk assessments the other 3 risk registers were developed, which is the Operational Risk Register, Fraud Risk Register and ICT Risk Register. This risk assessment also ensured focus was given to IDP priority areas and the National KPA's to ensure that risks are aligned to programs within the Municipality, Regionally, Provincially and Nationally.

During the 2022/2023 year of assessment there were dedicated risk champions appointed per department. These Risk Champions assisted to enable the risk management processes in their respective departments. They facilitated the quarterly risk reporting by the departments and played a huge role in monitoring of risk by ensuring the risk management is part of their monthly meeting agenda items.

STRATEGIC RISKS FOR 2022/2023 FINANCIAL YEAR

NO.	RISK DESCIPTION	ROOT CAUSES	ACTION PLANS
1	Poor maintenance of roads and storm water channels	1. Infrastructure backlog 2. Aging Road infrastructure 3. Damage of roads and stormwater infrastructure consequent to water and sanitation infrastructure maintenance by district municipality 4. Uncoordinated Allocation of land on peripheral areas by traditional leaders resulting in increased storm water catchment 5. Non-collection of waste resulting in blockage of storm	1. Upgrade of infrastructure subject to availability of funds. -Storm Water infrastructure. -Road Infrastructure Risk Owner: Director Tech Serv Action Owner: Project Management Unit (PMU) Manager Start Date: 21/06/2022 Due Date: 30/06/2024 2. To include Roads and

		water 6. Insufficient resources (Plant & equipment, funding and capacity limitations such as Skilled Technicians. 7. Disasters.	storm water Rehabilitation in Departmental Budget inputs. Risk Owner: Director Tech Serv Action Owner: Civil Operations and Maintenance Manager Start Date: 21/06/2022 Due Date: 31/03/2023 3. Propose Skilling of maintenance employees to corporate services. Risk Owner: Director Tech Serv Action Owner: Civil Operations and Maintenance Manager Start Date: 21/06/2022 Due Date: 31/09/2022
2	Failure to ensure reliable and adequate supply of electricity within municipal distribution license area.	1. Illegal connections and tempering of meters resulting in financial loss 2. Unstable supply due to illegal connections 3. Ageing infrastructure 4. Cable theft	1. Monthly meter audit through billing unit. i. check disconnections vs reconnections. ii buying history of the customers. Risk Owner: Director Tech

		5. Inadequate training of electrical staff resulting in non-quality of supply of electricity. 6. Shortage of Human Resources and equipment	Serv Action Owner: Manager Treasury Start Date: 21/06/2022 Due Date: Monthly 2. include budget to maintain and upgrade ageing infrastructure. Risk Owner: Director Tech Services Action Owner: Director Tech Services Start Date: 21/06/2022 Due Date: 31/03/2023 3. Use of aluminium and overhead instead of underground and copper cables. Risk Owner: Director corporate Action Owner: Civil Operations and Maintenance Manager Start Date: 21/06/2022 Due Date: Ongoing
3	Failure to attract and retain	1. Unstable political	1. Follow up on Ithala estate to implement standard

	investors	environment 2. Negative Covid-19 impact 3. Influx of foreigners 4. Non-compliance with labour and business compliance laws 5. Lack of standard guidelines for Ithala state operation 6. Ageing infrastructure (roads, buildings, water, etc) at isithebe.	guidelines for investors. 2. Conduct quarterly business compliance inspections. 3. Have meeting with company management development Partnership Structure and Mandeni Economic Growth and De regarding non-compliance with business regulation. * *Improve compliance;* * *Improve state of the park;* * *Ageing infrastructure;* * *Issue of reservoir;*
4	Failure to ensure reliable and equitable provision of houses	1. Delays in meeting housing targets to housing beneficiaries - Improper planning 2. Recent looting event resulting in halting of housing project 3. Poor beneficiation administration - Inadequate beneficiary list - Double allocation and missing of beneficiaries 4. Change of implementing	1. Finalise the cleaning exercise of beneficiary list and align it to HSS system 2. Review Housing Sector Plan

		agent of the housing project 5. Inadequate Housing Subsidy System -Lack of tracking allocation of houses to Beneficiaries	
5	Inability to eradicate Human settlement backlogs	1. Land Ownership issues 2. Dispersed rural settlements 3. Geographical profile of the municipality (prone to Natural Disasters) 4. High rate of destitute and homeless beneficiaries	1. Conduct review of municipal housing sector plan. 2. Identification of suitable land for human settlements. 3.packaging of housing project funding applications for approval by Department of Human Settlements
6	Possible failure to respond timeously and effectively in the event of a disaster or Disruption	1. Illegal electricity connections 2. Geographic spread of municipality 3. Unsafe beach 4. Lack of fire rescue resources	1. Establish relationships with other municipalities to assist in nearby areas in the event of disaster through memorandum of agreement. 2. Finalize the assessment (Section 78 report) to determine the state of readiness of in-sourcing of fire rescue services management within the municipality

7	Lack of municipal cemeteries and failure to maintain existing cemeteries	1. Existing grave site are full 2. Failure to maintain grave sites 3. Lack of dedicated personnel for cemeteries 4. Inability to identify suitable land for grave site	1. Finalise the study to identify the land for grave site 2. Engage the district on the possibility of the use of district cemeteries; i. Follow up on the communication letter sent to district
8	Failure to ensure sustainable waste management solutions	1. Regular break down of waste trucks 2. Delays in collection of waste. 3. Reliance on EPWP personnel to carry out the operation 4. Lack of landfill site 5. Lack formalised recycling programme 6. Illegal dumping	1. Finalise establishment of Waste Recycling Site (this is not budgeted for due to fact that the municipality was relying on the iLembe Recycling project which unfortunately failed) however the municipality have budgeted for the Bailer machine & Weigh pad 2. Identify recycling site 3. Explore the option of creating 12 months contracts of general workers to assist in collections of waste and other community services. (4 employees were permanently employed to

			assist in the waste collection). i. Minutes of the meetings. ii. Management resolution. (iii) 8 Permanent employees to be employed on permanent basis. 3. Conduct an awareness of Waste Management By-law (Fine Register) 4. Procure additional x1 Compactor Truck
9	Inability to attract and retain staff	1. Insufficient budget to fill in vacant position 2. Limitation to attract and retain staff due the size of the municipality - Low salary scales and incentives 3. Delays in recruitment process due to unavailability of required skills (scare skills) 4. Inadequate Organogram resulting	1. Conduct job analysis to identify redundant positions; i. Establish job combinations where relevant 2. Review In-service and internship programme policy to include; i. Consider in-service training and internship programmes from external parties. 3. Develop a plan to identify and prioritize filling of

		in lack of segregation of duties	critical positions
10	Failure to manage effective systems of debt and revenue collections	1. Culture of non-payment of municipal services by residents 2. Non-collection of rates on properties under Ngonyama Trust land and those that are not owned by Department of Public Works 3. Non-payment by government departments 4. Illegal connections 5. Non-alignment of budget with SCOA data strings 6. Delays in performing debtor's reconciliation 7. Non-alignment of billing with valuation roll 8. Consumers with a culture of non-payment for services rendered 9. Consumer Disgruntlement on the quality of services delivery 10. High reliance on systems managed by service providers	1. Revisit the data cleansing exercise of consumer's Masterfile; (i.e. Appoint a service provider who have access to Bureau (Service provider have and ii. Update and integrate data with the consumer's Masterfile) 2. Conduct training on all system upgrades; (i. Obtain a list of all system upgrades and ii. Obtain training registers) 3. Conduct meter audits; - Analyze variance report on a monthly basis (3 billing variance report has been signed quarterly) 4. Appoint Senior Accountant - The position was included in a 5- year organogram. Start Date: 26/05/2022 Due Date: 30/06/2023 5. Develop a Revenue Enhancement Strategy;

			6. To have different server (issue of interface when there's a system breakdown. 7. House to house visit

2.7. ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI CORRUPTION STATEGY

The Municipality has taken an active role in dealing with fraud and anti-corruption. Firstly, the municipality through its council has adopted the fraud prevention policy and strategy in June 2021 which was workshopped to Council during policy review session.

The municipality has also ensured that in the current year (2022/2023) there is a dedicated budget set aside for fraud hotline, which is being initiated as a District wide initiative. Furthermore, an action plan is in progress to address all the challenges pertaining to fraud related issues.

The iLembe District Family of Municipalities, headed by the Mayor, his Worship Cllr. Thobani Shandu, and iLembe Enterprise and Sector Departments in the KwaZulu-Natal province successfully launched iLembe District Municipality Fraud Hotline Services on the 23rd of June 2022 at Mandeni Municipality in an effort to stop the widespread corruption activities in government.

4.3 District Risk Officers conducted District awareness campaigns and launching of Fraud Hotline on the 23rd of June 2022. The following Presentations were done by the following stakeholders;

- **KZN Office of the Premier (OTP)** - Ethics, Conflict of Interest and Fraud & Corruption

- **COGTA** - Role of KZN COGTA in addressing the issue of fraud and corruption in Local Government.
- **Public Service Commission** - Good Governance and Ubuntu in the Public Service, through the Constitutional Values and Principles.
- **Deloitte** - District Hotline Services and the iLembe District Municipality (IDM) Expectations.
- **Auditor General** - Role of the Auditor General when issues of Fraud and Corruption are suspected or discovered, as well as the impact of Fraud and Corruption on the Audit Opinion.

2.8. INTERNAL AUDIT

In terms of Section 62 (c) of the Municipal Finance Management Act no 56 of 2003 (MFMA), the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

(a) that the municipality has and maintains effective, efficient and transparent systems—

(i) of financial and risk management and internal control; and

(ii) of internal audit operating in accordance with any prescribed norms and standards;

Furthermore, Section 165 (1) of the MFMA, states that each municipality must have an internal audit unit.

Section 165 (2) states that the internal audit unit of a municipality must—

(a) prepare a risk-based audit plan and an internal audit program for each financial year;

(b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—

(i) internal audit;

(ii) internal controls;

(iii) accounting procedures and practices;

(iv) risk and risk management;

(v) performance management;

(vi) loss control; and

(vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and

(viii) Perform such other duties as may be assigned to it by the Accounting Officer.

Regulation 14 (1) (a) of the Local Government: Municipal Planning & Performance Management Regulations of 2001, prescribe that a municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

The Municipality had, within its Organizational structure, a dedicated internal audit unit in the 2022/23 year of assessment. Furthermore, the municipality has an independent audit committee with four (4) members of sufficient skills and experience to ensure adequate oversight over internal audit as well as municipal activities as a whole.

The 2022/2023 year of assessment was a successful year for the internal audit unit with the following key achievements being noted:

- The first year in which internal audit plan was completed without any delays
- The first audit of technical services and grant spend
- The acknowledgement by governance structures such as Treasury and CoGTA on the strength of the internal audit unit and the ability of the internal audit unit to perform majority of audits in house
- The successful workshopping and review of the Internal Audit Charter

- The undertaking of four quarterly PMS assessments
- The reduction on the use of consultants for specific internal audit projects
- The successful support of MPAC for Unauthorized, Irregular and Fruitless and Wasteful Expenditure

Furthermore, the internal audit unit had ensured that there was quarterly sitting of the audit committee as well as quarterly reports of the audit committee to council.

The internal audit unit also ensured that it complied with its statutory requirements of performing four quarterly audits as per the developed and approved internal audit plan and then tabling each quarterly report with follow ups to audit committee for consideration. The unit also successfully oversaw the development of the 2022/2023 internal audit plan which was approved by the audit committee on the 28th of June 2021.

In regards to the 2022/23 scheduled audits the following key areas where reviewed and tabled to audit committee for consideration.

PROJECT	FOCUS AREAS
Revenue and Debt Management	• Accuracy of billing and collections • Reconciliations (Revenue and debtors • Debt collection procedures • Debt policy and Indigent Policy • Test Debt collection system (Existence and Completeness) and alignment to SAGE • Collection trends per sector (Business, government and household) – Current year debt management issue has escalated and hence collection trends needs to be retested in detail

	• Recording of revenue
Supply Chain Management	• Turnaround time for completion of procurement process (Ordering; Receiving process, Invoicing and Reconciliation) • Planning (Procurement plan), Policy review and awareness • Contract and Project Management (Standard operating procedures, organogram and testing of high value and long-term contracts) • Performance assessment of service providers and contractors • Contract and Project Management (Completeness of Contract register and supporting documentation • Review of supplier database (capturing, editing and approval of suppliers), performance monitoring of suppliers • Review of supplier database (suppliers in service of the state, suppliers who are employees, blacklisted suppliers) • Creditor (including payments). • Supplier return process and quality verification of goods and services received

	• Completeness of Supplier documents
Unauthorized, irregular, fruitless and wasteful expenditure	• Investigations of irregular expenditure resulting from approved deviations. • Investigations of unauthorized, irregular, fruitless an wasteful expenditure incurred.
Physical verification of employees against payroll reports	• Provincial Treasury Circular (PT/MF) 1 of 2017/20218
Asset Management	• Fleet Management – Policy and application • Test read/write access to the SAGE PASTEL system • Compliance with the fleet management policy and submission of exception reports relating to fuel, accidents and insurance) • Fixed Asset Register (Completeness) • Fixed Asset Register (Existence) • Impairment testing (sample basis) • Repairs and Maintenance (Capitalisation versus Expenditure)

	• Formation of asset disposal committee and effectiveness of this committee • Review the controls for impairment testing of moveable and immovable assets • Fixed Asset Register reconciliation • Additions and Disposals • Investment property (Completeness, Rights, Existence and Valuation • Under Construction WIP Assets – WIP valuation and transfers to Fixed Asset Register
ICT	• ICT Governance • DRP and BCP • ICT Security and awareness • ICT Assets • Assessment of the nature of the project management function (Outsourced EPCM vs In-house Project

	Management Personnel)
Performance Management System (PMS)	• Review the SDBIP, organizational scorecard, departmental scorecards, Section 57 Performance agreements to the Integrated Development Plan (IDP) for alignment • Presentation of SDBIP Consistency, Measurability, Relevance Reliability • Compliance with laws and regulations • Review of POE's against reported information on the SDBIP
Reviews of Annual Financial Statements	• Review Accounting Policies and compliance with GRAP • Ensure that the AFS agrees to the Trial balance and General Ledger • Perform review of financial statements for validity, accuracy and completeness • Review working paper file and ensure that it agrees to information on the AFS, TB and GL • Follow-up on AG findings.

Reviews of Annual Performance Report	• Review the adequacy and effectiveness of controls around the performance information and the following areas will be included in the audit scope, but not restricted to the following: - Review credibility of POE files (Reliability of Performance Information); - Review the processes with which performance information is processed, collated, filed, analyzed and reported in line with the FMPPI; - • Follow-up on AG findings.

2.9. AUDIT AND PERFORMANCE AUDIT COMMITTEE

File Reference: Author : Mondli Makhunga

Report Number: Designation : Chairperson of the Audit Committee

CONFIDENTIAL The Honourable Speaker

FOR CONSIDERATION MANDENI MUNICIPAL COUNCIL

SUBJECT: AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT FOR THE PERIOD ENDED 30 JUNE 2023

DATE: 26 OCTOBER 2023

1. INTRODUCTION

The Audit and Performance Committee **(Herein referred to as the "Audit Committee")** is pleased to present its Report for the financial year ended 30 June 2023. This report covers work done or overseen by the Audit Committee during this financial period (i.e) from 01 July 2022 to 30 June 2023.

2. LEGISLATIVE REQUIREMENTS

2.1. The purpose of this report is to apprise the Council of Mandeni Municipality of the work done by the Audit Committee during the 2022/23 financial year as prescribed by section 166 of the Municipal Finance Act No. 56 of 2003, as amended ("the MFMA"), read with circular 65 published by the National Treasury and regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations of 2001.

2.2. Section 166 of the Municipal Finance Management Act, Act 56 of 2003 obliges every Municipality to establish an independent Audit Committee which must advise the Municipal Council and the Management of the Municipality on matters relating to internal controls, internal audits, risk management, accounting policies, adequacy, reliability and accuracy of the financial reporting information, performance management, effective governance, compliance with the MFMA, the Annual Division of Revenue Act ('DoRA"), any other applicable legislation and any other issues referred to it by the Municipality.

2.3. In carrying out our oversight responsibilities, the Audit Committee is guided by the formal terms of reference "The Audit Committee Charter". This Charter is reviewed annually and submitted to the Council for approval.

3. THE AUDIT COMMITTEE COMPOSITION AND ATTENDANCE

3.1. During the period under review, the Audit Committee consisted of four (4) members with diverse skills. The Audit Committee met **six (6)** times (wherein four (4) were ordinary meetings and two (2) were special meetings). This is in line with the Charter and MFMA's Circular 65 which require that the Audit Committee meets at least four times in a given financial year.

3.2. The table below sets forth the particulars of the members, dates of appointment and their attendance at the meetings of the committee:

	Meetings Attended	**29 Jul 2022**	**22 Aug 2022***	**29 Aug 2022***	**22 Sep 2022**	**07 Dec 2022**	**10 May 2023**
Mr. M Makhunga (Chairperson)	6	✓	✓	✓	✓	✓	✓

Mr. H Mpungose	6	✓	✓	✓	✓	✓	✓
Mrs. N Khanyile	5	✓	✓	✓	✓	✓	x
Mr. B Mhlongo	6	✓	✓	✓	✓	✓	✓

✓ = Present

- = Absent

* = Special Meeting

4. AUDIT COMMITTEE'S RESPONSIBILITY

The Audit Committee hereby reports that it has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and regulation 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001.

Furthermore, the Audit Committee reports that it has operated in terms of the Audit Committee Charter read in conjunction with the Internal Audit Charter.

4.1. The Internal Audit Function

4.1.1. Section 165 of the MFMA, prescribes that every Municipality must have an Internal Audit Unit that operates under the direction and control of the Audit Committee. This entails that, functionally the Internal Audit Unit is directly accountable to the Audit Committee while accountable administratively to the Office of the Municipal Manager.

4.1.2. The operational activities of the Internal Audit Unit are regulated by Section 165 of the MFMA, circular 65 published by the National Treasury, the International Standards for the Professional Practices of Internal Auditors (ISPPIA) and the Internal Audit Charter.

4.1.3. The Chief Audit Executive reports administratively to the Municipal Manager and functionally to the Audit Committee to ensure the Internal Audit Function's independence.

4.1.4. The activities of the Internal Audit Unit are guided by the Annual Audit Coverage Plan which is approved by the Audit Committee at the end of the financial year preceding the year under review. The Audit Committee monitors the progress of the implementation of the annual internal audit plan.

4.1.5. During the financial year 2022/23, the internal audit work was performed by the internal staff and the external staff sourced from the external service providers.

4.1.6. At the end of June 2023, all the audit projects planned for execution were completed.

4.1.7. The Audit Committee approved the Internal Audit Plan for the 2022/23 financial period. This plan was submitted to the Council and COGTA for noting.

4.1.8. The Audit Committee approved the Internal Audit Charter and reviewed the Audit and Performance Audit Committee Charter for approval by the council.

4.1.9. The audit committee prepared the audit committee's performance evaluation tool which is a requirement from the MFMA's Circular 65. This tool will assist the Council in reviewing the performance of the Audit Committee (the template is annexed to this report).

System of Internal Control

4.1.10. The Audit Committee received assurance from the Internal Audit Function and the Risk Management Function based on their evaluation of the effectiveness of internal control systems.

4.1.11. The Audit Committee monitored the progress achieved by the Management in implementing remedial actions to prevent the recurrence of findings identified by the Internal Audit and the Auditor General. The audit committee acknowledges management's efforts to strengthen internal controls within the municipality.

4.1.12. Unauthorised Expenditure

The Audit Committee noted that an Unauthorised Expenditure of R8 992 445.75 which was as a result of:

- Bulk purchases of electricity of R6 144 027.75 due to an increase in electricity demand by Umgeni Water (this has resulted in an increase in Services Revenue to the Municipality)
- Retirement benefits obligation– GRAP 25 journal of R2 848 418.00, retirement benefits which were budgeted for under employee costs and not as part of Finance Costs as per mSCOA requirement.
- These transactions were accordingly referred to MPAC for investigation and were further recommended for approval by the Council. The Council has since approved these transactions in line with the Municipal Budget and Reporting Regulations of 2009.

4.1.13. Irregular Expenditure

The Audit Committee noted the Unauthorised, Irregular, Fruitless and Wasteful Expenditure in the municipality of R14,883,770 which is emanating from:

Supplier	Details	Irregular Expenditure for 2022/23 FY
Isichaka Esingenamona	Solid waste removal. Contract expires: 30 Sept 2022	R468 415.20
Rural Metro	Project management of fire rescue services. Contract expires: 30 Sept 2022	R1 065 254.79
Pro Secure	Security services. Contract expires: 30 Dec 2022	R2 950 380.20
Lamazwide Projects	Highview and Padianagar Combo Courts Additions and Improvement in War 3/4: CIDB non-compliance	R2 067 880.39
The Curve Behind Training 219	Rehabilitation of Manono Road – Ward 15: CIDB non-compliance	R4 367 531.54
Umhlathuze Builders Emporium	Ward 15 Swimming Pool Additions: CIDB non-compliance	R3 409 691.69
Square Meter Trading	Lease of office space at Mandeni Square Centre: SCM Process not followed	R554 615.80
Total		**R14,883,769.61**

The above transactions have been investigated by MPAC and the Disciplinary Board. These have since been approved by the Council after considering the MPAC and Disciplinary Board's recommendations.

The audit committee continues to monitor these items with the aim of minimizing new transactions of irregular expenditure in future.

4.1.14. Fruitless and Wasteful Expenditure

As at the end of June 2023, the Fruitless and Wasteful Expenditure of R 324,524 had been incurred this is emanating from the late payment charges some of which are being disputed by the Municipality with the suppliers. The large sum of this figure though emanates from the interest payment of R260 300 to Mr MA Mthembu related to a labour court case that underwent review.

These transactions have been investigated by MPAC and the Disciplinary Board and recommended to Council for approval.

4.1.15. Deviations

Twenty-one (21) SCM deviations valued at R1 068 385.91 were noted during the 2022/23 financial year. A majority (76%) of these SCM deviations emanate from the acquisition of taxi services, whilst the balance was due to cases where it was impractical to apply SCM procedures. To address this challenge a travel agent will be used to procure transportation services.

4.2. Risk Management Function

4.2.1. The Municipality appointed an external Risk Management Chairperson to provide guidance and oversee the risk management-related issues and report to the senior management and the audit committee.

4.2.2. The Risk Management Unit was vacant during quarters 1 and 2 of the 2022/23 financial year and this has negatively impacted the risk management plan. However, the Manager: Legal, Risk and Compliance assumed duties in February 2023 to mitigate this gap.

4.2.3. The Audit Committee reviewed the quarterly management risk reports presented by the Risk Management Function which dealt with the followings:

- Progress on implementation of mitigations for Operational, Information Technology, Fraud and Strategic risks;
- Emerging and materialized risks identified and discussed;
- Reviewed the report on the Anti-Fraud initiatives that are implemented to manage fraud risk;
- Provided oversight on other significant exposure areas and mitigation controls.

4.2.4. Risk Management

A risk assessment workshop was conducted on the 11th – 13th of April 2023 to identify risks that might have the potential to impede the municipality's ability to achieve its goals and objectives. Five (5) risk registers were developed, i.e. Strategic, Operational, Fraud, ICT and Occupational Health and Safety (OHS) Risk Registers.

4.2.5. The following table briefly depicts strategic risks which were identified to have major risk exposure to the Municipality and the accompanying mitigating controls by management:

DEPARTMENT	STRATEGIC RISKS	MITIGATING CONTROLS
1. BTO	Inability to manage and to ensure the sustainability of municipal finances • *Misalignment between equitable share and increasing indigent population* • *Decreasing revenue base coupled with increased employee costs* • *High municipal uncollectable debt from the Ingonyama Trust Board* • *High dependency on grant allocation* • *Failure to take disciplinary actions on incurred Unauthorised Irregular, Fruitless and Wasteful Expenditure* • *Non-adherence to cost containment measures*	• *Schedule the sitting of the Revenue & Debt Management Committee.* • *Investigate the apportionment of the Free Basic Service with the allocation of the Equitable Share against Internal Funds* • *Include Conducting of Land audit in the 2024/2025 Budget* • *Explore and benchmark municipal By-Law for tariff charges for solar panel users* • *Conduct continuous investigation on electricity for low and non-purchases* • *Consolidate the Indigent Register for the Ilembe District* • *Conduct a " Rand for Rand" campaign to assist municipality with the revenue*
2. Technical	Inadequate maintenance of stormwater facilities Infrastructure backlog • *Damage of stormwater infrastructure consequent to water*	• *Upgrade programme for the drainage system in Sundumbili* • *Maintenance programme jetting of stormwater in different wards*

	and sanitation infrastructure maintenance by the district municipality • *Uncoordinated allocation of land in peripheral areas by traditional leaders resulting in increased stormwater catchment* • *Non-collection of waste resulting in blockage of stormwater* • *Insufficient resources (Plant & equipment, funding and capacity limitations such as Skilled Technicians).* • *Lack of maintenance*	• *Slot in councillor's public meeting for awareness on waste management and illegal dumping* • *Procurement of jetting machine to unblock stormwater*
3. EDPHS	Failure to ensure reliable and equitable provision of houses • *Delays in delivering housing targets to housing beneficiaries* - *Improper planning/coordination* • *Poor beneficiation administration* - *Inadequate beneficiary list* - *Double allocation and missing of beneficiaries* • *Misunderstanding between Implementing agent and subcontractors (rates)* • *Delays in approval of funding* • *Delays Appointment of implementing agents* • *Delays in Beneficiary admin for (OSS)*	• *Facilitate engagement between implementing agents and sub-contractors (rates)* • *Request for fast-tracking of approval for funding and appointment of implementing agents from the Department of Human Settlement* • *Packaging of housing project funding applications for approval by the Department of Human Settlements*
4. Corporate	Inability to develop and capacitate the municipal workforce • *Low municipal grading (Grade 02)*	• *Develop a plan to identify and prioritise filling of critical positions* • *Develop Individual*

	resulting in low salaries • *Insufficient budget to conduct staff training* • *Limited office space* • *Lack of Individual Performance Management Policy* • *Restrictions of condition of service compensation for staff acting same level* • *Lack of management by-in in providing Employment AP wellness* • *Lack of EAP Plan* • *High staff turnover* • *Aging workforce* • *Lack of Succession Plan Policy*	*Performance Management System Policy* • *Workshop Individual Performance Management System Policy to all staff* • *Develop Performance Evaluation Template* • *Develop a Retention strategy (Recruitment policy)* • *Conduct workshop on the Code of Conduct to new and old officials* • *Workshop supervisors on Disciplinary Code* • *Develop Performance Agreements* • *Develop Employee Wellness Annual Plan*
5. Community	Lack of municipal cemeteries and failure to maintain existing cemeteries • *Existing grave sites are full* • *Failure to maintain grave sites* • *Lack of dedicated personnel for cemeteries* • *Inability to identify suitable land for grave site* • *Lack cemeteries in the district level* • *Vandalism*	• *Finalise the study to identify the land for grave site*
6. OMM	Failure to prevent, detect and investigate incidents of fraud and corruption • *Failure to effect consequence management* • *Unethical culture and conduct*	• *Develop a Consequence Management Policy* • *Conduct regular Fraud Awareness Campaigns* • *Conduct an Ethics*

	• *Insufficient human resource capacity to implement and monitor systems to prevent fraud and corruption within the municipality* • *Outdated Fraud Prevention Strategy* • *Lack of fraud and corruption incident register to record fraud and corruption occurrences* • *Non-conducting of fraud and corruption awareness /campaign within the municipality and related stakeholders*	*Workshop* • *Develop Fraud and Corruption Incident Register* • *Review Fraud Prevention Policy and Strategy* • *Installation of whistleblowers stickers in all municipal*

It is worth noting that the senior management of the municipality has commenced with monitoring of mitigating controls to reduce the impact of these key risks in case they materialize. These are being overseen by the Risk Management Committee on a quarterly basis.

4.3. Audit on Performance Information

4.3.1. The Audit Committee has noted the efforts of the Performance Management Unit and the management in providing accurate performance information however there were findings raised by both the internal audit and the Auditor General on this area.

4.3.2. There is a need for further training intervention for senior management of the municipality.

4.4. External Audit by Auditor-General

4.4.1. During the period under review, the Audit Committee assessed the progress on the action plan, which addresses the issues raised by the Auditor-General in their previous report. Management is continuously monitoring these actions to address the issues raised by the Auditor-General.

4.4.2. The Audit Committee met with the Auditor-General to discuss the Audit Strategy for the 2022/23 financial year's audit which is in line with the MFMA requirements.

4.5. Financial Management and Reporting

4.5.1. The Audit Committee reviewed the adequacy and effectiveness of the Municipality's system of internal financial control and reporting through the reports provided by the Internal Audit Function.

4.5.2. The Audit Committee reviewed section 53(d) report content as part of the in-year monitoring. As part of the midyear budget adjustment, the audit committee noted the adjustment budget as part of the MFMA's section 72 reporting.

4.5.3. The Audit Committee reviewed the AFS for the 2022/23 financial year prior to being presented to the Auditor-General. The draft AFS were presented to the audit committee in two different meetings held on the 21st and the 30th of August 2023. These were recommended to Council for noting prior to submitting to the Office of the Auditor-General.

4.5.4. As at the end of June 2023, the Municipality reported a surplus for the year of R65 480 112 which is a good indication of the financial health of the Municipality even though it was R15 million less than last year.

4.5.5. Grants Management

As at the end of June 2023, the Audit Committee noted with concern the unspent conditional grants and receipts of about R25 million comprising of:

Grant	Amount
Sport and recreation grant	R 57,961
Housing Title Deed grant	R 4,789,797
Massification Grant	R 4,760,653
INEP grant	R 624,326
Municipal Disaster Relief grant	R 15,556,100
Total	**R 25,788,956**

Commitments are in place and there are agreements in place with the transferring departments that permit the Municipality to roll the grants over to the next financial year. It is, however, concerning to note unspent grants as these are an indication of delayed service delivery to the community.

These items will continue to be on the agenda of the Audit Committee Meetings for continuous monitoring.

5. RECOMMENDATION

It is recommended that:

5.1. THAT, the report of the Audit Committee is noted by members of the Council.

Prepared by:

Mr. Mondli Makhunga

Chairperson

Mandeni Municipal Audit Committee

17 October 2023

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Author : Mr. S Shandu

Designation : Chairperson of MPAC

CONFIDENTIAL

FOR CONSIDERATION

The Honourable Speaker

MANDENI MUNICIPAL COUNCIL

SUBJECT: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REPORT FOR THE PERIOD ENDED 30 JUNE 2023

DATE: 24 AUGUST 2023

1. INTRODUCTION

1.1 The Municipal Public Accounts Committee **(Herein referred to as the "MPAC")** is pleased to present its Report for the financial year ended 30 June 2023. This report covers work done or overseen by the MPAC during this financial period (i.e.) from 01 July 2022 to 30 June 2023.

2. LEGISLATIVE REQUIREMENTS

2.1 Vast powers have been conferred on council in terms of section 160(1)(a) of the Constitution, as follows: "A Municipal Council makes decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;"

2.2 Oversight is a crucial role of council in monitoring and evaluating the actions of the executive and administration in the discharge of the vast powers they possess. It also includes avoidance of abuse of power and guarding against under performance.

2.3 It is also possible for council to delegate the oversight role or part thereof to committees of council. In terms of section 79A(1) of the Local Government: Municipal Structures Amendment Act 3 of 2021 (hereinafter referred to as "the Structures Act"), "a municipal council must establish a committee called the municipal public accounts committee".

2.4 Council is required in terms of section 53(1) of the Local Government: Municipal Systems Act, 32 of 2000 (hereinafter referred to as "the Systems Act"), to define a specific role and area of responsibility for each political structure.

2.5 Furthermore, in terms of section 32(2) of the Local Government: Municipal Finance Management Act, 56 of 2003) (hereinafter referred to as "the MFMA") and regulation 74 of the Municipal Budget and Reporting Regulations, a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure unless the expenditure is, after investigation by council committee, certified by the council as irrecoverable and written off by the council.

2.6 MPAC activities should enhance increased council and public awareness of the financial and performance challenges of the City and its entities.

2.7 In terms of Municipal Budget Reporting Regulations (MBRR) 23(6)(b);

(1) *Council may authorise unauthorised expenditure in a special adjustment budget tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA. This special adjustment budget "may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act."*

This special adjustment budget therefore deals with:

- *unauthorized expenditure that occurred in the first half of the previous financial year that was not included in the main adjustments budget or that was included but referred back for further investigation or further information;*
- *unauthorized expenditure that occurred in the second half of the previous financial year, and*
- *any unauthorized expenditure identified by the Auditor-General during the annual audit process.*

Unauthorised Expenditure: In terms of Section 1 OF THE Local Government:
Municipal Finance Management Act 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA

"Unauthorised expenditure", in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes - overspending of the total amount appropriated in the municipality's approved budget;

(a) overspending of the total amount appropriated for a vote in the approved budget;
(b) expenditure from a vote unrelated to the department or functional area covered by the vote;
(c) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose
(d) spending of an allocation referred to in paragraph (b), (c) or (d) of the conditions of the allocations; or
(e) a grant by the municipality otherwise than in accordance with this Act,

2.8 National Treasury MFMA Circular 62 states the following:-

Irregular expenditure is defined in section 1 of the MFMA as follows: "irregular expenditure", in relation to a municipality or municipal entity, means—

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act.

2.9 Definition of Fruitless and Wasteful Expenditure as per the MFMA means the following:

''fruitless and wasteful expenditure'' means expenditure that was made in vain and would have been avoided had reasonable care been exercised"

2.10 Reporting of allegations of financial misconduct

(3) (1) Any person must report an allegation of financial misconduct against -

(a) the accounting officer, a senior manager or the chief financial officer of a municipality, to the municipal council of the municipality, the provincial treasury and the national treasury
(b) an official of the municipality other than its accounting officer, to that accounting officer

(2) The mayor, accounting officer or chairperson of the board of directors, as the case may be, must table an allegation referred to in sub-regulation (1) before the municipal council or board of directors in the case of municipal entities, not later than seven days after receipt thereof or at the next sitting of the council or board of directors.

(3) the person to whom an allegation of financial misconduct has been reported in terms of sub-regulation (1) must ensure that the report is treated in a confidential manner.

(4) this regulation must not be read as preventing a person from laying a criminal charge with the South African Police Service against any councilor, member of the board of directors of a municipal entity, or official of a municipality or municipal entity in relation to any conduct that may constitute an offence in terms of Part 2 of Chapter 15 of the Act.

(5) An official against whom an allegation of financial conduct is made must be given an opportunity to make written representation to the municipality or municipal entity as to why he or she should not be suspended, within seven days of being notified of the allegation.

2.11 In terms of section 36 of Municipal Supply Chain Management Regulations it states:

Deviation from and Ratification from minor breaches of procurement processes, "(1) A supply chain management policy may allow the accounting officer –

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of sub-regulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of municipal entity, and include as a note to the annual financial statements.

3. MPAC COMPOSITION AND ATTENDANCE

3.1 During the period under review, the MPAC consisted of four (4) members who were appointed by Council. The MPAC met **four (4)** times during this period.

3.2 The table below sets forth the particulars of the members and their attendance at the meetings of the committee:

Members	**Meetings Attended**	**17-Aug-22**	**07-Feb-23**	**28-March-23**	**13-June-23**
Cllr. S. Shandu (Chairperson)	4	✓	✓	✓	✓
Ms. S. Nkwanyana	4	✓	✓	✓	✓
Mr. D Mthembu	4	✓	✓	✓	✓
Mr. S Mathonsi	3	✓	✓	✓	-

✓ = Present

- = Absent

4. MPAC RESPONSIBILITIES

4.1 Municipal Public Accounts Committee is a committee of council and therefore by a resolution in terms of section 79A of the Structures Act (as amended) determines its composition.

4.1.1 To ensure that municipal resources are used effectively and efficiently and report any deviations to Council;

4.1.2 To review Auditor-General reports together with comments from Management and Audit Committee thereon and to make recommendations to Council;

4.1.3 To review Internal Audit reports together with comments from Management and Audit Committee thereon and to make recommendations to Council;

4.1.4 To initiate and develop the Annual Oversight report as part of Annual Report; and

4.1.5 To attend and to make recommendations to Council on any relevant matter referred to it by Council, Exco, a Portfolio Committee, a member of MPAC, a Councillor, and the Municipal Manager,

4.1.6 On its own initiative investigate and report to Council on any relevant matter affecting the municipality.

5. BACKGROUND

5.1 In its meeting held on the 27th of July 2023, the following items were presented by the Municipal Manager and council took a resolution to refer such matters to the MPAC for further investigation;

- *Unauthorized, irregular, fruitless and wasteful expenditure for the year ended 30 June 2023;*

- *Deviations from and ratification of minor breaches of minor breaches of procurement processes for fourth quarter ending 30 June 2023;*

5.2 MPAC then met on the 23rd of August 2023 at Sibusisiwe Community Hall to deal with these items and all members of the committee were present in the meeting.

5.3 The following officials were also interviewed in order to get clarities on some of the issues that needed clarity by the committee

- *Chief Audit Executive;*
- *Acting Chief Financial Officer;*
- *Manager Supply Chain Management;*
- *Manager Treasury;*

5.4 The committee members were satisfied with explanations and with evidence that was reviewed by the committee as part of the investigation process e.g., efforts made by the municipality *(i.e., correspondence and engagements between Mandeni municipality, King Cetshwayo, Ilembe District municipality and Eskom and Telkom to recover any interests that have been incurred by the municipality even though delays in submitting invoices were caused by these institutions)*.

The detailed results of such investigations are below for consideration of the Committee;

CHAPTER 1
IRREGULAR EXPENDITURE INCURRED BY THE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2023

1.1 The municipality has disclosed the irregular expenditure amounting to R14 883 769.61 in the irregular expenditure register as at 30 June 2023.

1.2. However, we noted that the item reported to Council on the 27th of July 2023 reflected the irregular expenditure incurred as R14 640 083.93 which was as a result of submitting irregular expenditure of human error of submitting the incorrect irregular expenditure register.

1.3. The irregular expenditure amount of R14 640 083.93 did not include a payment which was made to Lamazwide for an amount of R243 685.68 for the month of February 2023 however internal audit identified this and advised Finance to make a correction on the irregular expenditure amount which was subsequently corrected and re-submitted to MPAC.

1.4. The below tables give a breakdown of irregular expenditure and the reasons thereof;

TABLE A: IRREGULAR EXPENDITURE ALREADY INVESTIGATED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

1.5 The irregular expenditure transactions for the following three (3) suppliers have already been approved for write-off by Council having been investigated by MPAC. ***See attached resolution C105***

1.6 These transactions will no longer be reported as irregular expenditure in the current financial year since there has been no expenditure incurred on these transactions since December 2022 due to expiry of contracts that were deemed to be irregular.

1.7 The total irregular expenditure that was incurred on these contracts during 2022/2023 financial year amounts to R4 484 050.19 and these 3 contracts expired on the following dates

Refer to table below

SUPPLIER	CONTRACT	AMOUNT	CONTRACT EXPIRY DATE
Isichaka Esingenamona	Provision of solid waste removal.	R468 415.20	30-Sept-2022
Rural Metro Emergency Services	Project Management of Fire Rescue Services	R1 065 254.79	30-Sept-2022

	Provision of security services	R2 950 380.20	31-De-2022
TOTAL		**R4 484 050.19**	

TABLE B: IRREGULAR EXPENDITURE FROM LEASING OF MUNICIPAL OFFICES FROM SQUARE METER TRADING

1. The results of the investigation of extension of lease of municipal offices was presented to Council on the 30th of June 2023 by Chairperson of the Disciplinary Board and the following recommendations on this contract were adopted by Council;

   a) THAT the report on the disciplinary board be noted and accepted;

   b) THAT, with regards to the leasing of office space at Mandeni Square Centre contract, no consequence management should be implemented since the reasons that were provided were found to be sound by the disciplinary board and were in line with the section 36 of the municipality's supply chain management policy;

   c) THAT, the disciplinary board resolved that the Municipal Public Accounts Committee recommends to Council to write-off the irregular expenditure amount of R459 563.72 (i.e., amount as at 31 May 2023) having conducted the investigations since;

   - *there were no financial losses occurred in this transaction;*
   - *the expenditure incurred did not occur due to the negligence but in good faith and as such no disciplinary action is required;*

2. The irregular expenditure amount which has been incurred on this contract on the 30th of June 2023, which is between 01 July 2022 and 30 June 2023, amounts to R554 615.80

TABLE C: NEW IRREGULAR EXPENDITURE REPORTED DURING 2022/2023 FINANCIAL YEAR – NON-COMPLIANCE WITH CIDB

1.1 The results of the investigation on non-compliance with CIDB regulations was presented to Council on the 30th of June 2023 by Chairperson of the Disciplinary Board and the following recommendations on this contract were adopted by Council;

a) THAT, with regards to the irregular expenditure as a result of non-compliance with CIDB regulations, consequence management should be implemented against members of the bid evaluation committee and bid adjudication committee who were part of evaluating the three (3) bids in the form of warning letters, since this is the first offence, including Manager SCM who failed to provide proper advice to the bid committees;

b) THAT, should similar instances be identified in the future, harsher punishment should be given to the perpetrators;

c) THAT the consequence management against officials who continue not to comply be enforced;

d) THAT, irregular expenditure incurred on the three (3) contracts for an amount of R8 518 397.05 (i.e., amount as at 31 May 2023), which is the irregular expenditure incurred between 01 July 2022 and 31 May 2023, should be written-off by Council;

2. The irregular expenditure amounts which have been incurred on the 3 contracts on the 30th of June 2023, which is between 01 July 2022 and 30 June 2023, amounts to R9 845 103

The details of the three (3) transactions are as per below

SUPPLIER	REASON FOR IRREGULAR	PROJECT	IRREGULAR EXPENDITURE AS

	EXPENDITURE		AT 30 JUNE 2023
Umhlathuze Builders Emporioum	Non-compliance with the CIDB regulations - competitive bids	Swimming Pool Area Additions in Ward 15	R3 409 691.69
The curve behind trading 219 CC		Rehabilitation of Manono Road in Ward 15	R4 367 531.54
Lamazwide Projects (Pty) Ltd		Highview and Padianagar Combo Courts Additions and Improvements in Ward 3/4	R2 067 880.39
TOTAL			**R9 845 103.53**

RECOMMENDATIONS

It is recommended,

a) THAT, the Municipal Public Accounts Committee recommends to Council to write-off the irregular expenditure of R14 883 769.61 since all the transactions that are on the irregular expenditure register have already undergone investigation processes by the Municipal Disciplinary Board as well as by Municipal Public Accounts Committee.

- *there were no financial losses occurred in these transactions;*
- *the expenditure incurred did not occur due to the negligence but in good faith and as such no disciplinary action is required, with the exception of irregular expenditure arising from non-compliance with CIDB regulations where members of bid committees were found to be negligence and consequence management implemented;*

CHAPTER 2

FRUITLESS AND WASTEFUL EXPENDITURE INCURRED BY THE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2023

2.1. The municipality has incurred fruitless and wasteful expenditure for an amount of R324 523.51 for the financial year ended 30 June 2023

2.2. The Municipal Public Accounts Committee and Disciplinary Board has investigated the fruitless and wasteful expenditure for an amount of R278 027.85 (i.e., incurred between 01 July 2022 & 31 March 2023) and the results of the investigations were presented to Council on the 30th of June 2023. ***See attached fruitless and wasteful expenditure report.***

2.3. it is worth noting that the fruitless and wasteful expenditure transactions a made up of interest payment to the following institutions;

- *Telkom;*
- *Eskom;*
- *King Cetshwayo Municipality;*
- *ILembe Municipality;*

2.4. The following challenges were previously highlighted by management when it comes to accounts with Eskom and Telkom;

- *Management acknowledge the challenges that exist between the two institutions in relation to the invoice dates and the payment dates, we have had several engagements with Eskom to try and improve the situation unfortunately, there still seems to be a challenge in this regard. The matter has been escalated to the Provincial COGTA to mediate and find an amicable solution in this regard.*

- *Eskom bills the municipality on the 20th of every month and the municipality pays Eskom invoices on the 30th of every month. Eskom expect to have received payments by the 7th of every month.*

- *Expenditure unit sends Payment allocation schedules to Eskom cash management section whenever the payment is made to show that the invoices have been paid on time.*

- *We are however left with no choice but to honour the payment while following it up with Eskom to avoid further charges.*

- *In some instances, Eskom do not submit invoices on time and then by the time they submit they would charge interest for late payment even though they submitted invoices very late.*

- *These challenges with Eskom cuts across all municipalities within the province;*

2.5. A detailed report, which shows nineteen (19) transactions, incurred during quarter 4 of 2022/2023 financial year and had not been investigated by MPAC during that time, with management comments and reasons as to why each transaction attracted interests is attached on the report;

- Based on the attached report and the evidence provided, there was no evidence which suggests any delays from the user Departments, the days in which it took us to process all invoice from the dates of receipt, remain within the applicable 30 days period *except for one transaction which was paid after 30 days as a result of non-receipt of emails at community*

services and public safety department as a result of unavailability of network for almost 2 weeks which resulted in delays in submitting invoices to finance for processing.

2.6. There is also Fruitless and wasteful expenditure that was disclosed in the financial statements for 2021/2022 financial year, which relate to the E-Fuel Ring that was stolen in February from the trailer and this expenditure could not be write-off since the matter was still under investigation by the municipality. The expenditure amounted to R613 998.46 and this investigation has been finalized.

It is recommended,

a) THAT, the Municipal Public Accounts Committee recommends to Council to write-off fruitless and wasteful expenditure of R324 523.51 since all the transactions that are on the fruitless and wasteful expenditure have already undergone investigation processes by the Municipal Public Accounts Committee and that;

- *there were no financial losses occurred in these transactions;*
- *the expenditure incurred did not occur due to the negligence but in good faith and as such no disciplinary action is required;*

b) THAT, the Municipal Public Accounts Committee recommends to Council to write-off fruitless and wasteful expenditure of R613 998.46 since;

- *the forensic investigators have finalized the matter and;*
- *consequence management was instituted against the affected officials.*

CHAPTER 3

UNAUTHORIZED EXPENDITURE INCURRED BY THE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2023

UNAUTHORIZED EXPENDITURE THAT RELATES TO BULK PURCHASES

3.1. Management has identified an unauthorized expenditure for an amount of R6,132,543 Bulk Electricity budget allocated has been exceeded due to electricity demand by Umngeni Water. Further to that it should be noted that this over expenditure has been considered under Revenue electricity billing.

The Bulk Electricity expenditure exceeded the budget due to the expansion of Umngeni Water Plant, the plant increased it water generating capacity to circumvent the Hezelmere Dam shortfalls which came as a result of the KZN April 2022 floods which resulted to a serious distraction of the Bulk Water Infrastructure particularly in Ethekwini and the Southern part of KwaDukuza. As expected, the increase in the demand for the generation and subsequent transmission, resulted to a rapid increase of electricity consumption thereby swiftly escalating the Municipal grid consumption, in that regard, the Municipal Bulk Electricity bill then followed the same upsurge thereby resulting to the excessive utilization of the initially recognized budget.

3.2 Safe to suggest that the same increase also translated to the Service Charges Revenue, and we have since witnessed a steady increase in this regard certainly above the adopted budget.

It is recommended,

a) THAT, MPAC recommends to Council to consider the unauthorised expenditure

amounting to R6,132,543 for 2022/23 financial year.

a) THAT, the Council acting in terms of Section 23(6)(b) of the Municipal Budget Reporting Regulations (MBRR) approves and adopt the special adjustment budget to authorise unauthorised expenditure for 2022/23 since;

- *there were no financial losses occurred in these transactions;*
- *the expenditure incurred did not occur due to the negligence but in good faith and as such no disciplinary action is required;*

CHAPTER 4

DEVIATIONS FROM AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES FOR FOURTH QUARTER ENDING 30 JUNE 2023

4.1 The following twenty-one (21) deviations were reported by management between 01 July 2022 and 30 June 2023 (***Refer to table below***).

4.2 These deviations are broken down per department as follows;

- *Office of the Municipal Manager = 18*
- *Corporate Services = 1*
- *Community Services and Public Safety = 1*
- *Budget and Treasury Office = 0*
- *Economic Development Planning and Human Settlement = 1*
- *Technical Services = 0*

Table below shows deviations;

No.	Date identified	Supplier	Reasons for Deviation	Amount	Department
1	22/07/2022	Maphingwana Trading CC	Sole provider -Taxis to transport people to Mayor's interactive sessions. Mandeni and Sundumbili Taxi Association agreed to used Maphingwana Trading to procure transportation services. SCM Reg 36(1)(a)(i).	R26 000.00	OMM
2	24/08/2022	Asah and Emih Trading and Projects	Municipality has been tasked to find alternative and urgent accommodation for a family; following a visit from the Human Rights Commission. The municipality has to conduct remedial work on identified property to bring it to a habitable solitate within very limited and restrictive deadline. The SCM processes of advertising for 7 days cannot be followed due to the urgency of matter. SCM Reg 36(a)(i).	R49 100.00	EDP
3	03/10/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport players to ECD Games. Mandeni and Sundumbili Taxi Association has now changed the company, it has agreed to used Gasolo and Masina Pty Ltd instead of	R18 000.00	OMM

			Maphingwana Trading to procure transportation services. SCM Reg 36(1)(a)(i)		
4	03/10/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport maidens to Enyokeni, Nongoma for annual Reed Dance. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R112 500.00	OMM
5	14/10/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport PWD athletes for local selections at KwaNgcededomhlophe Stadiu. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R 15 750.00	OMM
6	14/10/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport widows and single female parents attending women's day. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i).	R6 000.00	OMM
7	28/10/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport learners from different wards for Arbor Day at Sbusisiwe Hall. Mandeni and Sundumbili Taxi Association agreed to used Gasolo	R45 000.00	COMM

			and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i).		
8	28/10/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport players for Ilembe Boxing Tournament at Maphumulo. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i).	R5 000.00	OMM
9	31/10/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport Soccer players to Newcastle for SAB Nedbank Playoffs. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i).	R24 000.00	OMM
10	01/12/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport Public to different IDP meetings. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i).	R155 000.00	OMM
11	02/12/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport Soccer players to Newcastle for SAB Nedbank Playoffs. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina	R10 000.00	OMM

			Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i).		
12	19/12/2022	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport Soccer players to Newcastle for SAB Nedbank Playoffs. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i).	R19 800.00	OMM
13	09/02/2023	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport to Eshowe Magistrate Court for family attending court case. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R4 500.00	OMM
14	09/02/2023	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport to KwaMashu. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R8 500.00	OMM
15	09/02/2023	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport public for Zulu Monarch coronation in Durban. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R96 000.00	OMM

16	01/03/2023	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport participant for Film Shooting around Mandeni. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R30 000.00	OMM
17	02/03/2023	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport girls from different wards for Teenage Pregnancy Awareness. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R35 000.00	OMM
18	05/04/2023	Gasolo and Masina Pty Ltd	Sole provider -Taxis to transport for learners from different wards to KwaDukuza Auditorium. Mandeni and Sundumbili Taxi Association agreed to used Gasolo and Masina Pty Ltd to procure transportation services. SCM Reg 36(1)(a)(i)	R13 500.00	OMM
19	05/04/2023	Adapt IT Holdings Ltd	Sole provider -Caseware Africa / Adapt IT is the sole distributor of caseware software product in South Africa. The system is compatible with our financial system. SCM Reg 36(1)(a)(i)	R193 735.91	Corporate Services
20	21/06/2023	ICORA FM	Sole provider- Local Service	R145 000.00	OMM

			station that covers Mandeni area.		
21	30/06/2023	Humble Frank Pty Ltd	Service provider who was appointed withdrew on last minutes after working hours. End user informed SCM Manager who appointed Humble Frank Pty Ltd urgently since he was not aware of other suppliers quoted	R 16 000.00	OMM
	Total			**R1 068 385.91**	

4.3 The following four (4) deviations were approved by the Municipal Manager between 01 April 2023 and 30 June 2023 and these deviations had not been considered by MPAC before

4.4 Manager Supply Chain Management provided clarities that the Supply Chain Management Policy has been amended to exempt the procurement of taxi hire from obtaining 3 quotations. This then means that Mandeni SCM policy will allow SCM practitioners to obtain one quotation from the taxi association to provide taxis for permitted route.

4.5 Manager Supply Chain Management further indicated that the amended SCM policy is still being reviewed by KZN Provincial Treasury and will be presented to Council should Treasury find it to be in order.

4.6 He further indicated that transport hire has been included as part of travel agent contract which has been advertised and recently awarded in order to address the issue of deviations from taxi hire and that cost versus benefit analysis has been done by management.

Refer to the table below

No.	Date identified	Supplier	Reasons for Deviation	Amount	Department
1	05/04/2023	Adapt IT Holdings Ltd	Sole provider -Caseware Africa / Adapt IT is the sole distributor of caseware software product in South Africa. The system is compatible with our financial system. SCM Reg 36(1)(a)(i)	R193 735.91	Corporate Services
2	21/06/2023	ICORA FM	Sole provider- Local Service station that covers Mandeni area.	R145 000.00	OMM
3	30/06/2023	Humble Frank Pty Ltd	Service provider who was appointed withdrew on last minutes after working hours. End user informed SCM Manager who appointed Humble Frank Pty Ltd urgently since he was not aware of other suppliers quoted.	R 16 000.00	OMM
4		Aims School Wear	Municipality negotiated directly with supplier for the best price, availabity of uniforms for all different schools. Other shops do not stock uniforms for all the relevant schools being catered for.	R40 000.00	OMM
TOTAL				**R384 735.91**	

RECOMMENDATIONS

It is recommended THAT;

a) THAT, the supply chain management policy should be amended and include section on the process to follow for transport hire;

b) THAT, the deviations that were approved by the accounting officer between 01 April 2023 and 30 June 2023 amounting to R384 735.91 be noted by Council;

c) THAT, the deviations for the year ended 30 June 2023 amounting to R1 068 385.91 be noted by Council;

CHAPTER 5

AUDIT ACTION PLAN

5.1 Progress on the implementation of audit action for the year ended 30 June 2022 was also considered by the committee and the following was noted;

5.2 Progress on the preparation of the Annual Financial Statements for 2022/2023 financial year

a) Management has developed an Annual Financial Statements (AFS) plan for 2022/2023 financial year which clearly indicates;

- *all components of the financial statements;*
- *key performance areas of the components;*
- *the name of the responsible official(s);*
- *deadlines/timeframes.*

b) There are regular audit steering committee meetings, which consists of internal audit and finance team, to discuss the progress on the implementation of the AFS plan where challenges are presented and ways to overcome them are devised.

c) Furthermore, the updated AFS plan is presented at Full Management and Top Management committee meetings for strict monitoring and adherence to the timeframes.

d) A firm of internal auditors, due to limited human resource capacity within internal audit unit, has been selected from the panel of professional service providers who provides internal audit services to review annual financial statements and the first report with findings identified on the financial statements by internal audit was presented to the audit committee on the 21st August 2023.

e) The review is still on going until 30 August 2023 when there will be a special audit committee meeting tor consider the second report of internal auditors with finding raised and to confirm whether all findings raised by internal audit and audit committee have been fully addressed.

f) The Acting CFO confirmed that all findings that have been raised by internal audit have been addressed and more findings will be addressed until the 30th of August 2023 before the financial statements are presented to Council for noting on the 31st of August.

5.3 Findings on Supply Chain Management

g) Supply Chain Management is one of the high-risk areas when it comes to compliance with laws and regulations, which is one of key focus areas of the Auditor-General. As a result, internal audit conducts regular audits on Supply Chain Management processes that are followed by the municipality and findings are communicated with management for corrections.

h) There was one finding which was identified by the Auditor-General which affected the audit report and this finding relates to non-compliance with CIDB regulations and internal audit has finalized audit of all tenders that were awarded between 01 July 2022 and 30 June 2023 and from this audit we did not identify similar instances of non-compliance with CIDB regulations.

5.4 Findings on performance management (PMS)

i) Another element that is audited thorough by the Auditor-General is the Annual Performance Report. One of the findings that were identified by the Auditor-General is lack of correlation between reasons for not achieving and corrective measures and this finding has not been resolved by management as it is raised on a quarterly basis by internal audit.

j) MPAC noted with concerns repeat findings that were identified by internal audit on the draft Annual Performance Report and issue of targets that were achieved however the achievement is neither supported by portfolio of evidence nor portfolio of evidence that is credible. These findings were presented to the audit committee meeting by internal audit on the 21st of August 2023

k) Manager PMS will be expected to provide progress on addressing the findings raised by internal audit to the audit committee on the 30th of August and members of MPAC are invited in these meetings and we have obtained assurance from management that all the findings will be resolved prior to the submission of AFS and APR to Auditor-General on the 31st of August 2023

RECOMMENDATIONS

It is recommended THAT;

a) The progress on implementation of audit action plan be noted by Council.

b) Management should ensure that all findings that have been raised in the internal audit

reports by internal audit are addressed by management by 30 August 2023.

Prepared by:

CHAIRPERSON OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MR. S SHANDU)

2.11 SUPPLY CHAIN MANAGEMENT

OVERVIEW: SUPPLY CHAIN MANAGEMENT

Supply Chain Management operates within the parameters set down by the constitution and is supported by the different legislative mandates which are mainly the following:

- Municipal Finance Management Act 56 of 2003
- Broad Based Black Economic Empowerment Act 53 of 2003
- Preferential Procurement Policy Framework Act 5 of 2000
- Construction Industry Development Board Act 38 of 2000
- National Treasury Supply Chain Management Regulations
- National/Provincial Treasury SCM Practice Notes and Circulars
- Supply Chain Management Policy of Mandeni Municipality

Supply Chain Management Unit operates directly under the supervision of the Chief Financial Officer, Ms. N.M. Mngomezulu. Below is a tender register for the 2022/23 Financial Year.

MANDENI LOCAL MUNICIPALITY

TENDER REGISTER 2022/2023
30-Jun-23

NO	BID NO	TENDERS ADVERTISED AND PROJECT NAME	USERDEP.	CLOSING DATE	EXTENSTIONS	STATUS	AWARDED SUPPLIER	AWARD DATE	AMOUNT	DURATION	COMMENTS	LOC
	16/21/22	Supply And Installation of Air Conditioning Units	TSID	18/02/22	18-Jul-22	Cancelled					Cancelled. All bidder were non-responsive	
	18/21/22	Dendethu and Wetane Electrification	TSID	5/7/2022		Awarded	Afrilectrical Consulting Engineers	26-Aug-22	2,034,054.94		Re-advertised	No
	19/21/22	Supply and Delivery of 1x Ride-On 1.7 Ton Tandem Vibratory Roller With Suitable Trailer	TSID	15/12/21	11-Jun-22	Cancelled					Price escalations	
	20/21/22	Proposal For Establishment Of A Panel Of Minimum Of Five (5) Firms Of Attorneys For The Municipality For A Period Of 3 Years	OMM	14/01/22	12-Jul-22	Awarded	Phumlani Ngubane Tembe Kheswa Nxumalo Inc Memela And	25-Jul_22	As per rates	3 Years		No

							Associates Mhlanga Inc Attorneys Bhekisisa Goqo Inc					
	24/21/22	General Valuation Roll and Preperation and Updating of Valuation Roll for Implementation for Period 1 July 2023 to 30 June 2026	BTO	3/6/2022		Awarded	Umhlaba Geomatics Inc	17-Aug-22	1,145,000.00	3 Years		No
	25/21/22	Supply and Installation of Clear View Fence With Gates at Kwachili and Isithebe Sportsfields	CSPS	24/05/2022		Awarded	Mdlangeni Trading	11-Jul-22	1,115,840.00			Yes
	27/21/22	Repair and Renovation of The Civic Centre and Roof Replacement in Mandeni	TSID	17/06/2022		Awarded	Uhlanga Trading Enterprise	25-Aug-22	10,993,497.45	10 Months		No
	28/21/22	Suitably Qualified And Experienced Service Providers To Form Part For The Provision Of Establishing A Satellite Pound And Rendering Animal Pound Services For Thirty-Six (36) Months In Terms Of The Kwazulu-Natal Pound Act (Act No.03 Of 2006)	CSPS	4/7/2022		Awarded	Njomisa Boedery	21-Sep-22	1,575,284.88	3 Years		Yes

	29/21/22	REVAMPING OF SIBUSISIWE HALL AND NKONJANE ROAD MARKET STALLS	EDPHS	12/7/2022		Awarded	Humble Frank Multi Services	12-Oct-22	715,224.50			Yes
1	1/22/2023	A Request For Proposal From To Form Part Of Ict Panel Of Services Providers To Assist With The Supply, Installation, Service And Repair Of Various Ict Goods And Services For A Period Of 3 Years As And When Required By Mandeni Municipality	CS	17/08/2022		Awarded	Advisory ITLamazwide Trading Umhlakuva Trading BCXEmalangeni; Metro File;Okumpire;	11-Nov-22	As per rates	3 Years		Yes
2	2/22/2023	Request For Proposal: Project Management Of Fire Rescue Services And Maintenance Of Communication System For 24 Months	CSPS	5/9/2022		Awarded	Rural Metro Emergency Management Services	30-Sep-22	9,309,628.35			NO
3	3/22/2023	SUPPLY AND DELIVERY OF 1x 12 CUBIC METER TIPPER TRUCK TO MANDENI MUNICIPALITY	TSID	22/08/2022		Awarded	Bhedu Bhedu Construction & General Trading	6-Oct-22	2,683,042.32			Yes

4	4/22/2023	A MAXIMUM PANEL OF TEN (10) SERVICE PROVIDERS TO LEASE PLANT AND EQUIPMENT FOR A PERIOD OF 3 YEARS TO MANDENI MUNICIPALITY, AS AND WHEN REQUIRED	TSID	17/08/2022		Awarded	Bheka Phezulu Investments Mlombovu Projects Neelans Auto Ezamalunqa Trading ZS Civils & Plant Hire Mvelarse Trading Manandna Projects Trailways Isichaka Esingenamona Roadlogic	8-Nov-22	As per rates	3 Years		NO
5	5/22/2023	SUPPLY AND DELIVERY OF A 7-SEATER VEHICLE TO MANDENI MUNICIPALITY	OMM	14/09/2022		Awarded	Umphini National Projects	31-Oct-22	418,235.85			NO
6	6/22/2023	SUPPLY AND DELIVERY OF A 20 CUBIC METRES REFUSE COMPACTOR TRUCK WITH SKIP AND BIN LIFTING MECHANISM TO MANDENI MUNICIPALITY	CSPS	28/09/2022		Awarded	Multi Crane & Platform (Pty) Ltd	31-Oct-22	3,484,500.00			NO
7	7/22/2023	CONSTRUCTION OF MANDENI DLTC & DMC ADMINISTRATION OFFICES, PHASE 1.	TSID	14/10/2022		Awarded	Mlombovu Projects	13-Dec-22	14,017,239.00			No

8	8/22/2023	A PANEL OF 15 CONTRACTORS FOR GRASS CUTTING, CLEARING AND DISPOSAL WITHIN VARIOUS SETTLEMENTS AND SPORTS FIELDS AROUND MANDENI FOR A PERIOD OF TWO (2) YEARS	CSPS	7/11/2022		Cancelled						
9	9/22/2023	APPOINTMENT FOR A MAXIMUM PANEL OF TEN (10) SERVICE PROVIDERS TO SUPPLY AND DELIVER ROADS AND BUILDING MATERIALS TO MANDENI MUNICIPALITY FOR A PERIOD OF THREE YEARS AS AND WHEN REQUIRED	TSID	31/10/2022		Awarded	Busangokwakhe (PTY) Ltd;Musa and Sons;Humble Frank;Big O Trading; Amathokozamahle Trading; Ezamakhuba Construction;Neelan's AutoNithensi (Pty) LTD;Zisayini Trading; Sikhula Ebunyeni Trading	7-Feb-23	As per rates	3 Years		Yes
10	10/22/2023	INSTALLATION OF HIGH MAST LIGHTS PHASE 2	TSID	18/10/2022		Awarded	R Busisiwe (PTY) Ltd	21-Dec-22	5,046,311.80			Yes

11	11/22/2023	REQUEST FOR PROPOSAL FOR DISPOSAL OF MUNICIPAL VACANT LAND AND RESIDENTIAL HOUSES IN MANDENI	EDPHS	18/10/22		Awarded	> Mlombovu Projects > Mvelarse Trading > Langa Succeed Magwaza > Mr. & Mrs. SP Mkhize > Nozipho Angelina Buthelezi > Sam Williamson	15-Mar-23	913,000.00			Yes
12	12/22/2023	CONSTRUCTION OF A SPORTSFIELD AND COMBO COURT IN HLOMENDLINI: WARD 04	TSID	18/10/22		Awarded	Zithunzuzo Trading Enterprise	21-Dec-22	8,041,369.71			yes
13	13/22/23`	PANEL OF SERVICE PROVIDERS TO CONDUCT TRAINING FOR THREE YEARS	CS	11/11/2022		Cancelled					Bid is to be re-advertised	
14	14/22/23`	PANEL OF SERVICE PROVIDERS TO RENDER ACCOMODATION AND TRAVELLING AGENCY SERVICES FOR THREE YEARS	CS	19/05/2023		Advert					Bid was re-advertised	

15	15/22/23`	PANEL OF HEALTHCARE PRACTITIONERS FIR THREE YEARS	CS	11/11/2022		Cancelled					Bid to be re-advertised	
16	16/22/23	SUPPLY AND DELIVERY OF BULK UNIFORM AND PPE FOR THREE YEARS	CS	11/11/2022		Awarded	Kayosi Trading Mini Maps					
17	17/22/23	PROVSION OF SECURITY SERVICES FOR THREE YEARS	CSPS	11/11/2022		Awarded	Ezamalunqa Trading	22-Dec-22	27,896,400.00	3 Years		Yes
18	18/22/23	SUPPLY AND INSTALLATION OF CLEAR VIEW FENCE AT SIBUSISIWE HALL	CSPS	18/04/2023		Awarded	Phelocon Construction	12-Jun-23	1,099,791.00		Bid was re-advertised	Yes
19	19/22/23	RE-GRASSING OF KWANCEDOMHLOPHE STADIUM PITCH	CSPS	9/5/2023		BEC					Bid was re-advertised	
20	20/22/23	MANUFACTURE, SUPPLY AND DELIVER 40X6 CUBIC METER REFUSE SKIPS	CSPS	6/12/2022		Awarded	Zama Zama Engineering and Manufactures	6-Mar-23	1,656,000.00			No
21	21/22/23	MANUFACTURE, SUPPLY AND DELIVER BLACK AND YELLOW REFUSE BAGS FOR 3 YEARS	CSPS	15/12/2022		Awarded	Snobho (Pty) Ltd	6-Mar-23	As per rates	3 Years		NO
22	22/22/23	SUPPLY, DELIVER , INSTALL, COMMISSION AND SERVICE GENERATORS	TSID	21/12/2022		Awarded	Generator World	17-Mar-23	850,000.00			No

23	23/22/23	COMPLETION OF OKHOVOTHI ELECTRIFICATION WARD 12	TSID	23/01/2023		Awarded	Onombuthu (Pty) Ltd	17-Apr-23	899,998.72			Yes
24	24/22/23	EMHLANGENI ELECTRIFICATION	TSID	23/01/2023		Awarded	R Busisiwe (PTY) Ltd	11-Apr-23	2,908,456.61			Yes
25	25/22/23	REHABILITATION OF AMAJUBA ROAD IN MANDENI, WARD 15	TSID	31/03/2023		BEC						
26	26/22/23	REHABILITATION OF PHUMLA, INDUMISO AND MALANDELA INTERNAL ROADS AND ASSOCIATED STORMWATER IN SUNDUMBILI, WARD 13 PHASE 2	TSID	31/03/2023		BEC						
27	27/22/23	REHABILITATION OF MTHOMBOTHI, MBABALA, UMGAKLA AND SONDEZA INTERNAL ROADS AND UPGRADE OF ASSOCIATED STORMWATER IN SUNDUMBILI, WARD 13 PHASE 1.	TSID	31/03/2023		BEC						
28	28/22/23	KHENANA PHASE 5 ELECTRIFICATION	TSID	15/03/2023		Awarded	Godide Engineering	6-Jun-23	1,783,633.26			No
29	29/22/23	SUPPLY OF 12 CUBIC METER TRUCK TO MANDENI MUNICIPALITY	TSID	15/03/2023		Awarded	Musa and Sons Trading Enterprise	8-May-23	2,650,000.00			Yes

30	30/22/23	SUPPLY AND DELIVERY OF: 16000 LITRE WATER TANKER TRUCK TO MANDENI MUNICIPALITY	TSID	15/03/2023		Awarded	Neelan's Auto CC	8-May-23	2,749,522.35			NO
31	31/22/23	SUPPLY AND DELIVERY OF: 10 TON SMOOTH DRUM ROLLER TO MANDENI MUNICIPALITY	TSID	15/03/2023		Awarded	Neelan's Auto CC	8-May-23	1,594,920.05			No
32	32/22/23	THE EXTENSION OF MECHANICAL WORKSHOP AND CONSTRUCTION OF A NEW OFFICE BLOCK	TSID	31/03/2023		Awarded	Bheka Phezulu Investments & Sales	6-Jun-23	16,996,962.19			No
33	33/22/23	MUNICIPAL MINI FACTORIES IN KHENANA AREA, WARD 10	EDPHS	9/5/2023		BEC						
33	33/22/23	FOR A SERVICE PROVIDER TO SUPPLY, DELIVER 2x NEW RMU'S TO MANDENI MUNICIPALITY AND CARRY OUT PROTECTION SETTINGS	TSID	29/03/2023		Awarded	Isipho Electrical	12-Jun-23	567,439.90			No
34	34/22/23	SUPPLY, DELIVERY AND INSTALLATION OF 300 FIXED POLYPROPYLENE BUCKET SEATS AT ISIBUSISIWE COMMUNITY HALL GALLERY AREA.	CSPS	9/5/2023		BEC						
35	35/22/23	SUPPLY AND DELIVERY OF 1 X 6 WHEEL MOTOR GRADER TO MANDENI MUNICIPALITY	TSID	3/5/2023		Awarded	Neelan's Auto CC	2-Jun-23	6,077,750.00			NO

36	36/22/23	APPOINTMENT OF SERVICE PROVIDER TO SUPPLY AND DELIVER MATERIALS AND EQUIPMENTS FOR SMMEs WITHIN MANDENI MUNICIPALITY	EDPHS	2/5/2023		Awarded	Maluthuli Consulting	2-Jun-23	1,976,950.00			No
37	37/22/23	SUPPLY AND DELIVERY OF 2 X 12 CUBIC METER TIPPER TRUCK TO MANDENI MUNICIPALITY	TSID	3/5/2023		Awarded	Bhedu Bhedu Construction & General Trading	2-Jun-23	5,343,258.20			Yes
38	38/22/23	SUPPLY, DELIVER AND ASSEMBLE A 7M x 7M x 2.4M PARKHOME MODULAR BUILDING AT CIVIC CENTRE	CSPS	3/5/2023		Awarded	Maluthuli Consulting	2-Jun-23	479,000.00			No
39	39/22/23	APPOINTMENT OF SERVICE PROVIDER TO IMPLEMENT PMS AUTOMATED SYSTEM FOR 3 YEARS	OMM	19/06/2023		BEC						
40	40/22/23	PROVISION AND MANAGEMENT OF SHORT-TERM INSURANCE FOR 3 YEARS	BTO	23/06/2023		BEC						
41	41/22/23	APPOINTMENT OF SERVICE PROVIDER TO PROVIDE PAYROLL & HR SYSTEM FOR 3 YEARS	BTO	23/06/2023		BEC						
42	42/22/23	INFRASTRUCTURE ASSET MANAGEMENT SUPPORT FOR 3 YEARS	BTO	23/06/2023		BEC						
43	43/22/23	SUPPLY AND INSTALLATION OF LIGHTNING CONDUCTORS FOR 3 YEARS	CSPS	21/07/2023		Advert						

44	44/22/23	SUPPLY & DELIVERY OF TWO CAGE TRUCKS	CSPS	7/6/2023		BEC							
45	45/22/23	SUPPLY & DELIVERY OF TLB	CSPS	7/6/2023		BEC							
46	46/22/23	MANTSHANGULA MHLUBULWENI ELECTRIFICATION	TSID	11/7/2023		Advert							
47	47/22/23	PANEL OF CONTRACTORS FOR INFRASTRUCTURE PROJECTS FOR 3 YEARS	TSID	21/07/2023		Advert							

<u>Unauthorized, irregular fruitless and wasteful expenditure for the 2022/23 financial year</u>.

MANDENI MUNICIPALITY
Period Ended 30 June 2023
REGISTER FOR IRREGULAR EXPENDITURE

Date reported to Mayor	Date Identified	Reasons for Irregular Expenditure	Payment status	Supplier	Department Responsible	AMOUNT EXCLUDING VAT	VAT PORTION	Amount Paid (VAT INCL.)	Amount still under investigation (Opening Balance)	Resolution No.	Written-Off
JULY											
2022-08-24	2020-06-01	Prequa	Paid	Isichaka	Community	R 156,138.40	R -	R 156,138.40	R 156,138.40	C29/08/202	

		lifying criteria no properly applied		Esingenamona	y services					2	
2022-08-24	2020-06-01	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 308,769.50	R 46,315.43	R 355,084.93	R 355,084.93	C29/08/2022	
2022-08-24	2021-03-01	Additional sites not included in the original bid	Paid	Pro Secure	Community services	R 427,591.35	R 64,138.70	R 491,730.05	R 491,730.05	C112	
		Non-Compliance with CIDB regulation	Paid	Lamazwide Projects	Technical Services	R -	R -	R -	R -	C153	

		21(3)									
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R 647,113.54	R 97,067.03	R 744,180.57	R 744,180.57	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R 1,550,690.56	R 232,603.59	R 1,783,294.15	R 1,783,294.15	C153	
AUGUST											
2022-09-28	2020-06-01	Prequalifying criteria no properly app	Paid	Isichaka a Esingen amona	Community services	R 156,138.40	R -	R 156,138.40	R 156,138.40	C29/08/2022	

		lied									
2022-09-28	2020-06-01	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 308,769.50	R 46,315.43	R 355,084.93	R 355,084.93	C29/08/2022	
2022-09-28	2021-03-01	Additional sites not included in the original bid	Paid	Pro Secure	Community services	R 427,591.26	R 64,138.69	R 491,729.95	R 491,729.95	C112	
2022-09-28	2022-07-31	The appointment of service provider did not follow SCM processes	Paid	Squre Meter Trading	Corporate Services	R 37,914.67	R 5,687.20	R 43,601.87	R 43,601.87	C153	

		Non-Compliance with CIDB regulation 21(3)	Paid	Lamazwide Projects	Technical Services	R -	R -	R -	R -	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R 426,247.00	R 63,937.05	R 490,184.05	R 490,184.05	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R 940,704.38	R 141,105.66	R 1,081,810.04	R 1,081,810.04	C153	
SEPT											

EMBER											
2022-10-26	2020-06-01	Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services	R 156,138.40	R -	R 156,138.40	R 156,138.40	C29/08/2022	
2022-10-26	2020-06-01	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 308,769.50	R 46,315.43	R 355,084.93	R 355,084.93	C29/08/2022	
2022-10-26	2022-07-31	The appointment of service provider did not follow SCM processes	Paid	Squre Meter Trading	Corporate Services	R 75,829.34	R 11,374.40	R 87,203.74	R 87,203.74	C153	

		Non-Compliance with CIDB regulation 21(3)	Paid	Lamazwide Projects	Technical Services	R 262,188.50	R -	R 262,188.50	R 262,188.50	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R 332,554.30	R 49,883.15	R 382,437.45	R 382,437.45	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R -	R -	R -	R -	C153	
OCT											

OBER											
2022-11-22	2021-03-01	Additional sites not included in the original bid	Paid	Pro Secure	Community services	R 855,182.70	R 128,277.40	R 983,460.10	R 983,460.10	C112	
2022-11-22	2022-07-31	The appointment of service provider did not follow SCM processes	Paid	Squre Meter Trading	Corporate Services	R 79,241.66	R 11,886.25	R 91,127.91	R 91,127.91	C153	
		Non-Compliance with CID	Paid	Lamazwide Projects	Technical Services	R -	R -	R -	R -	C153	

		B regulation 21(3)									
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R -	R -	R -	R -	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R 306,401.47	R 45,960.22	R 352,361.69	R 352,361.69	C153	
NOVEMBER											
2022-11-22	2021-03-01	Additional sites not	Paid	Pro Secure	Community services	R -	R -	R -	R -	C112	

		included in the original bid									
2022-11-22	2022-07-31	The appointment of service provider did not follow SCM processes	Paid	Squre Meter Trading	Corporate Services	R -	R -	R -	R -	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Lamazwide Projects	Technical Services	R 505,999.29	R -	R 505,999.29	R 505,999.29	C153	
		Non-Co	Paid	The Curve Behi	Technical Ser	R 428,861.53	R 64,329.23	R 493,190.76	R 493,190.76	C153	

		mpliance with CIDB regulation 21(3)		nd Trading 219 cc	vices						
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R 167,152.88	R 25,072.93	R 192,225.81	R 192,225.81	C153	
DECEMBER											
2022-11-22	2021-03-01	Additional sites not included in the original bid	Paid	Pro Secure	Community services	R 855,182.70	R 128,277.40	R 983,460.10	R 983,460.10	C112	
2022-11-22	2022-07-31	The app	Paid	Squre Met	Corporate	R -	R -	R -	R -	C153	

		oint me nt of ser vic e pro vid er did not foll ow SC M pro ces ses		er Tra ding	Ser vic es						
		No n- Co mpl ian ce wit h CID B reg ulat ion 21(3)	Pa id	Lam azwi de Proj ects	Tec hni cal Ser vic es	R 91,233.0 0	R -	R 91,233. 00	R 91,233. 00	C15 3	
		No n- Co mpl ian ce wit h CID B reg ulat ion	Pa id	The Cur ve Behi nd Tra ding 219 cc	Tec hni cal Ser vic es	R 391,005. 05	R 58,650. 76	R 449,65 5.81	R 449,65 5.81	C15 3	

		21(3)									
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R -	R -	R -	R -	C153	
JANUARY											
2022-11-22	2022-07-31	The appointment of service provider did not follow SCM processes	Paid	Squre Meter Trading	Corporate Services	R -	R -	R -	R -	C153	
		Non-Compl	Paid	Lamazwide Projects	Technical Servic	R -	R -	R -	R -	C153	

		iance with CIDB regulation 21(3)			es						
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R -	R -	R -	R -	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R -	R -	R -	R -	C153	
FEBRUARY											
2022-11-22	2022-07-31	The app	Paid	Squre Met	Corporate	R 41,326.99	R 6,199.05	R 47,526.04	R 47,526.04	C153	

		oint me nt of ser vic e pro vid er did not foll ow SC M pro ces ses		er Tra ding	Ser vic es						
		No n- Co mpl ian ce wit h CID B reg ulat ion 21(3)	Pa id	Lam azwi de Proj ects	Tec hni cal Ser vic es	R 651,921. 76	R -	R 651,92 1.76	R 651,92 1.76	C15 3	
		No n- Co mpl ian ce wit h CID B reg ulat ion	Pa id	The Cur ve Behi nd Tra ding 219 cc	Tec hni cal Ser vic es	R 137,920. 86	R 20,688. 13	R 158,60 8.99	R 158,60 8.99	C15 3	

		21(3)									
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R -	R -	R -	R -	C153	
MARCH											
2022-11-22	2022-07-31	The appointment of service provider did not follow SCM processes	Paid	Squre Meter Trading	Corporate Services	R 123,980.97	R 18,597.15	R 142,578.12	R 142,578.12	C153	
		Non-Compliance	Paid	Lamazwide Projects	Technical Services	R 113,354.44	R -	R 113,354.44	R 113,354.44	C153	

		ce with CIDB regulation 21(3)									
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R 888,549.91	R 133,282.48	R 1,021,832.39	R 1,021,832.39	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R -	R -	R -	R -	C153	
APRIL											
2022-11-22	2022-07-31	The appointme	Paid	Squre Meter Tra	Corporate Servic	R 41,326.99	R 6,199.05	R 47,526.04	R 47,526.04	C153	

		nt of service provider did not follow SCM processes		ding	es						
		Non-Compliance with CIDB regulation 21(3)	Paid	Lamazwide Projects	Technical Services	R 326,777.40	R -	R 326,777.40	R 326,777.40	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R 434,417.57	R 65,162.64	R 499,580.21	R 499,580.21	C153	

		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporum	Technical Services	R -	R -	R -	R -	C153	
MAY											
2022-11-22	2022-07-31	The appointment of service provider did not follow SCM processes	Paid	Squre Meter Trading	Corporate Services	R 41,326.99	R 6,199.05	R 47,526.04	R 47,526.04	C153	
		Non-Compliance with CID	Paid	Lamazwide Projects	Technical Services	R -	R -	R -	R -	C153	

		B regulation 21(3)									
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R -	R -	R -	R -	C153	
		Non-Compliance with CIDB regulation 21(3)	Paid	Umhlathuze Builders Emporuim	Technical Services	R -	R -	R -	R -	C153	
JUNE											
2022-11-22	2022-07-31	The appointment of servic	Paid	Squre Meter Trading	Corporate Services	R 41,326.99	R 6,199.05	R 47,526.04	R 47,526.04		

		e provider did not follow SCM processes									
		Non-Compliance with CIDB regulation 21(3)	Paid	Lamazwide Projects	Technical Services	R 116,406.00	R -	R 116,406.00	R 116,406.00		
		Non-Compliance with CIDB regulation 21(3)	Paid	The Curve Behind Trading 219 cc	Technical Services	R 111,183.75	R 16,677.56	R 127,861.31	R 127,861.31		
		Non-Co	Paid	Umhlathuze	Technical Ser	R -	R -	R -	R -		

		mpl ian ce wit h CID B reg ulat ion 21(3)		Buil ders Em poru im	vic es							
Total						**R 13,273,229.50**	**R 1,610,540.11**	**R 14,883,769.61**	**R 14,883,769.61**	**R -**	**R -**

2.12 WEBSITES

Section 75 of the Municipal Finance Management Act, 56 of 2003 requires the Accounting Officer of the municipality to place on the website the municipal documents referred to in Section 21 (a) of the MSA

Information to be placed on the website	2022/23
1. 2022/23 Adjusted budget	Yes
2. 2022/23 Adjusted SDBIP	Yes
3. 2022/23 Mid-year and performance reports	Yes
4. 2022/23 MTREF budget	Yes

5. 2022/23 Final IDP	Yes
6. All budget related policies	Yes
7. 2022/23 Annual Report	Yes
8. 2022/23 Performance Agreements for Senior Managers as per section 57 (1) (b) of the MSA	Yes

2.13 BY-LAWS

Mandeni Municipality by-laws are laws that are adopted by the Council of Mandeni Municipality to regulate affairs and services within the jurisdiction of the Municipality**.**

Keeping of animals by-laws, Integrated Waste Management by-law, Fire-prevention by-laws, financial by-laws, environmental by-laws, electricity supply by-laws, public open spaces by-laws share a purpose of resolving conflicts and disagreements that protect the municipality from potential problems by clearly outlining rules around the authority levels, rights and expectations in the Municipality jurisdiction.

Public-satisfaction on municipal services

Mandeni municipality has an office responsible for public complaints to be attended to accordingly. The municipality also develops suggestion box that permits community members to express their views regarding the kind of services rendered by the municipality. This is imperative in measuring citizens satisfaction in all services rendered by the municipality such as road, electricity, housing, waste removal, etc. The customer care office which is part of the Office of the Municipal Manager has an officer whom deals with public satisfaction. This box helps the municipality understand better their public needs. These

suggestions are helpful in overcoming challenges in all Mandeni Municipality wards. It is also important that it promotes Batho Pele Principles by enhancing the quality and accessibility of municipal services by improving efficiency and accountability to put the community in all goods and services. Batho pele principles include consultations, dealing with complains, access.

Municipal Oversight Committees

All of the oversight committees play an imperative role in order to ensure that municipality implement all relevant legislations and compliance for example, Municipal Public Accounts Committee, section 129 of the MFMA states that the council must table the consolidated and oversight report on the annual report for 2022/23 financial year.

Section 79 committee on governance oversight states that it shall consider and make recommendations to council on the following matters, legislative role, participatory and representatives.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

In the 2022/23 financial year, Mandeni Municipality rendered infrastructural development projects. The municipality is discharged with a responsibility to provide basic services to the community within its jurisdiction amongst others are the provision of Low-Cost Houses, electrification and roads in partnership with the Department of Human Settlements and Eskom.

The Mandeni Local Municipality has control over providing basic services relating to refuse collection and disposal, access roads and associated storm-water management and housing.

The iLembe District Municipality is the Water Services Authority and Provider for the Mandeni Municipal Area of Jurisdiction and therefore are in control of the water and sanitation services provision within Mandeni.

The Mandeni Local Municipality has a license to distribute electricity within the Mandini Suburb (ward 03) only and there are no backlogs or indigent households in this licensed area. The remaining areas within the municipality are supplied by Eskom who has the license to distribute electricity in those areas. All the Municipal backlogs relating to basic electricity services are within Eskom's license area of jurisdiction. The Municipality is intervening in the electrification backlog eradication through the Integrated National Electrification Programme (INEP) grant under schedule 5B of the Division of Revenue Act (DoRA) managed by the Department of Energy (DoE).

3.1. WATER PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function given to the iLembe District municipality (IDM).

The Tugela River which is also the largest river in the KwaZulu-Natal Province and second largest river in South Africa traverses the Mandeni Local Municipality and terminates at Tugela Mouth still within the Mandeni Local Municipality Jurisdiction. This river catchment is the primary source of raw water for the area. The IDM extracts 40 million litres of water from the Tugela River daily for treatment and distribution to the local communities and businesses. The IDM has planned and is in the process of implementing major water schemes such as the Ndulinde and Macambini Water Schemes which will serve those communities with a reliable supply of water extracted from the Tugela River. These schemes once complete will ensure water security for the area into the future.

The IDM has further partnered with the Umgeni Water Board to plan and establish regional bulk water scheme known as the lower Tugela Bulk Water Supply Scheme (LTBWSS) which will see the extraction of 110 million litres of water per day from the Tugela River to supply the southern parts of the Mandeni and the iLembe Region including parts of the eThekwini Municipality. Currently phase 1 of the LTBWSS is under construction for 55 million litres per day extraction, purification and transportation.

3.2 WASTE WATER (SANITATION) PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function of the iLembe District municipality (IDM).

The IDM provides full water borne sanitation services to the urban areas and these are supported by the Sundumbili, Mandini and Tugela Waste water treatment plants.

All other rural areas are serviced by VIP toilets. Some isolated areas of settlement have conservancy tanks or soak pits such as the Tugela Beach area.

The Municipality under the year in review ensured 3 Water and Sanitation Reports was submitted to the Infrastructure Development and Technical Services Committee meeting by collating information sourced from the District municipality (iLembe).

3.3 ELECTRICITY

The Mandeni Municipality has a very small license area for electricity distribution (Mandini Suburb in ward 3). The rest of the area is supplied by Eskom.

The municipality and Eskom are guided by the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006 in carrying out their function.

Under the year in review the Mandeni Municipality in respects to the provision of electricity managed to accomplish the following;

- On-going electricity repairs and maintenance are being carried out on municipal buildings and facilities.
- 6 high mast lights were installed in wards 3,5,9,11 and 12 in the 2022-23 FY

3.4. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The Bill of Rights in RSA Constitution, Chapter 2 Section 24 under environment states that everyone has the right to acquire the environment that is not harmful to the well-being of individuals. It is for that reason that the municipality ensures that waste collection for both public and business are collected timeously. Furthermore, the municipality ensures that grass-cutting in various wards are maintained. That is why the municipality successfully procured 15 skip bins in ward 4,7 and 18.

Also, the municipality is consistent in weekly waste collection in all 18 wards which achieved a total of 261 collections per annum in the 2022/23 FY.

Furthermore, the monthly grass-cutting performed and achieved was 8 122 178 square metres.

3.4.1 CHALLENGES

The following are some of the challenges that the Municipality faces in terms of effective compliance with legislative prescripts regulating waste collection.

3.4.1.1. NON-AVAILABILITY OF WASTE TRANSFER STATION AND/OR LANDFILL FACILITIES

Due to access to a suitable land to develop a waste transfer station and/or a landfill site, this is causing the Municipality to incur huge waste transportation and disposal costs as each waste truck has to make at least 160 kms to and from King Cetshwayo District Municipality disposal site in Empangeni to dispose waste.

Also, the wear and tear costs of the trucks are increasing due to this long distance that they have to the travel daily and weekly.

3.4.1.2. ILLEGAL DUMPING OF DOMESTIC AND GARDEN WASTE

This is one of the challenges being experienced mainly due to the non-availability of a transfer station and/or landfill facilities which makes it difficult to enforce by-laws.

Secondly, the lack of financial resources to procure vehicle and equipment to deal with illegal dumping is also a set-back in terms of the upkeep of the municipal areas.

3.4.1.3. POLLUTION OF NATURAL RESOURCES

Notwithstanding concerted effort to manage waste effectively, however, as long as the members of the community are not taking the responsibility water, soil, cur, etc. will continue to be polluted.

3.4.2. PROPOSED SOLUTIONS

The possible solutions to the abovementioned and other related challenges are dependent on lobbying and mobilizing resources from other organs of state as well as the private sector and non-government sector.

3.4.2.1. LAND ACQUISITION FOR DEVELOPMENT OF WASTE TRANSFER STATION AND/OR LANDFILL FACILITIES

It is necessary that the Department of Rural Development and Land Affairs and Ilembe District Municipality be approached to assist with the identifying and making available a suitable land for this purpose.

It also points to mobilizing funding sources within the National Department of Environmental Affairs to develop such facilities.

In fact, both the Rural Development and Land Affairs Department and the District Municipality were approached subsequent to the Executive Committee having made such a decision in December 2018.

It is noteworthy that the District Municipality through the Vuthela Programme/Project has embarked on a feasibility study to develop a regional landfill facility which will assist the municipality to disposal costs.

Also, the District Municipality has committee to assist the Municipality with the review of its integrated Waste Management Plan (IWMP) which is a compliance issue in terms of Section 11 of the NEM: Waste Management Act, 2008 (Act No. 59 of 2008).

3.4.2.2. PROVISION OF FINANCIAL RESOURCES

It will be necessary that as the Municipality improves its debt collection, and/or identifying other funding sources, consideration be given to provide funding for procurement of vehicles plant and equipment to deal with illegally dumped waste.

3.4.2.3. REINFORCEMENT OF COMMUNITY EDUCATION AND AWARENESS CAMPAIGN

The implementation of Youth Jobs in Waste Management Programme by the National Department of Environmental Affairs from April 2014 to 31 October 2018 assisted a great deal to educate and make community members aware of the negative effects of disposing waste illegally and irresponsibly.

As a result of lack of adequate resources to reinforce community education and awareness campaigns, the Department of Environmental Affairs will be approached to ascertain if such a Programme can be re-introduced in the same or similar form.

In the meantime, ward campaigns will be done continuously also as part of Back-to-Basic and Thuma Mina Campaigns.

WASTE KERB COLLECTION

- The annual waste Collection target of 261 times in all wards (including residential and business premises) was achieved.

COMMERCIAL WASTE COLLECTION

- Due to a large area of the municipality being rural and the fact that the Municipality is entrusted with ensuring that it promotes a healthy and safe environment for its community, it (municipality) reaches out to rural community by providing waste skips which are placed in strategic positions so as to ensure that each skip services as many as two hundred (200) households.

In March 2016 the Executive Committee approved that weekly waste collection be expanded by way of piloting it at greater Isithebe wards namely wards 10,11,12,16,17 and 18 Additional skips were provided to these areas thereby increasing the number of households from serviced by waste skips from 16 000 to 21 600. That is, 200 households multiplied by 108 waste skips. This attributes to 68% of formal households having access to waste collection which increases the percentage rate from 27,5% according to 2011 states Census Report.

3.5HOUSING

The municipality in partnership with the Department of Human Settlements has been continuously delivering low-cost houses through RDP Programme in both Urban and Rural areas of Mandeni.

HOUSING DEVELOPMENTS

- The municipality during the Financial Year under review had only 4 housing projects that were under construction funded by the Department of Human Settlements (DoHS) during the 2022/23 financial year being Inyoni Integrated Housing Project (Ward 3, 7, 10, 11, 12, 13, 14, 15,16, 17and 18), phase five of the Macambini Rural Housing Project (Ward 1, 2, 8 and 9) and phase three of the Isithebe Rural Housing Project (Ward 11, 12, 16, 17 and 18). A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:

- **Inyoni Housing Project:** In the 2022/2023 financial year construction of units under project phase 01, 02 and 03 was underway for approved beneficiaries for ward 3, 7, 10,11, 12,13, 14, 15, 16, 17 and 18. The progress made as at 30 June 2023 includes. The progress to date 1032 units are complete 61 are at roof level, 80 units are at wall-plate level, 171 units are at foundation level and 190 are greenfield. The implementing agent resumed construction activities to complete outstanding works for 508 units in phases 1,2 and 3. The process was confronted with various challenges including the

involvement of local sub-contractors. extensive deliberations were held towards addressing issues of contractual arrangements and rates between implementing agent and local sub-contractors. This impacted severe delays on the project. The implementing agent has started with conducting remedial work on 86 houses that were vandalized, upon completion beneficiaries are to take occupation. The implementing agent will subsequently proceed to complete the construction of the balance of 422 houses across phases 1, 2 and 3. The Municipality, in collaborative efforts with Department of Human Settlements and Ilembe District Municipality have made significant progress towards finalizing the process to appoint a service provider to complete the installation of bulk and internal services infrastructure in Phase 4 of the project.

- **Isithebe Rural housing (11,12, 16, 17 and 18):**

  The Department of Human Settlement approved 300 units for Phase 3 of the project (300 out of 2000 units). The completion of project sub-phases 1 and 2 has yielded a total of 600 units that have been handed over to beneficiaries of the project. Approval for project sub-phase 3 was granted by the Department in November 2022 however delays were experienced in finalization of contractual arrangements, appointment of local sub-contractors, site establishment of the main contractor on site, material supply and delivery. This required extensive deliberations to be held across the various stakeholders to achieve middle ground. As at 30 June 2023 construction activities completed in sub-phase 3 includes 284 platforms and 50 foundations.

- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project has progressed significantly in its construction programme; phases one, two, three and four of the projects consisting of 1650 units have been completed and handed over the beneficiaries. The final phase of the project was approved by the Department of Human Settlement was approved in December 2022 however there were delays in the project including; finalization of contractual arrangements, the contract was signed in May 2023; The implementing agent then engaged in a process to appoint local sub-contractors to

participate in the project. There were modifications on the house design to include a utility room; A process was undertaken to workshop the new house plan to all the relevant stakeholders. As at 30 June 2023 the progress made under sub-phase 5 includes 108 platforms and 13 foundations.

- **Title Deeds Restoration Programme; Tugela Ext 3 & Sundumbili Township R293 Properties:** During the title deeds restoration programmes serves well to promote secure tenure for the residents of Mandeni who have been in recipient of housing subsidies pre and post 1994. As at 30 June 2022 a total of 1358 title deeds have been transferred under the Hlomendlini Housing Project. The Municipality has appointed a conveyancer to assist with the beneficiary verification of 549 cases with disputes under the projects. The process to verify and process these cases is on-going. The conveyance is also undertaking to address s 430 cases identified to have disputes in the Sundumbili area that were recorded previously under a pilot project implemented by the World Bank and Vuthela. As at 30 June 2023 that conveyancing team has verified 284 files (representing 62% of the project cases) whilst facilitating for the lodgment of 96 title deeds, it was discovered that the Sundumbili township is subject to upgrading of township as per the in line with the amendment of the Upgrading of Land Tenure Rights Act. Extensive engagement are on-going with the Deeds Registrar in seeking guidance on the process to submit for upgrading of township under the recent amendment of the Act. Significant progress has been in transfer of title deeds within Inyoni IRDP, as at 30 June 2023 283 title deeds have been transferred to beneficiaries. Activities towards the registration of more title deeds under the project are on-going, including the registration of underlying property that is a pre-requisite for registration of title deeds under portion of the project area.

- **Operation Sukuma Sakhe (OSS) cases:** The OSS programme caters for extraordinary circumstances of people living under highly vulnerable conditions that require urgent human settlements intervention. As at 30 June 2023 the Department of Human

Settlements has approved funding and appointed service provider to implement various OSS projects. This includes 30 OSS cases) across wards 1,2,3, 6, 9, 10,12 and 15); 49 OSS cases (across wards 1, 3, 4, 5, 6, 7, 9, 10, 12, 15 & 18) and 115 cases (across wards 4,5,6,7,8,9,10,11,12,13,14,15,16,17 & 18). The service providers have been undertaking pre-construction activities including beneficiary administrations toward processing beneficiary approvals on the HSS system as well as packaging of applications for NHBRC project and home enrolment. Upon completion of these pre-requisite activities construction of units will commence on the ground.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

The Mandeni Local Municipality aids indigent households with regards to free basic services relating to refuse collection and disposal, electricity and rates. Refuse collection and disposal is provided free of charge to rural households through communal bins (skips) strategically placed within walking distances. 50kwh of free electricity is supplied to qualifying households within the Eskom supply area through an agreement entered into with Eskom whereby Eskom is reimbursed by the municipality.

The first R15 000 of the property value of all households is not rated and indigent households are exempt from rates and other charges. The iLembe District Municipality aids all households with access to 6000 litres of water per month free of charge. All VIP toilets are free of charge.

In order to qualify for the free basic electricity, indigent households are required to register for the service with Eskom and only approximately 50% of the potential indigent households registered for and received the free service allocation for the year. An average number of 1086 households received free basic electricity for the year. Qualifying households are encouraged to take up the support by registering for it. Over 6000 households received free basic refuse services for the year.

COMPONENT B: ROAD TRANSPORT

The municipality prepared and adopted a Roads Master-plan for its area of jurisdiction. This exercise has established that the Municipality has approximately 700km of municipal access roads under its jurisdiction. Approximately 15% of these roads are urban paved roads whilst the remaining approximately 85% are rural unpaved roads requiring mechanical maintenance and repair work at high cost.

The municipality is well serviced by major roads within the area. The N2 freeway runs north – south in the municipality linking it to the major ports of Richards Bay and Durban. The R102 fulfils the similar function. Other main roads link these two major corridors to the hinterland to the west. The KZNDOT is currently upgrading the D883 that links the Mandeni Municipality to the Umlalazi Municipality through the Ndulinde area. They have further appointed a contractor for the upgrade of the P415 to Thukela Mouth Beach.

3.7 ROADS

Through the roads master-plan formulation the municipality has established a pavement management system to manage its existing roads infrastructure assets and a prioritisation model for investment in new roads infrastructure. The rural roads require constant importing of gravel onto them and gravel is a scarce commodity that needs to be transported long distances at very high transport costs. The municipality has an in-house routine rural dirt/gravel road maintenance programme using the municipal plant and equipment. The works under this programme entails re-gravelling and blading.

Other routine maintenance programmes relate to pot-hole repairs and drainage maintenance being done in-house. The municipality has two other programmes that are capital in nature, i.e. Urban Roads Rehabilitation Programme and Rural Roads Rehabilitation

Programme. The Urban Roads Rehabilitation Programme addresses the ageing dilapidated infrastructure by renewing the assets. The Rural Roads Rehabilitation Programme addresses the rural dirt roads by planning, designing and constructing them properly complete with associated storm-water drainage. New roads are also being constructed in support of Human Settlements Projects.

ROADS AND STORMWATER

- 1729.2 m² potholes repaired in wards 2,3,4,7,10,12,13,14,15 on urban roads by 30 June 2023
- 150m of guard rails were constructed in ward 7 and 12and 10 by 30 June 2023
- 10 headwalls were constructed in various wards.
- 25 Speed humps were constructed in wards 3,7,13, 14 and 15.
- 373.1 km of gravel roads were maintained in-house in various wards.
- 250 m of kerbs and concrete channel were constructed in wards 2,3 and 12.

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

- Mandeni Municipality approved authority to function as a Grade E Driving License Testing Centre (DLTC) that does not permit the testing of driving licenses and Motor Licensing Bureau (MLB) status. The restriction caused by the fact that the Municipality still does not have a testing ground and enough space for Motor Licensing (MLB). Otherwise, it will be progressed as a Grade D DLTC with Motor Vehicle Licensing (MLB).

However, the Municipal Council is the process of sourcing the funds in the 2020/21 financial year to inaugurate New Protection Service Centre for the relocation of the Public Safety / Protection Services Unit to a new site that will allows for the building of the testing ground and other Municipal Emergency services to be one stop shop.

During the period under review, the DLTC generated cash revenue of R1 227 249 00 from all the transactions performed by the Centre. Had it had the testing ground this revenue would been doubled or tripled. Most importantly, both Provincial and National Departments of Transport have been giving the DLTC a clean audit from its date of operation in 2014 to date

3.9 WASTE WATER (STORMWATER DRAINAGE)

The municipality prepared a comprehensive storm-water master-plan for its area of jurisdiction. The municipality carries out routine storm-water repairs and maintenance and also upgrades and installs new storm-water systems during roads provisioning and human settlements projects. Storm-water drains unblocking is routinely being done in various wards.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

The Mandeni municipality has made great strides in terms of the functioning of the town planning component of the municipality which is fully-fledged and functional.

STRATEGIC PLANNING

- **Preparation of the IDP**

  The planning unit is responsible for the preparation of the Municipal IDP and ensures the compliance with Chapter 5 of the MSA.

- **Public participation**

  The municipality in line with Section 16(1) (a)(i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities and other stakeholders in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Ward levels

through a ward cluster approach and all other stakeholders to ascertain their needs and issues.

Local Economic Development

- The planning unit is critical in the facilitation of local economic development through the identification of appropriate areas for business to operate. The Planning Unit continued to play an advisory role on Tourism related issues in line with the existing Local Area Plans for both Tugela Mouth and Dokodweni Areas. The town planning unit continues to provide comments and inputs in the issuing of business licenses and permits.

LAND USE MANAGEMENT

- The Town Planning unit ensures compliance with the adopted Urban town planning scheme. The Town Planning unit also ensured the workshopping of the bylaw enforcement officers on such scheme and continues to work hand in hand with the colleagues to ensure efficient bylaw enforcement.
- The planning continued to ensures compliance to the Spatial Planning and Land Use Management Act through processing of Land Development Applications with legislated time frames.
- During the 2022/23 financial year the planning unit Rolled-out capacity building programmes to critical stakeholders on Land Use Management and applicable Spatial Plans.

SPATIAL PLANNING AND SPLUMA

- The Municipality in its implementation and compliance with Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) processes development applications through the District Joint Municipal Planning Tribunal (MMN JMPT) constituted by the three local Municipalities namely Mandeni, Maphumulo and Ndwedwe Municipality. During the year under review, a total of 9 planning applications were

received by the Municipality for assessment. Four applications were been tabled to the MMN JMPT for approval and 3 were approved with conditions and 1 application was referred back to the applicant. The other five (5) applications are within the legislated timeframes and are being subjected to the legislated processes of SPLUMA.

- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

3.11. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The municipality through Section 152 (1)(c) through a number of interventions programme has been striving to promote local economic development within its jurisdiction with focus on SMME Development and support; Agricultural; job creation (poverty alleviation) and Tourism economic sectors.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.12. CEMETORIES AND CREMATORIUMS

- While the Municipality has identified a close to suitable land for the establishment of a cemetery and crematoria facility, however relevant studies are still being conducted and negaotiations are underway to determine the possibility of purchasing the land.
- At the moment the Municipality unfortunately has no burial site facility regretably.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.13. POLLUTION CONTROL

By virtue of the Municipal health services being the competence of district and metropolitan municipalities in terms of the National health Act, 61 of 2003 read with the Air Pollution Control Act 39 of 2004, and the fact that pollution control is one of the services of both the district municipality and the provincial government (in terms of control of hazardous substances), Mandeni Municipality relies on the Ilembe District Municipality as well as other private sector and/or non-governmental organisations, including National government in terms of controlling pollution of its natural resources.

COMPONENT F: HEALTH

Constitutionally and legally the health service is a functional area of concurrence of national and provincial legislative competency.

However, the Municipality in discharging its duties as an organ of the State and in compliance with Section 153 of the Constitution read with Section 23 of Municipal Systems Act had cooperated with and offered its assistance and support to the Department of Health in rendering the health services. This includes attending its official events / campaign and support the Department with requests such as making availability of community hall facilities or hire tents for them in area where it does not have community hall facilities to be used in community education and awareness campaigns.

Also, the Municipality had constituted a Health and Social Services Forum over and above the Operation Sukuma Sakhe structure with a view of providing an opportunity to health and social services stakeholders to engage, share experience and learn from one another in a bid to enhance the lives of the community of Mandeni.

3.14 CLINICS

There are seven clinics within Mandeni Municipality jurisdictional area with Sundumbili Community Health Centre coordinating the activities of other local clinics. Unfortunately, the Municipality still lacks a hospital, hence the residents of Mandeni are referred to Stanger Hospital in KwaDukuza for hospital services.

3.15 AMBULANCE SERVICES

The ambulance services are an exclusive competence of the provincial department of health

3.16 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;

With the advent of the National Health Act, 2003 (Act No.61 of 2003), the environmental health services became a competence of district and metropolitan municipalities. Hence, for health inspection the municipality relies on the district environmental health services.

COMPONENT G: SECURITY AND SAFETY

3.17 POLICE

Constitutionally and legally, police service is the concurrent competence of National and Provincial Governments. However, with the advent of the Civilian Secretariat for Police Service Act, 2 of 2011 coupled with the National Safety Plan and the Community Safety Forum Policy, municipalities are charged with the responsibility of community social crime.

It must be mentioned that the Municipality is in its infancy stage in terms of compliance with its mandate.

But, as a part of upholding the community's safety, the Municipality is finalizing the outsourcing of the service that will be rendered the animal pound service by Section 3(2) of the KwaZulu Natal Pound Act 3 of 2016. It has been established by the Provincial Social and Justice Cluster that stray and trespassing animals are a severe threat to public safety both

from the roads and in the social environment of people in terms of infectious diseases. Hence, they must be impounded, not herded or if trespassing.

3.18 FIRE

With the appointment of Rural Metro Emergency Management Services to render the fire service

3.19. OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING, AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management

Ever since the Municipality Disaster Unit, in partnership with iLembe District Municipality, conducted disaster risk education and awareness campaigns, community members have taken their health and safety seriously.

The Disaster Management has conducted 04 DMAF meetings,07 awareness campaigns, and 97 disaster management-related incidents encompassing 493 people in the 2020/21 financial year.

The Municipal Disaster Management has installed Lightning Conductors rods in fifty (50) households around the Mandeni area of dominion.

Driver License Testing Centre (DLTC)

Council approved the expansion of the service by building a new protection services centre that will provide additional services such as the motor license bureau (MLB) and driver licensing. And such facility improvement will also give rise to a high grading of the DLTC from Grade E to upper grade(s) and consequently increase revenue.

The project is underway but will require additional funding for its completion, which may be sourced externally.

ROAD TRAFFIC SAFETY AND LAW ENFORCEMENT

Notwithstanding concerted efforts by road traffic law enforcement agencies of the state. As a result of the fifty-six (56) traffic accidents attended.

To reduce these negative statistics, the road traffic law enforcement Unit working with other similar state agencies, staged nineteen (15) joint operations aimed at police visibility, community education and awareness and law enforcement.

COMPONENT H: SPORT AND RECREATION

3.20. SPORT AND RECREATION

- Sports and Recreation Programmes
  - The Municipality successfully procured sporting codes by the 31st December 2022.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.21 HUMAN RESOURCE SERVICES

- Municipal Finance Management Program (MFMP)- Employees and Councillors participated in this programme funded by the Local Government Sector Education and Training Authority (LGSETA) and acquired a vast knowledge in terms of Municipal Compliance and Operations. Hence, this project caters for all the activities of the municipality, eg. SCM, performance management system, project management, etc.
- Staff bursaries- Employees are given the opportunity to acquire further skills and qualifications through staff bursaries.
- Staff development programmes- Training is provided to staff members across provinces which are provided by Salga, COGTA, provincial and national treasury.
- Workplace Skills Plan (WSP)- The total number of employees that were trained according to the WSP prescriptions were 124.
- Employee Wellness Program- Staff members that experience any difficulties regarding work-related and personal stress are provided with help through this

program which helps them cope better by being provided with a psychologist for counselling.

- Learnerships and Inservice training- Mandeni municipality allows individuals to apply for learnerships and in-service training to help them acquire skills and working experience.

3.22 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT ANNUAL REPORT FY 2022/23

1.1. In the 2022/2023 financial year the Mandeni Municipality's ICT continued its commitment to enhancing digital capabilities and improving IT infrastructure to the latest technologies.

1.2. Through the development of the IT strategy project, significant progress has been made in ensuring that ICT objectives are aligned with those of the municipality defined in the IDP. This includes ensuring that all ICT projects are aligned with the organization's strategic goals.

1.3. IT also implemented robust risk management processes to identify and mitigate potential risks associated with ICT projects. Risk assessment was conducted with the assistance of KZN Treasury to ensure the accurate risk identification and classification after which a risk register is generated.

1.4. The development of an enhanced municipal website has been one of the priority projects. Although still under development but key objectives i.e., online recruitment facility, have been met. It is important to note that the municipal website platform contains rich information and important resources for the citizens of Mandeni.

1.5. Through the implementation of Microsoft 365, we have continued to deliver value to the organization by migrating the email infrastructure to the cloud to ensure business continuity in cases of service disruption such as load-shedding.

1.6. The IT unit continues to adapt to business changes by continuous network upgrades to its ICT infrastructure capabilities to ensure network stability and accessibility.

1.7. As we move forward, we remain committed to continuous improvement and innovation to deliver efficient and robust IT solutions aligned to the strategic goals of the organization.

Website

Section 75 of the Municipal Finance Management Act, 56 of 2003, requires the accounting officer of a municipality to place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

Information to be placed on the website	2022/23
1. **Adjustment budget 2022/23**	Yes
2. **Mid-Year and Performance Report**	Yes
3. **MTREF Budget 2022/23**	Yes
4. **Final IDP 2022/23**	Yes
5. **All budget related policies 2022/23**	Yes
6. **Annual Report 2021/22**	Yes
7. **Oversight report for 2022/23**	Yes
8. **Performance Agreements as per s57 (1) (b) of MSA**	Yes
10. **All SCM contract above R30 000 per quarter**	Yes

CHAPTER 4

– ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

The Organizational development function falls under the Human Resource Section. Its main objectives are to manage organizational design and business modeling, co-ordinate culture and change management, administer job descriptions, job evaluation system management, and to develop and maintain an effective employee performance appraisal system towards process.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

Total employment to include staff turnover. Mandeni Municipality during the 2022/23 FY had a total of 255 employees. Employees that resigned in that FY was a total of 39. At the end of the 2022/23 FY had a total of 216 employees.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE LEVELS OF REPORTING

Mandeni Municipality municipal workforce levels

- MM and Section 56 Top management- 6
- Middle Managers -15
- Superintendent -6
- Assistant Managers – 8
- Supervisors – 6
- Officers – 51
- Clerks – 06

This totals to 98

MANAGING THE MUNICIPAL WORKFORCE

This document, the Mandeni Municipality Employment Equity Plan (EEP) is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The EEP addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in all the occupational levels in the workforce.

The purpose of the Act is to achieve in the workplace by:

(a) Promoting equal opportunity and fair treatment in employment through elimination of unfair practice.

(b) Implementing affirmative action measures to redress the disadvantages in employment by designated groups in order to ensure their equitable representation in all occupational levels and levels in the workplace.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The Corporate Services department under Human Resource Management offered a variety of employees capacitating in order to promote competency.

- Municipal Finance Management Program (MFMP)- Employees and Councillors participated in this programme funded by the Local Government Sector Education and Training Authority (LGSETA) and acquired a vast knowledge in terms of Municipal Compliance and Operations. Hence, this project caters for all the activities of the municipality, eg. SCM, performance management system, project management, etc.
- Staff bursaries- Employees are given the opportunity to acquire further skills and qualifications through staff bursaries.
- Staff development programmes- Training is provided to staff members across provinces which are provided by Salga, COGTA, provincial and national treasury.
- Workplace Skills Plan (WSP)- The total number of employees that were trained according to the WSP prescriptions were 124.
- Employee Wellness Program- Staff members that experience any difficulties regarding work-related and personal stress are provided with help through this program which helps them cope better by being provided with a psychologist for counselling.
- Learnerships and Inservice training- Mandeni municipality allows individuals to apply for learnerships and in-service training to help them acquire skills and working experience.

SKILLS DEVELOPMENT

- The Municipality conducted the Skills 2022/23 auditing process.
- The workplace skills plan was developed and was adopted by the HRDC on the 24th April 2022.
- *The workplace skills plan was submitted to LGSSETA on the 25 April 2022.*

- The total *Number of employees that were trained according to the WSP prescriptions were 124.The actual target was 100. The target was achieved.*
- The Actual amount spent on skills development in the 2022/23 financial year was R900 000.00. The targeted amount to be used was R900 000.00.
- For Effective implementation of recognized collective agreements, applicable legislation and policies, the Department Conducted workshops half-yearly on collective agreements and applicable legislation and policies.

Workforce capacity development

The municipal remains committed to the development of internal and external capacity by providing the various skills development intervention and at improving the performance of individual employees, councillors and providing skills to unemployed youth within Mandeni jurisdiction.

The human resource development ensures that workplace skills plans (WSP) which is aligned to the municipal strategic objectives is developed annually in line with Skills Development Act and local government sector and training authority (LGSETA) guidelines. Funding to implement learning programs has been provided by the municipality or sourced from LGSETA.

The workplace skills plan focuses on the following:

Training programme	Number of beneficiaries
1. OHS	0
2. Various formal studies	14
3. Councilor's development	4
4. Staff bursaries	9

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

During the 2022/23 FY, Mandeni Municipality had a total expenditure of R 116 925, 166 for the municipal workforce. This is reflected in Note 31 of the AFS.

INTRODUCTION TO THE MUNICIPAL PERSONELLE

SKILLS LEVEL	MANDENI
Senior officials	2.5
Professionals	2.3
Tech/Assoc Prof	7.8
Clerks	7.3
Service workers	4.9
Skilled agric workers	2.9
Plant operators	22.1
Craft and trade	20.3

4.1. LEGISLATIVE REQUIREMENTS

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

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

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

(b) A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and

(c) Measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." Performance management is not only relevant to the organization as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK

FREQUENCY AND NATURE OF REPORT	MANDATE	RECIPIENTS
Monthly reporting on actual revenue targets and spending against budget no later than 10 working days after the end of each month	Section 71 of the MFMA	National Treasury
Quarterly progress report	Section 41 (1) (e) of the Systems Act, Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) and Regulation 7 of Municipal Planning and Performance Management Regulations.	1. Municipal Manager 2. Mayor 3. EXCO 4. Audit Committee 5. National Treasury
Mid-year performance assessment	Section 72 of the MFMA. Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001.	1. Municipal Manager 2. Mayor 3. EXCO 4. Council 5. Audit Committee 6. National Treasury 7.Provincial Government
Annual report (to be tabled before Council by 31 January (draft and approved / published by 31 March each year)	Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment Act.	1. Mayor 2. EXCO 3. MPAC 4. Council 5. Audit Committee 6. Auditor-General 7. National Treasury 8. Provincial Government 9. Local Community

MUNICIPAL POWERS AND FUNCTIONS

The powers and function of Mandeni Municipality are as per Schedule 4 Part B and Schedule 5 Part B 9f the Municipal Demarcation Board.

Building Regulations	Facilities for the accommodation, care and burial of animals
Child Care Facilities	Fencing and fences
Electricity Reticulation	Licensing of dogs
Fire Fighting	Licensing and control of undertakings that sell food to the public
Local Tourism	Local amenities
Municipal Planning	Local sports facilities
Storm water	Markets
Trading Regulations	Municipal abattoirs
Billboards and the Display of Advertisements in Public Places	Municipal parks and recreation
Cemeteries, Funeral Parlours and Crematoria	Municipal roads
Cleansing	Noise pollution
Control of Public Nuisance	Pounds
Control of Undertakings that sell liquor to the public	Public Places

OPERATING PROCEDURES AND OVERVIEW

In the 2022/23 Financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is corresponding to the institutional service delivery objectives captured in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2022/23 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the 2022/23 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organizational strategies;
- Performance agreements with performance plans were developed, signed and approved by the Honorable and the Accounting Officer as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance assessments.
- Quarterly performance reports were verified by the OPMSMER Unit and audited by the Internal Audit unit to test the credibility and reliability;
- The performance assessments for 2022/23 Annual and mid-term 2023/24 is in progress hence the Auditor General (AG) was on site. Planning will ensue once AG has concluded work on site.

PERFORMANCE /AUDIT COMMITTEE

The Performance Audit Committee for the 2022/23 financial year was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follow:

- During the year under review, the Performance and Audit Committee met quarterly to consider the performance reports. The deliberations and resolutions taken by the PAC are encapsulated in the minutes of the committee.

PERFORMANCE EVALUATION PANEL

Performance Evaluation Panels have also been established Municipal Performance Regulations Section 27 (4) (d), for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager.

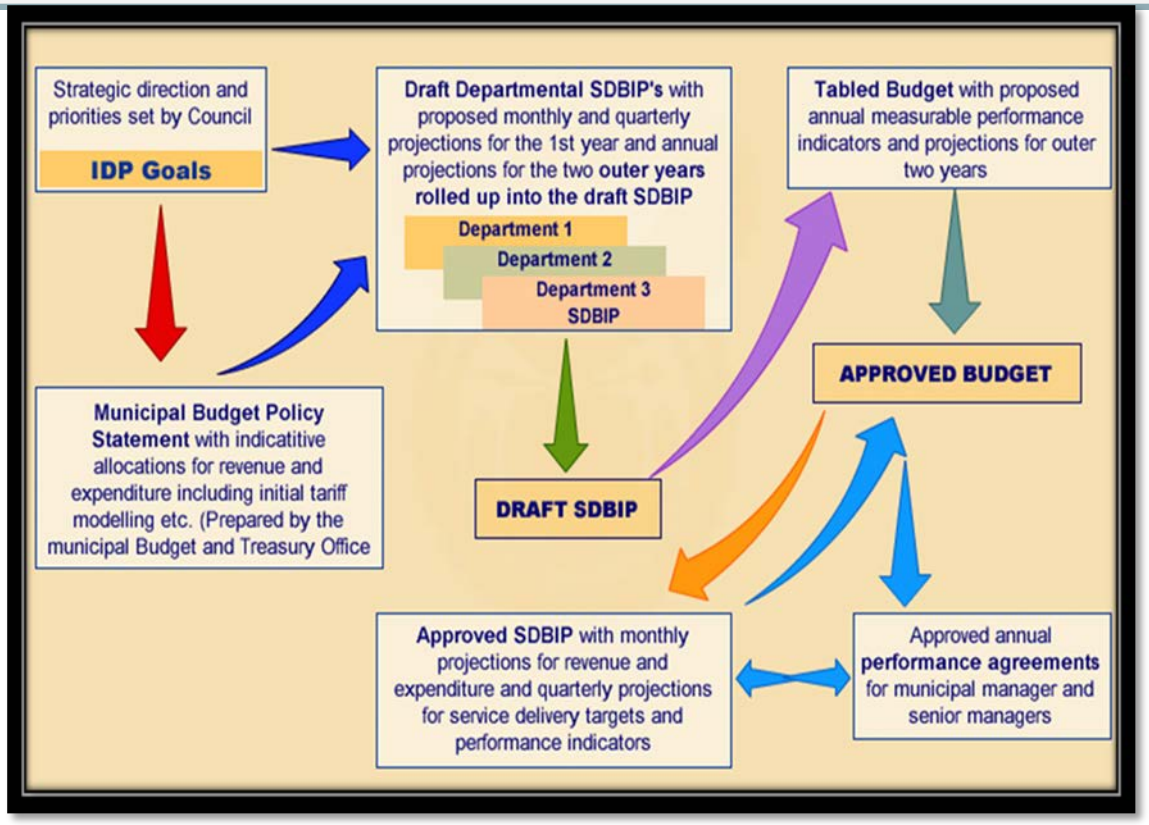
4.2. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council and Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. This is a **one-year** detailed plan, but includes a **three-year capital plan.**

The necessary components include:

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

The process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13, is diagrammatically summarized as follows:



It should be noted that, for the quarter three and quarter four performance reporting the 2022/23 Top Layer SDBIP was amended as per adjusted budget adopted by Council.

The Mandeni 2022/23 SDBIP was revised based on the following recommendations:

1. SMART principle, in some instances, indicators and targets were re-defined due to existing targets being not measurable, achievable and lacking alignment to the IDP;
2. Mid-year performance results were exploited to make Q3 and Q4 adjustments, especially areas of immense over and under performance;
3. The synergy in alignment between the approved 2022/23 Top Layer SDBIP and IDP Review 2022/23 was considered.

PROCESSES IN AMENDING 2022/23 TOP LAYER SDBIP

The process was consultative and included the following key milestones:

a) Amending the SDBIP to the strategic framework in the IDP to achieve alignment;

b) Meeting with the Head of Departments (HOD);

c) Submitted proposed amendments to the Audit Committee;

d) Submitted proposed amendments to council for adoption;

e) Submitted the Revised SDBIP 2022/23 to be signed by the Mayor and tabled to council for the acquiring of council resolution

f) Public advert was posted on the Amended SDBIP 2022/23 and on the on the website and advertised in the Zulu and English Local Newspapers.

LOCAL GOVERNMENT BACK TO BASICS/MUNICIPAL ASSESSMENT TOOL

Local government is a primary point of delivery where most citizens interface with government. Our vision of a developmental local government system was that it would be the building block on which the reconstruction and development of our country and society would be built.

The citizens of our country could engage in a meaningful and direct way with the institutions of the state. We have made tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in world-wide terms.

It is therefore important to understand where we are, where we could be and what needs to be done to improve performance. Our goal is to improve the functioning of municipalities to better serve communities by getting the ***basics right***.

The Back to Basic Programme which was officially launched at the Presidential Summit on 18 September 2014, is to ensure a focused and strengthened local government by setting the ***basics,*** however the back to basic was become obsolete hence COGTA introduced the Municipal assessment tools its main objective is to ensure that all municipalities prioritize compliance and work as per relevant legislations, this Municipal assessment tool monitor municipalities on quarterly basis where each municipalities submit quarterly reports to COGTA, which reflects on how municipalities achieve and comply to their assigned Key performance Indicators.

This municipal assessment tool also consider all key performance areas right and together with other spheres, provide basic services efficiently and effectively and In a caring manner.

The monitoring of municipal service provision efficiency and effectiveness is a pivotal aspect of the implementation of the ***Back to Basics Programme.*** The department of Co-operative Governance and Traditional Affairs (COGTA) has developed a quarterly assessment and monitoring process facilitated through the completion of a Quarterly Provincial Back to Basics Template.

Changing strategic orientation is not easy and it requires bold leadership and political will. At the same time, we need a collective effort and unity of purpose and partnership with leaders in local government, provinces and national government. We need to improve the political management of municipalities and be responsive to the needs and aspirations of local communities. In order to achieve this, we urgently require:

- Mayors and Municipal Mayoral Committees with a vision to change and the calibre of leadership to drive the change process.
- Speakers of Councils who are able to effectively manage the business of Council and lead it in its engagement and outreach programmes.
- Councillors that will inspire and organize for our common purpose of serving our people, and creating a dynamic link their constituencies.
- Municipal Managers and senior managers that understand the core mandate and orientation understand their specific role in delivering the local government vision as envisaged in the White Paper and act in a manner that ensures that local government primarily serves its people by delivering basic services.

KEY AREAS OF BACK-TO- BASIC ARE THE FOLLOWING:

- Basic Services: Creating decent living conditions
- Good Governance
- Public Participation: Putting People First
- Sound Financial Management
- Building Capable Institutions and Administrations

During the process of adjusting the budget, the municipality has also amended its SDBIP in order to align to the municipal assessment tool.

Mandeni Municipality has maintained a status of consistency in terms of functionality in the Municipal assessment tool Programme, hence submission occurred in quarterly basis

4.3. DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP

The Departmental Scorecards (detail Top Layer SDBIP) capture the performance of each Department. Unlike the Organisational Scorecard, which reflects on the strategic performance of the municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that Department/sub-department/branch. It was compiled by **Senior Managers** for their **Departments** and

consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved

budget and measurable service delivery indicators related to each functional area.

This non-financial third quarter performance report contains information about:

- Quarterly performance against quarterly and annual targets as per the SDBIP is reported on. The SDBIP contains the objectives and indicators as per the Municipal IDP as well as National indicators. The SDBIP for 2022/23 was developed to reflect cumulative performance, therefore the status of indicators reflects the overall performance level achieved in the 2022/23 Financial Year
- Measures taken to improve performance; Corrective action is included for each KPI
- Comparison of performance against set targets;
- Calculations to calculate the variance between actual quarterly performances are included for each KPI; Calculations to calculate the variance between actual quarterly performances are included for each KPI; Comparisons of performance against quarterly targets are highlighted in the form of colors based on scores which were calculated manually by the OPMSMER Unit.
- The scoring method utilized is in line with the assessment rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.

- The purpose of including these ratings and color coding is to serve as early warning indicators so that Council can easily distinguish under performance, achievements and an explanation is as per the table under 4.

4.4. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDERTEMINED OBJECTIVES (KPI)

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

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

The MFMA Circular No.13 prescribes that:

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

The municipality in formulating and reviewing its Integrated Development Plan (IDP) developed and adopted Strategic Goals, Strategic Objectives and Strategies which are key instruments to drive or facilitate implementation of both, the IDP and Budget in service delivery.

These Key instruments are considered as enablers to justify an organization's activities and existence, define performance standards as well as the specific tasks that must be accomplished for the municipal goals to be met. Below is the table that illustrates Strategic Goals, Objectives and Strategies as adopted by Council for implementation of IDP, Budget and operational plan (Service Delivery and Budget Implementation Plan).

2022/23 TOP LAYER SDBIP			
IDP REF	**STRATEGIC GOAL**	**STRATEGIC OBJECTIVE**	**STRATEGIES 2022/23**
BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
BSD 01	Universal access to basic services and infrastructure development by 2030	Improve access to all infrastructure and services	Facilitate access to electricity for all targeted households
BSD 02			Reduce the road infrastructure backlog and maintain the existing infrastructure
BSD 03			Facilitate the reduction of the housing backlog
BSD 04			Provide efficient waste collection and management service to all targeted household
BSD 05	Universal access to basic service delivery and infrastructure development by 2030		Faciltate the provision of new community facilities
BSD 06	Providing and facilitating access to social services and facilities	Improve access to all infrastructure and services	Facilitate the provision of new community facilities

GOOD GOVERNMENT AND PUBLIC PARTICIPATION			
GGPP01	To foster a culture of community involvement and good governance in the affairs of the municipality	Ensure participative, transparent and accountable Governance	Improve the public participation processes
GGPP 02			
GGPP 03		Aspire to a healthy, safe and crime-free area	Ensure the municipal contribution to community safety
GGPP 04			Design and implement sports, arts and heritage celebration programmes
GGPP 05		Ensure that all legislated Council structures meetings seat.	Improve the public participation processes
GGPP 06		Implementation of risk mitigation strategies specific to the department	Improve the audit opinion

FINANCIAL MANAGEMENT AND FINANCIAL VIABILITY			
MFVM 01	To develop a sustainable and efficient municipality based on sound financial management	Ensure a financially viable municipality	Ensure a constant and accurate financial reporting
MFVM 04			Ensure a constant and accurate financial reporting
MFVM 05			Manage and increase the municipal revenue base.
MFVM 06			Ensure that the municipality acquires goods and services in terms of supply chain regulations

LOCAL ECONOMIC DEVELOPMENT			
LED 02	Facilitate the creation of job opportunities	Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce.	Improve the community skills base
LED 03			Ensure the empowerment of youth, women and people living with disabilities.
LED 04			Facilitate the implementation of the EPWP
LED 05			
LED 06			
LED 07			Strategic planning for Local Economic Development

MUNICIPAL INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION			
MTID 01	Provision of effective, efficient, transparent and accountable leadership	Creating a conducive working environment	Maintain and improve the municipal policies
MTID 02			Ensure effective and efficient human resource management
MTID 03			Ensure effective and efficient human resource development
MTID 04			Improve performance
MTID 05			Improve information technology and document management systems
MTID 06			Improve municipal services and Infrastructure

SPATIAL RATIONAL ENVIRONMENTAL MANAGEMENT/ CROSS-CUTTING MEASURES			
SREM 01	Promoting and facilitating environmental protection and sustainable spatial planning	CBD Regenaration	Creating government precinct with efficient space for public facilities and services
SREM 02		Ensure an integrated and alligned development planning	Ensure proper development
SREM 03		Facilitate a creation of a disaster-ready community	Provide a framework for the spatial vision and form of Municipality

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

COLOUR	CATEGORY
	TOTAL NUMBER OF KPI's
	KPI'S NOT ACHIEVED
	KPI's ACHIEVED

The Service Delivery Performance Report is divided according to the National Key Performance Areas (KPA) of Local Government namely;

NO	NATIONAL KEY PERFORMANCE AREA	ACRONYM

1	Basic service delivery	BSD
2	Good governance and public participation	GGPP
3	Municipal financial viability and management	MFVM
4	Local economic development	LED
5	Municipal Transformation and Institutional Development	MTID
6	Spatial Rational and Environmental Management	SREM

INTRODUCTION TO MUNICIPAL PERFORMANCE

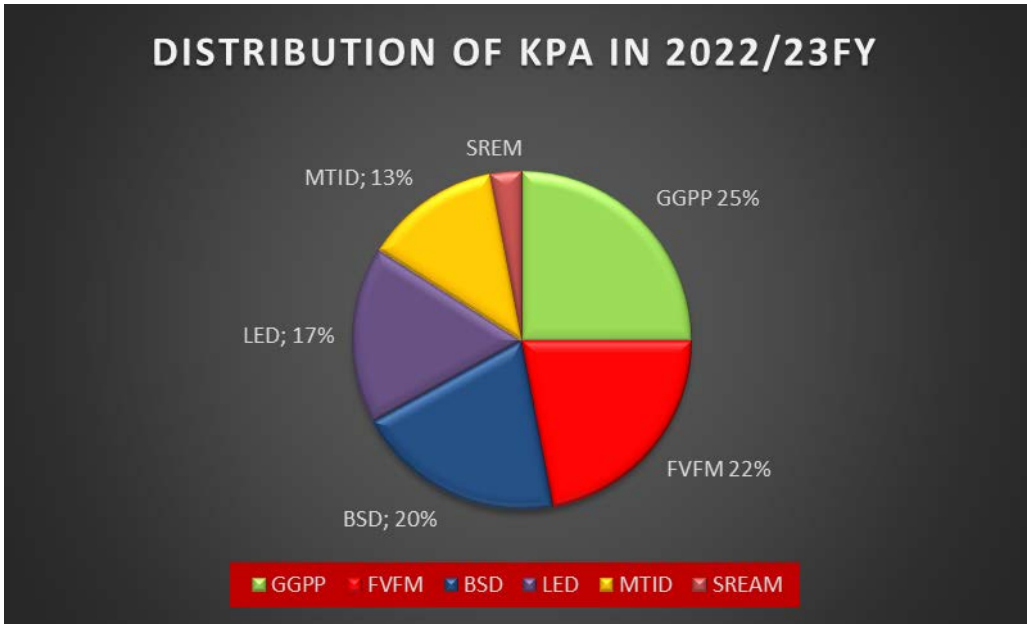
PREDETERMINED OBJECTIVES DEPARTMENTAL SDBIP

The SDBIP serves to focus both the administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP Template is therefore included in the report for each department as follows;

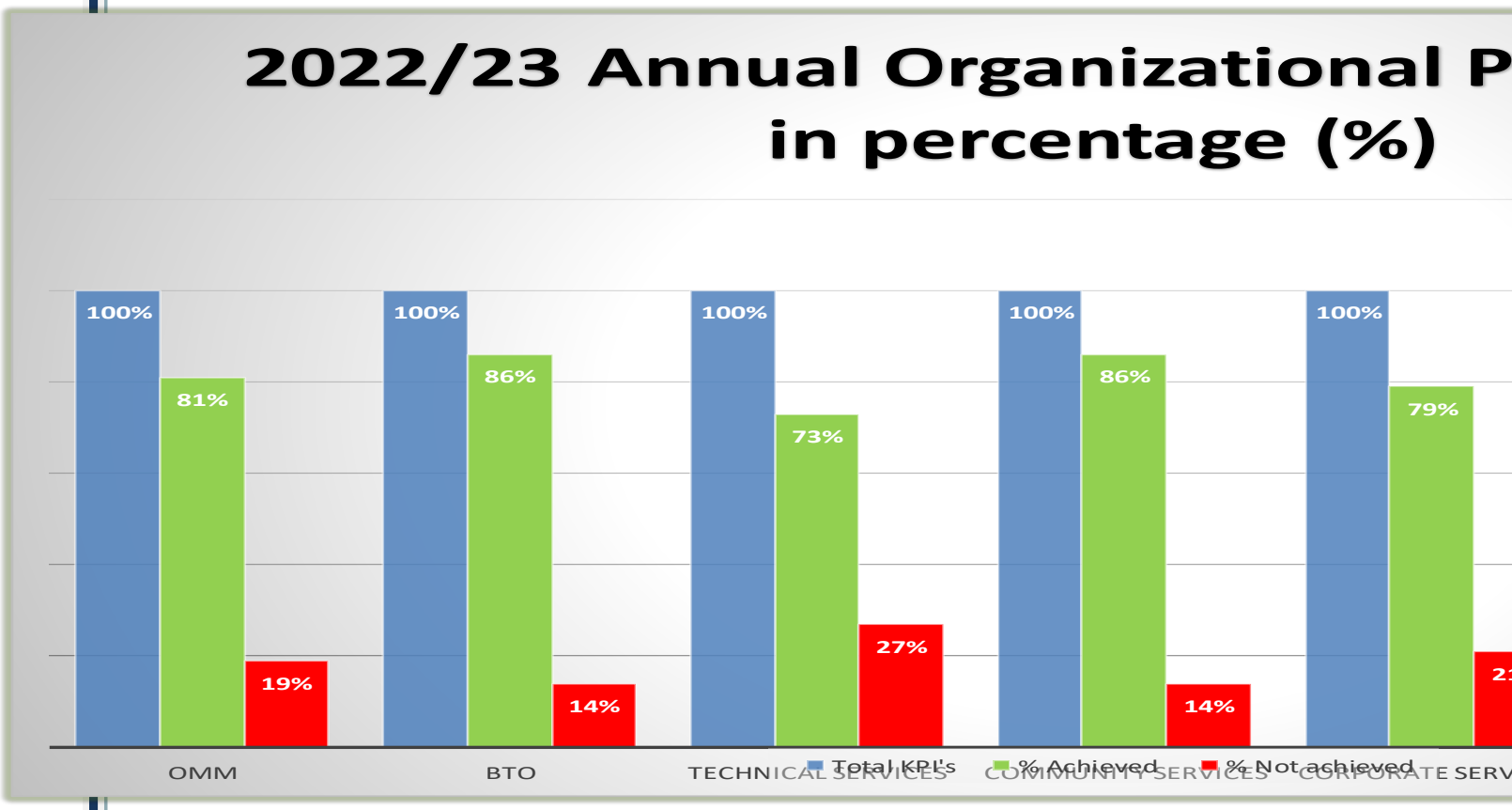
- Department: Office of the Municipal Manager
- Department: Budget and Treasury Office
- Department: Corporate Services
- Department: Economic Development Planning and Human Settlements
- Department: Technical Services and Infrastructure Development
- Department: Community Services and Public Safety

This pie chart below depicts the distribution of key performance indicator (KPI) to each national key performance area (NKPA). It is helpful to highlight the number of KPI's contributing to the NKPA because; it gives an indication where the municipality's focus is in terms of contributions towards the NKPA's.

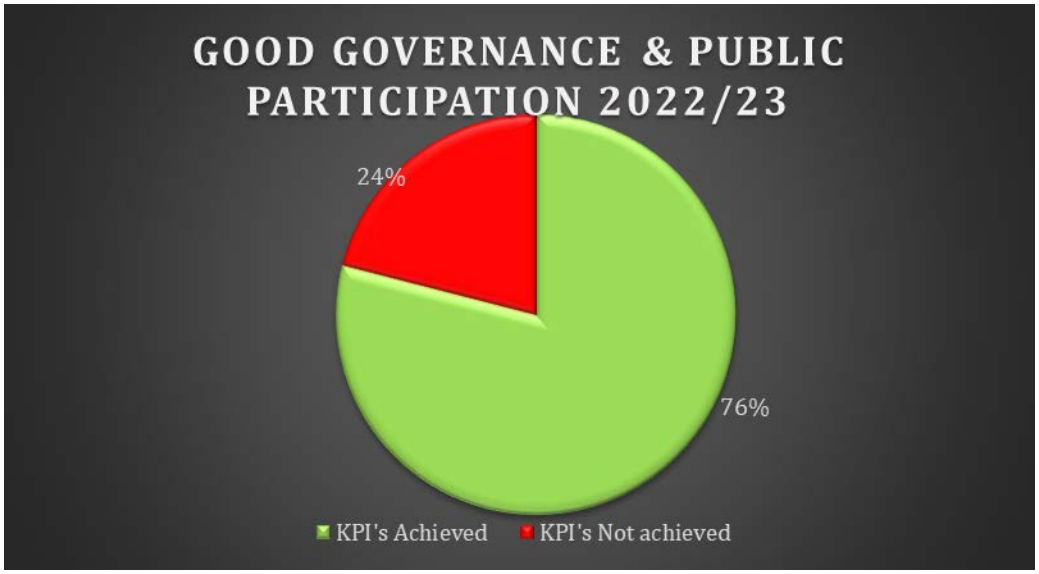


Evidently the pie chart shows that the municipality has most of its KPI's in the top two dedicated to ***Good Governance and Public Participation*** at 25% and ***Municipal financial viability management*** at 22% .***Basic Service Delivery*** at 20% and ***Local Economic Development*** at 17%, followed by **Municipal Transformation and Institutional Development** at 13%. The NKPA shows that **Spatial Rational and Environmental Management** takes 3 %.

The following graphs illustrate the overall performance of the Municipality measured in terms of the Top Layer (Strategic) SDBIP as at the end of the year that ended 30th of June 2023 FY.


2022/23 Annual Organizational P
in percentage (%)
100%
81%
19%
100%
86%
14%
100%
73%
27%
100%
86%
14%
100%
79%
OMM
BTO
TECHNICAL SERVICES
COMMUNITY SERVICES
CORPORATE SERV
Total KPI's
% Achieved
% Not achieved

4.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION



This pie chart displays the performance achieved under the Good Governance and Public Participation (GGPP) National Key Performance Area (NKPA).

As indicated there were **42** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved **32** of their planned targets. Which translates an overall of **76%** KPI's that were not achieved were a total of 10.

Under this KPA we focus on the following areas;

- Integrated Planning
- Policy Development
- Public Participation
- Internal Audit
- Anti-Corruption Strategy

The municipality managed to develop and adopted its New 5-year Integrated Development Plan (IDP), Performance Management System (PMS) and Budget 2017-2022 in line with the prescribed legislation (Municipal Finance Management Act, Act 56 of 2003 and Municipal Systems Act, Act 32 of 2000 as amended). The municipality ensured that all stakeholders were engaged on the adopted process plan as a guide for the development and review of the IDP, PMS and Budget and this was done through IDP Representatives Forums and this process also

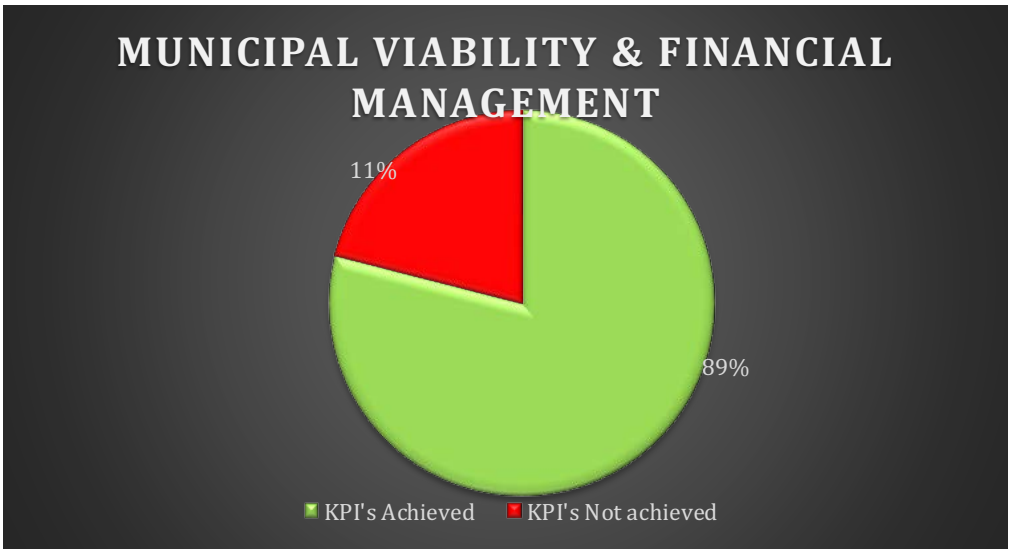
included the office of the MEC for Co-operative Governance and Traditional Affairs and comments receive from the said office were further affected onto the final Process Plan. Further to the above, the IDP Unit played a key role in the council strategic planning session which was held in Drakensburg in September where council deliberated on various issues including those that needed to find space in the new IDP.

- The Municipality during the term under review conducted a successful IDP Capacity Building workshop for councilors and ward committees which was aimed at inducting both councilors and ward committees on IDP related matters including the development of ward-based plans. The municipality in line with Section 16(1)(a)(i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities and other stakeholders in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Ward levels through a ward by ward approach and all other stakeholders to ascertain their needs and issues for consideration during the development of the New 5 year Integrated Development Plan and Plan.
- Also, the municipality through SECO Partnership received the outcomes of the 2014 survey conducted by the World Bank on "Doing the Business within iLembe and Mandeni" and the results proved the processes and turn-around time for compliance before investors actually start their businesses to be lengthy and complicated.

4.6 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No.56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and to perform budgeting, accounting, analysis, financial reporting cash management, debt management, supply chain management, financial management, review and other duties.

Below is a graph demonstration of the performance of this department in the 2022/23 financial year.



This pie chart displays the performance achieved under the Municipal Financial Viability Management (MFVM) National Key Performance Area (NKPA).

MONITOR THE EXPENDITURE OF THE MUNICIPALITY'S BUDGET

The municipality continues with proper budget monitoring on its expenditure in the 2022/23 financial year. However, allocated budgets being not fully utilised by the end of June 2023 were due to some projects experienced some various challenges such as poor performance by Contractor, Eskom failed to energized 'Number of households to be provided with electrification infrastructure (Dry Connections) in eHlanzeni ward 7 and ready to be energised by 31 March 2023' and 'Number of households to be

provided with electrification infrastructure (Dry Connections) in Okhovothi Ward 12 and ready to be energised by 30 June 2023' not being achieved, due to poor performance by Contractor, then Municipality had to start the procurement process again to appoint another

Delays were experienced by the contractors with Eskom in regards to eHlanzeni and Okovothi contractors did not have an approved subcontracting list.

The percentage of INEP expenditure was sitting at 89 % at the end of 2022/23 financial year due to the experienced Okhovothi project.

'Number of households to be provided with electrification infrastructure (Dry Connections) in Dendethu / Wetane Project - Ward 5 and ready to be energised by 30 June 2023' was achieved.

The percentage spent on MIG was 100% at the end the 2022/23 financial year. The Municipality had really put in efforts to ensure expenditures. R 40 044 000 was spent and this meant that all MIG aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting and was therefore achieved.

PAY ALL SUPPLIERS WITHIN A LEGISLATED PERIOD

We continue to do well on the payment of creditors. The outstanding balances are linked to issues identified on the individual invoices. Reasons are normally given of the dispute for reconciliation to be done before invoice can be paid.

CONDUCT ALL EXPENDITURE RECONCILIATIONS

For the reliable financial information it is crucial that reconciliations are done monthly. This is what makes it easy for the municipality to be able to give better assessment of the budget. The ability to produce a trial balance allows us to produce the financial statements quarterly and give analysis of information and ratios. Monthly reports are sent to the portfolio committee with all relevant information for decision making. Section 71 reports are produced for the Mayor and submitted to treasuries as per budget reporting format.

MANAGE THE MUNICIPAL ASSETS

The municipality has improved in the administration of assets. The capacity in the unit was provided. This has made it possible to shift from involving external resources by build capacity internally.

Continuous assessment of assets for impairment is being done. It is appreciated that the unit is now able to account for depreciation on a monthly basis. Monthly reconciliations are a contributing factor to a good report from the auditor general.

IMPROVE THE COLLECTION RATE

The balance of the amount outstanding from debtors has Increased from 181 million to R 203 420 225.41 million in the period from 01 July 2022 to 30 June 2023 (11% Increased).

The culture of non-payment by ordinary households due to poor database and sanctioning tools is still a contributing factor to our poor revenue collection.

Debt pack have been re-appointed, Debt collectors had been appointed and trained on using debt Management system, the process of telephonic collection, sending our smises, letters of demand has commenced, the institution of legal proceedings will soon be implemented.

Debt collection measures will be improved after the policy review by issuing summons with the intention to attach movable property. This initiative is however a slow process because of the sheriff's involvement. They cannot cope with the number of summons to be served.

The collection process is also affected by the non-cooperation of the community when they are invited to register for indigent benefits.

CONDUCT ALL REVENUE RECONCILIATIONS

The municipality has adopted the revenue enhancement strategy. This is being implemented. This strategy is a process that is mainly supported by external

stakeholders. Its impact will be assessed going forward. At this point in time it is important that an opportunity is given for its support.

We have advanced with the prepaid supply of electricity system. We will guarantee electricity billing. Monthly billings of all services are done. Other income is supported to supplement the cash flow that is so needed. Income generated from interest on investment is according lower than the budget due to low levels of cash. These reports are monthly submitted to the portfolio committee.

MANAGE THE SUPPLY CHAIN PROCESSES.

The success of the SCM Unit is dependent on the role played by the user departments. To control the unit, the procurement plans were instituted and implemented. However, these plans are not perfectly followed. Improvement is monitored through working together with other departments.

Bid Committees have worked tremendously to support the functioning of the unit. At the close of June 2023 all tenders were awarded. Due to poor planning in some units there is an increase in deviations. This situation is being addressed.

Contract management is earmarked for improvement as this is an area that the report of the auditor general has pointed out some weaknesses, including the maintenance of documents, monitoring of service providers, transfer of skills etc. A proper training is envisaged in this regard for proper procedures to be in place.

Going forward this sitting of the Bid Committees will be scheduled. The SCM unit will be provided with permanent qualified personnel and improve the workflow processes.

PERFORM MONTHLY FINANCIAL REPORTING

Mandeni Municipality is able to produce the budget in time as expected and in the format that is required. Monthly S71 reports are produced and reported to Treasury. It is appreciated that the municipality is able to report on the norms and standard ratios as recommended by National Treasury in Circular 72

In the implementation of the budget it is noted that other line items are overspent. Some of these overspending is caused by non-compliance with the procurement plans. Others are due to unforeseen circumstances. These will result into unauthorized expenditure. The adjustment budget has dealt with these anomalies.

PERFORM QUARTERLY FINANCIAL REPORTING.

As part of the assessment for half yearly budget performance section 52 report was prepared for submission to the Mayor and Council. The significance of this report in the half year review is that it gives the cumulative performance of the budget that is assisting to the preparation of section 72 report.

Due to improvement in the information technology it is important that the department is on par with technology available and the new trend of doing things. Part of improving performance of the municipality is to improve systems integration through resource management planning.

PERFORM ANNUAL FINANCIAL REPORTING.

The achievements were high in the submission of annual financial statements in that the reports were audited and found to have no errors in the past three years.

We continue to review the standards of reporting of financial information. It assists that now we are able to produce financial statements periodically and review information against the standards such that we have fewer issues at year end when we finally produce annual financial statements. It is important that a compulsory workshop be attended to build capacity.

The standard chart of account mSCOA was introduced by National Treasury. The objective of the regulation is to provide a national standard for uniform recording and classification of municipal budget and financial information at a transactional level by providing standard chart of accounts aligned to budget formats and accounting standards.

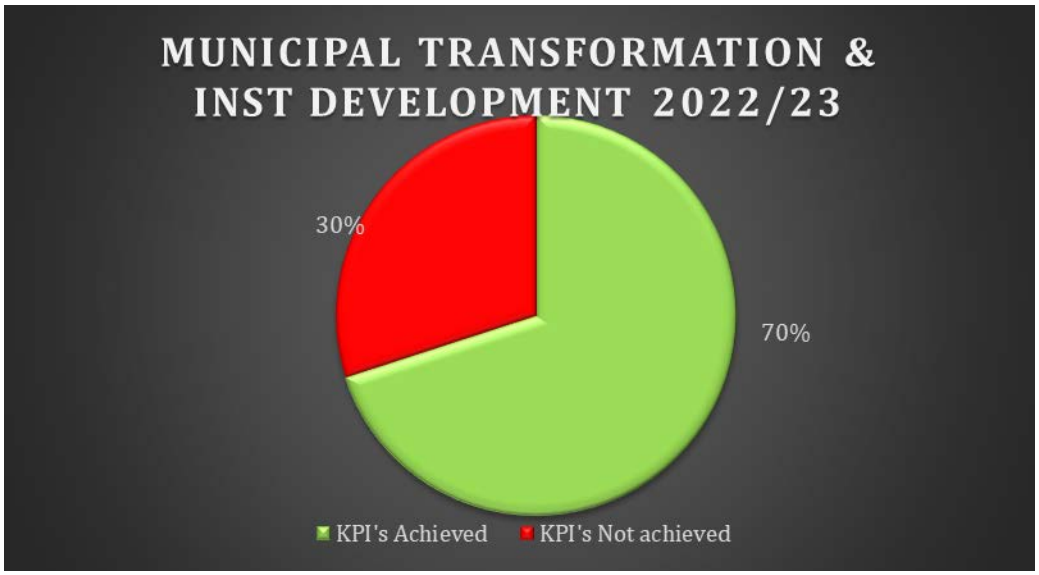
The municipality prepared and adopted its budget for 2022/23 MTREF financial year in an mSCOA classification framework which is made up of seven segments.

The revenue generated by the Department has contributed towards the municipal revenue base during the year under review. Further awareness campaigns will be conducted by the Department on the various bylaws applicable in each section to ensure that there is an improvement in the level of compliance by the community which will further increase the departmental contribution towards the overall municipal revenue stream.

To ensure effective Municipal Financial Viability and Maintenance the Municipality did the following;

- Regular reporting is being done to funders of grants as per funding requirements and compliance with the Division of Revenue Act. (NDPG, MIG, EPWP, FMG and INEP).
- Maintain and improve municipal cash flows
- Spent 100% of MIG funding.
- Participated in MSCOA implementation by ensuring attendance to Project Steering Committee meetings held quarterly by the Budget and Treasury department.

4.7 MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT



This pie chart displays the performance achieved under the Municipal Institutional Transformation and Development National Key Performance Area (NKPA).

ADOPTION OF MUNICIPAL POLICIES AND FIVE YEAR HR STRATEGY

- On the 30th of June 2023, the Identification, review and adoption of municipal policies was not achieved, due to session that was not concluded on the 13-14 June 2023 , however the session proceeded after the year end.
- The IDP aligned organizational and departmental organograms were Developed and adopted on the 30th of May 2023

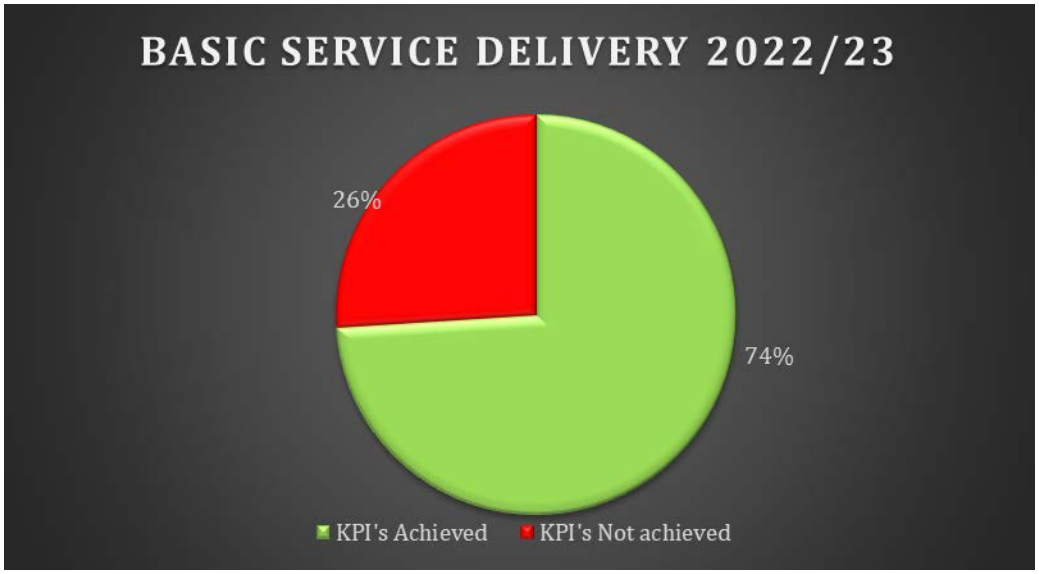
EMPLOYMENT EQUITY PLAN, LOCAL LABOUR FORUM AND LABOUR RELATIONS

- Maintenance of the functionality of the Local Labour Forum was achieved by holding 4 Local Labour Forum meetings, the target was 4 and the department had no variance .
- 4 quarterly Labour relations reports were submitted to MANCO in the year 2022/23, the actual target was met.

SKILLS DEVELOPMENT

- The Municipality conducted the Skills 2022/23 auditing process.
- The workplace skills plan was developed and was adopted by the HRDC on the 24th April 2022.
- The workplace skills plan was submitted to LGSSETA on the 25 April 2023.
- The total Number of employees that were trained according to the WSP prescriptions were 124.The actual target was 100. The target was achieved.
- The Actual amount spent on skills development in the 2022/23 financial year was R900 000.00. The targeted amount to be used was R900 000.00.
- For Effective implementation of recognized collective agreements, applicable legislation and policies, the Department Conducted workshops half-yearly on collective agreements and applicable legislation and policies.

4.8 BASIC SERVICE DELIVERY



This pie chart displays the performance achieved under the Basic Service Delivery National Key Performance Area (NKPA).

The municipality in partnership with the Department of Human Settlements has been continuously delivering lowcost houses through RDP Programme in both Urban and Rural areas of Mandeni.

HOUSING DEVELOPMENTS

- The municipality during the Financial Year under review had only 4 housing projects that were under construction funded by the Department of Human Settlements (DoHS) during the 2022/23 financial year being Inyoni Integrated Housing Project (Ward 3, 7, 10, 11, 12, 13, 14, 15,16, 17and 18), phase five of the Macambini Rural Housing Project (Ward 1, 2, 8 and 9) and phase three of the Isithebe Rural Housing Project (Ward 11, 12, 16, 17 and 18). A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:

- **Inyoni Housing Project:** In the 2022/2023 financial year construction of units under project phase 01, 02 and 03 was underway for approved beneficiaries for ward 3, 7, 10,11, 12,13, 14, 15, 16, 17 and 18. The progress made as at 30 June 2023 includes. The progress to date 1032 units are complete 61 are at roof level, 80 units are at wall-plate level, 171

units are at foundation level and 190 are greenfield. The implementing agent resumed construction activities to complete outstanding works for 508 units in phases 1,2 and 3. The process was confronted with various challenges including the involvement of local sub-contractors. extensive deliberations were held towards addressing issues of contractual arrangements and rates between implementing agent and local sub-contractors. This impacted severe delays on the project. The implementing agent has started with conducting remedial work on 86 houses that were vandalized, upon completion beneficiaries are to take occupation. The implementing agent will subsequently proceed to complete the construction of the balance of 422 houses across phases 1, 2 and 3. The Municipality, in collaborative efforts with Department of Human Settlements and Ilembe District Municipality have made significant progress towards finalizing the process to appoint a service provider to complete the installation of bulk and internal services infrastructure in Phase 4 of the project.

- **Isithebe Rural housing (11,12, 16, 17 and 18):**

  The Department of Human Settlement approved 300 units for Phase 3 of the project (300 out of 2000 units). The completion of project sub-phases 1 and 2 has yielded a total of 600 units that have been handed over to beneficiaries of the project. Approval for project sub-phase 3 was granted by the Department in November 2022 however delays were experienced in finalization of contractual arrangements, appointment of local sub-contractors, site establishment of the main contractor on site, material supply and delivery. This required extensive deliberations to be held across the various stakeholders to achieve middle ground. As at 30 June 2023 construction activities completed in sub-phase 3 includes 284 platforms and 50 foundations.
- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project has progressed significantly in its construction programme; phases one, two, three and four of the project consisting of 1650 units have been completed and handed over the beneficiaries. The final phase of the project was approved by the Department of Human Settlement was approved in December 2022 however there were delays in the project including; finalization of contractual arrangements, the contract was signed in May 2023; The implementing agent then engaged in a process to appoint local sub-contractors to participate in the project. There were modifications on the house design to include a utility room; A process was

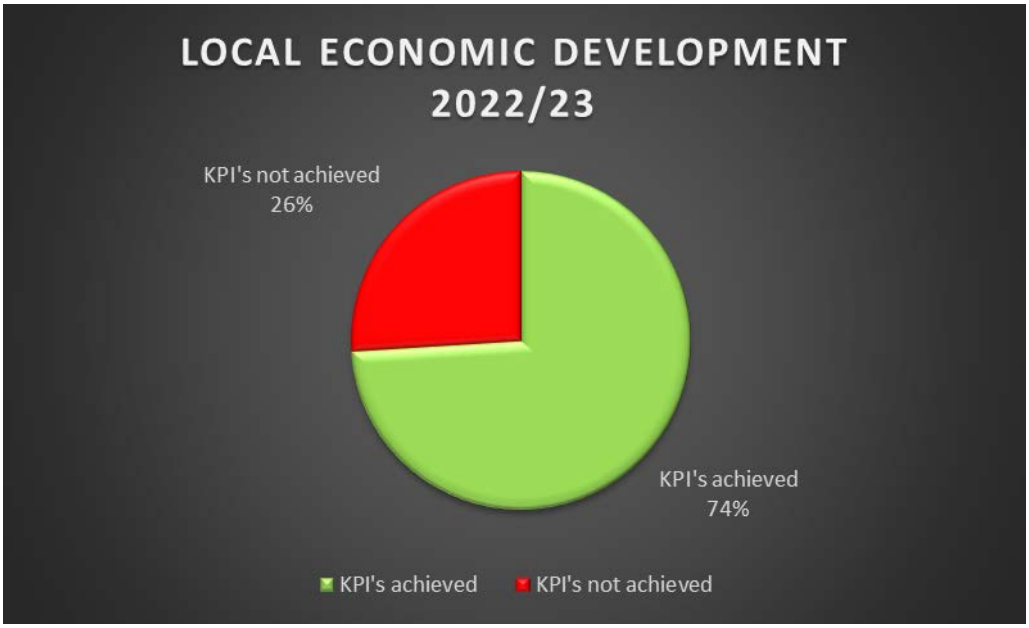
undertaken to workshop the new house plan to all the relevant stakeholders. As at 30 June 2023 the progress made under sub-phase 5 includes 108 platforms and 13 foundations.

- **Title Deeds Restoration Programme; Tugela Ext 3 & Sundumbili Township R293 Properties:** During the title deeds restoration programmes serves well to promote secure tenure for the residents of Mandeni who have been in recipient of housing subsidies pre and post 1994. As at 30 June 2022 a total of 1358 title deeds have been transferred under the Hlomendlini Housing Project. The Municipality has appointed a conveyancer to assist with the beneficiary verification of 549 cases with disputes under the projects. The process to verify and process these cases is on-going. The conveyance is also undertaking to address s 430 cases identified to have disputes in the Sundumbili area that were recorded previously under a pilot project implemented by the World Bank and Vuthela. As at 30 June 2023 that conveyancing team has verified 284 files (representing 62% of the project cases) whilst facilitating for the lodgment of 96 title deeds, it was discovered that the Sundumbili township is subject to upgrading of township as per the in line with the amendment of the Upgrading of Land Tenure Rights Act. Extensive engagement are on-going with the Deeds Registrar in seeking guidance on the process to submit for upgrading of township under the recent amendment of the Act. Significant progress has been in transfer of title deeds within Inyoni IRDP, as at 30 June 2023 283 title deeds have been transferred to beneficiaries. Activities towards the registration of more title deeds under the project are on-going, including the registration of underlying property that is a pre-requisite for registration of title deeds under portion of the project area.

- **Operation Sukuma Sakhe (OSS) cases:** The OSS programme caters for extraordinary circumstances of people living under highly vulnerable conditions that require urgent human settlements intervention. As at 30 June 2023 the Department of Human Settlements has approved funding and appointed service provider to implement various OSS projects. This includes 30 OSS cases)across wards 1,2,3, 6, 9, 10,12 and 15); 49 OSS cases (across wards 1, 3, 4, 5, 6, 7, 9, 10, 12, 15 & 18) and 115 cases (across wards

4,5,6,7,8,9,10,11,12,13,14,15,16,17 & 18). The service providers have been undertaking pre-construction activities including beneficiary administrations toward processing beneficiary approvals on the HSS system as well as packaging of applications for NHBRC project and home enrolment. Upon completion of these pre-requisite activities construction of units will commence on the ground.

4.9 LOCAL ECONOMIC DEVELOPMENT



This pie chart displays the performance achieved under the Local Economic Development National Key Performance Area (NKPA).

This NKPA needs to be considered very attentively hence, it plays a huge impact on service delivery and is essential for the economic growth of the municipality, as well as empowering Local businesses.

SMME'S

- The number of SMME's and Cooperates supported on Quick Win by 30 June 2023 had a target of 36, but the municipality achieved 77. There was a need to ensure all wards benefitted. Further the municipality eradicate poverty by provided and support farmers with seedlings and animal feed a target of 9 was set and it was achieved all 9.

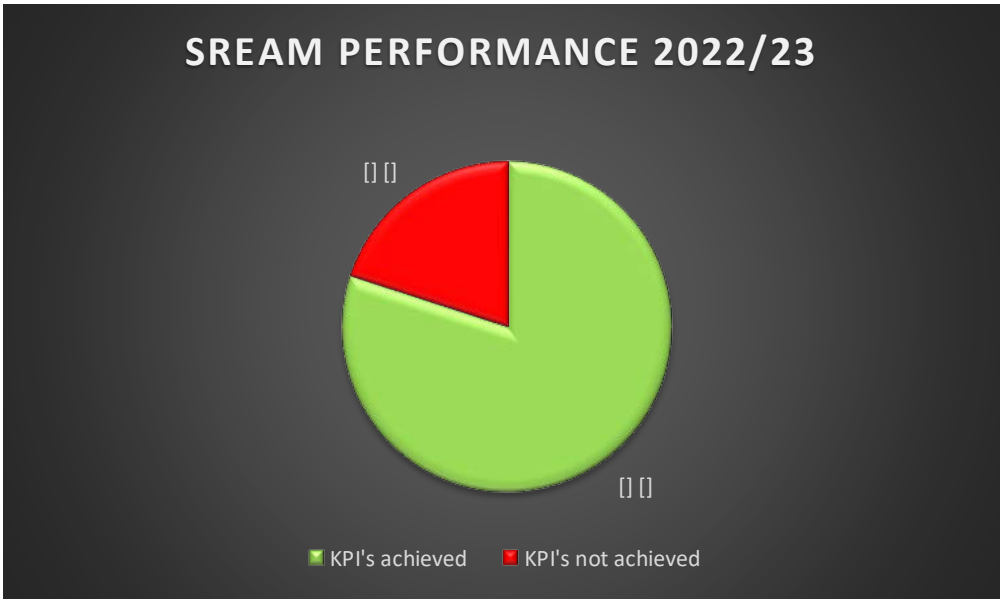
COMMUNITY WORKS PROGRAMME (CWP)

- A target of 600 jobs created through implementation of infrastructure projects and EPWP by 30 June 2023 was set. However, 684 jobs were created.

REGISTRATION BURSARIES AWARDED TO BENEFICIARIES

- Registration bursaries for matriculants and scholarship awards was achieved on the 14 February 2023.

4.10 SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT



THIS PIE chart displays the performance achieved under the Spatial Rational and Environmental National Key Performance Area (NKPA).

FORWARD PLANNING

- The municipality managed to review and adopt Spatial Development Framework by Council on the 31st of May 2023.
- In terms of Land Use Management, the planning unit successfully completed the review of the Urban Town Planning scheme which was reviewed in –house by the Mandeni Municipality planning team, together with the ILembe shared services colleagues. A number of stakeholder engagements were conducted during this exercise to sensitize stakeholders on the implications of the newly reviewed scheme

including the reviewed zonings and development controls. The reviewed scheme was presented at various council structures.

SPATIAL PLANNING AND SPLUMA

- The Municipality in its implementation and compliance with Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) processes development applications through the District Joint Municipal Planning Tribunal (MMN JMPT) constituted by the three local Municipalities namely Mandeni, Maphumulo and Ndwedwe Municipality. During the year under review, a total of 9 planning applications were received by the Municipality for assessment. Four applications were been tabled to the MMN JMPT for approval and 3 were approved with conditions and 1 application was referred back to the applicant. The other five (5) applications are within the legislated timeframes and are being subjected to the legislated processes of SPLUMA.

- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

4.11. DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022 (AS PER SDBIP)

The SDBIP serves a critical role to focus both the Administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the Mayor, Council (Executive) and the Administration, and facilitates the process for holding Management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will

assist the Mayor, Councillors, Municipal Manager, Senior Managers and Community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of Senior Management and achievement of the strategic objectives set by council. It enables the Municipal Manager to monitor the performance of Senior Managers, the Mayor to monitor the performance of the Municipal Manager, and for the Community to monitor the performance of the Municipality.

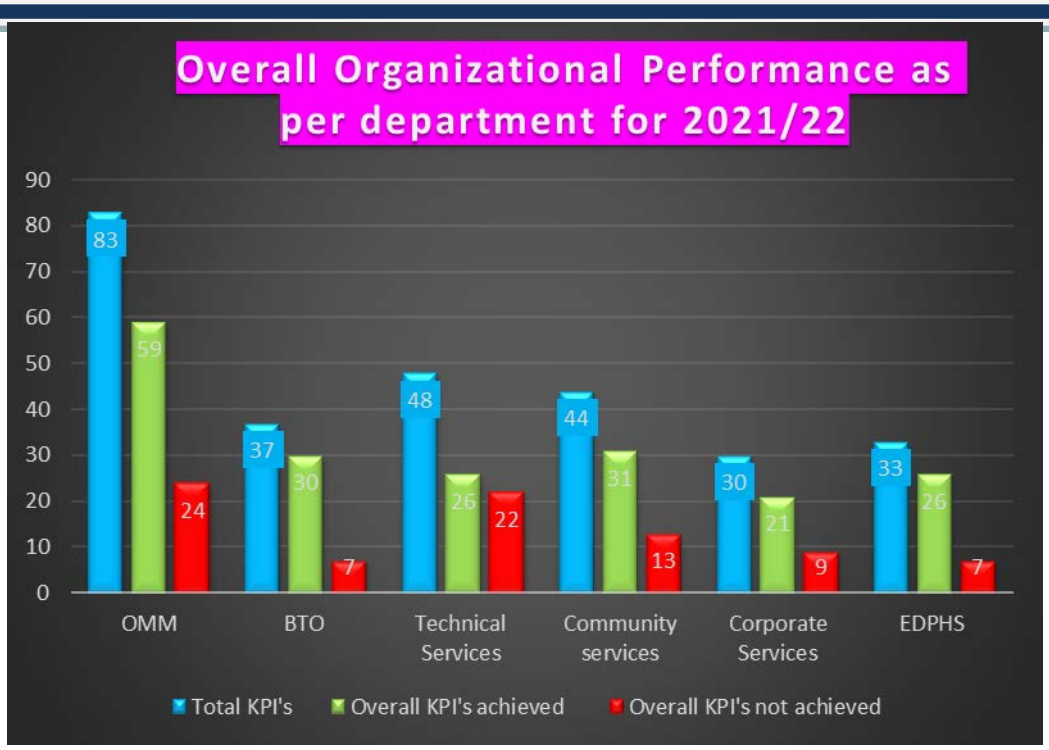
The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and the Senior Mangers determined at the start of every financial year approved by the Mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP's for each department are attached as annexure as follows;

- Department: Office of the Municipal Manager
- Department: Budget and Treasury
- Department: Technical Services and Infrastructure Development.
- Department: Community Services and Public Safety.
- Department: Corporate Services
- Department: Economic Development Planning and Human Settlements.

Departmental SDBIP indicates performance indicators per National Key Performance Areas and comments with corrective measures with regards to indicators not achieved for the office of the Municipal Manager, Budget and Treasury Office, Technical Services, Community Services, Corporate Services and EDP Department.

The following are departmental annual performance summaries for the 2021/22 financial year;

Below is a graphical demonstration of how the Departments performed in the year in review;

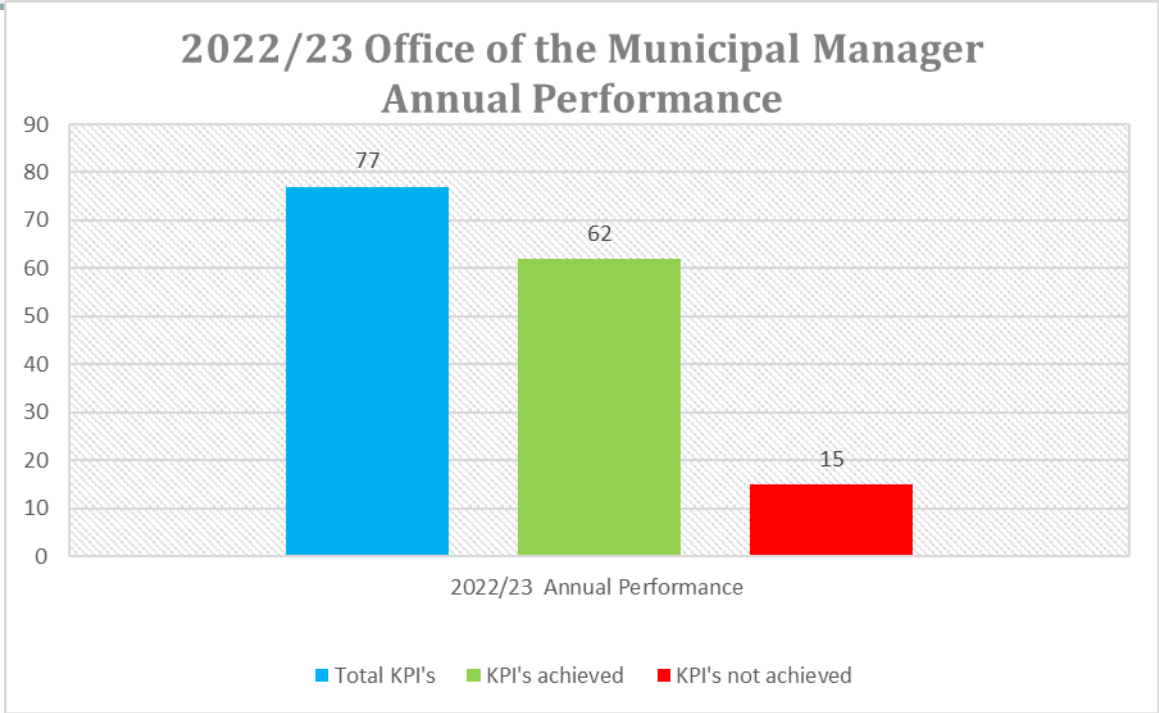


OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is the nerve centre of Mandeni Municipality. The municipality has achieved tremendous progress since the new administration assumed office. The Municipal Manager's office has recently beefed-up its human resources capacity through the establishment of the following units:

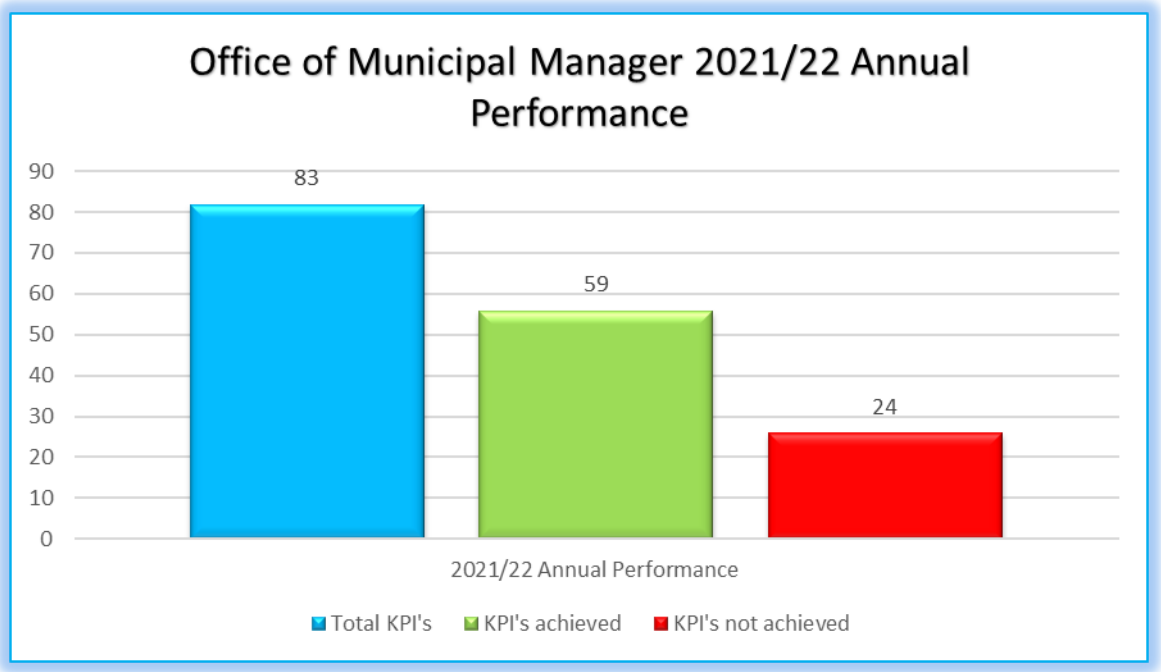
- Internal Audit
- Performance Management Systems
- Special Programmes
- Municipal Public Accounts
- Communication
- Public Participation

Below are the graphs representing the performance of the Municipal Manager's Office in the 2022/23 and 2021/22 financial years and a comparative SDBIP of the Office of the Municipal Manager's performance;



	Number of KPI's	Percentage of KPI's
Total KPI's	77	100%
KPI's achieved	62	81 %
KPI's not achieved	15	19 %

The Office of the Municipal Manager had a total of 77 KPI's in the 2022/23 financial year. 62 targets were achieved, whilst 15 targets were not achieved. This translates to an overall achievement of 81 % of the KPI's for Office of the Municipal Manager.



	Number of KPI's	Percentage of KPI's
Total KPI's	83	100%
KPI's achieved	59	71%
KPI's not achieved	24	29%

The Office of the Municipal Manager had a total of 83 KPI's. 59 targets were achieved, whilst 26 targets were not achieved. This translates to an overall achievement of 71% of the KPI's for Office of the Municipal Manager. A number of KPI's were not achieved due to floods which took place during the third quarter of the 2021/22 financial year.

OFFICE OF THE MUNICIPAL MANAGER 2022/23 FY							
IDP REF	**KPIN**	**Key performance indicator**	**2021/22**	**2022/23**	**REASON FOR VARIEN**	**CORRECTIVE MEASU**	**POE**

	O.	2022/23	Target	Actual	Target	Actual	CE	RE	
BASIC SERVICE DELIVERY									
BSD 01	1	Number of households to be provided with electrification infrastructure (Dry Connections) in Dendethu / Wetane Project - Ward 5 and ready to be energised by 30 June 2023	New indicator		108	108	N/A	N/A	
BSD 01	2	Number of households to be provided with electrification infrastructure (Dry Connections) in Emhlangeni in Ward 5 and ready to be energised by 30 June 2023	New indicator		100	70	The target for this KPI was set for 30 June 2023 and Technical Services department commenced with procurement processes in Novem	A schedule of meetings of Bid Committees, with dates & time, will be developed and communicated to all staff. The	Signed progress report from consultant

						ber 2022 by compiling and submitting the bid document to Supply Chain Management Unit and Bid Specifications Committee. The delays were caused by non-sitting of bid documents to finalize the award of tender.	Council calendar will also include Bid committee meeting dates and time	

BDS 01	3	Number of households to be provided with electrification infrastructure (Dry Connections) in eHlanzeni ward 7 and ready to be energised by 31 March 2023	New indicator	100	105	N/A	N/A	
BSD 01	4	Number of households to be provided with electrification infrastructure (Dry Connections) in Okhovothi Ward 12 and ready to be energised by 30 June 2023	New indicator	105	43	1. Poor performance by Contractor who was initially appointed cited financial challenges was terminated and the municipality had to start the procurement processes again to appoint another contrac	The municipality to perform the financial risk assessment for all recommended contractors to mitigate the risk of poor performance. Furthermore, we will ensure that service	Signed progress report from consultant

						tor to complete the project. 2. The target for this KPI was set for 30 June 2023 and Technical Services department commenced with procurement processes in November 2022 by compiling and submitting the bid document to Supply Chain Management Unit and Bid	providers under Technical Services department are assessed monthly and meet with them on a monthly basis through Project Steering Committee meetings. A schedule of meetings of Bid Committees, with dates & time,	

						Specifications Committee. 3. There were also delays with procurement processes and after the new service provider was appointed, the project had to be launched and this can delay the commencement of project due to unavailability of leadership	will be developed and communicated to all staff. The Council calendar will also include Bid committee meeting dates and time	

BSD 01	5	Date of presenting the bid document for the installation of phase 1 streetlights project between P415 and P459 entrance town ward 3 to Bid Specifications Committee by 30 June 2023	New indicator	30-Jun-23	30-Jun-23	N/A	N/A	Completion certificates
BSD 01	6	Date of installation of high mast lights in wards 3,5,9,11 and 12 by 30 June 2023. (Six high mast in total with ward 12 having two)	New indicator	30-Jun-23	30-Jun-23	N/A	N/A	Signed progress report from consultant
BSD 01	7	Date of appointing a Contractor for Khenana Phase 5 electrification project by 30 June 2023	New indicator	30-Jun-23	6-Jun-23	N/A	N/A	Provisional award letter
BSD 01	8	Date of appointing a Contractor for Mantshangula/ Mhlubulweni electrification project by 30 June 2023	New indicator	30-Jun-23	Not Achieved	This project is funded through Massification grant. This KPI was	The municipality can only write to ESKOM and request acceleration	Provisional award letter

						added during mid-year adjustment since massification grant was only received in November 2022. Prior to commencement of procurement processes for electrification projects, a Memorandum of understanding (MOU) is entered into between the	of signing of MOU.	

							municipality and ESKOM and this causes the delays since the municipality has to wait for the MOU from ESKOM hence the delays in appointing the contractor which were beyond the control of the municipality.		
BSD 02	9	Date of construction of Community Hall in Ward 13 to practical completion stage by 30	31-Mar-22	Not achieved	30-Sep-22	22-Aug-22	N/A	N/A	Practical Completion Certificate

		September 2022							
BSD 02	10	Date of registration of upgrade and Improvement of Bumbanani Road on MIG system by 31 December 2022	31-Mar-22	Not achieved	31-Dec-22	5-Dec-22	N/A	N/A	MIG 1 Form from COGTA MIG-MIS
BSD 02	11	Number of kilometres of rural gravel roads repaired and maintained in-house in wards 1,2,4,5,6,7,8,9,10,11,12,16,17,18 by 30 June 2023	250 km	376.23 km	300 km	373.1 km	Hired plant to assist with the ever-increasing demand	N/A	Measurement reports
BSD 02	12	Number of m^2 potholes repaired in wards 2,3,4,7,10,12,13,14,15 on urban roads by 30 June 2023	2000 m^2	2390.7 m^2	1700 m^2	1729.2m^2	N/A	N/A	Measurement Reports

BSD 03	13	Number of new RDP houses constructed in combined Wards 1, 2, 8,9 , 11, 16,17 and 18 by 30 June 2023	600	693	200	73	It was due to delays not caused by the municipality but by Provincial Department of Human Settlements SCM Processes, subcontracting process and Implementing Agents which was beyond the control of the municipality	The municipality can only request the department of Human Settlements and the Implementing Agents to accelerate processes	Happy letters

BSD 04	14	Number of weekly waste collection in 18 municipal wards (261) by 30 June 2023	261	261	261	261	N/A	N/A	Waste collection plan and register
BSD 05	15	Number of m² of monthly grass-cutting performed in all Wards by 30 June 2023	7 100 458 m²	8 060 394 m²	7,100,458 m²	8122178m²	N/A	N/A	Grass cutting schedules /registers
BSD 06	16	Date of registration of Machibini road linking isithebe in ward 10 and ward 12 by 30 September 2022	New indicator		30-Sep-22	26-Jul-22	N/A	N/A	MIG 1 Form from COGTA MIG-MIS
BSD 06	17	Percentage of completion of construction for DLTC phase 1 to top structure and G7 layer by 30 June 2023	30-Jun-22	Not achieved	80%	94%	Poor performance by Contractor who was initially appointed cited financial challenges was terminated in December 2023 and the municipality had to start the	The municipality to perform the financial risk assessment for all recommended contractors to mitigate the risk of poor performance.	Practical Completion Certificate

							procurement processes again to appoint another contractor to complete the project. The delays were due to the poor performance of the contractor in terms of not meeting deadlines, lack of human resource and financial constraints. There were also delays with procurement processes and	Furthermore, the department will ensure that service providers under Technical Services department are assessed monthly and meet with them monthly through Project Steering Committee meetings. A schedule of meetings of Bid Committees, with	

							after the new service provider was appointed, the project had to be launched and this can delay the commencement of project due to unavailability of leadership	dates & time, will be developed and communicated to all staff. The Council calendar will also include Bid committee meeting dates and time.	
BSD 06	18	Date of registration of rehabilitation of internal roads Ward 15 by 30 September 2022	New indicator		30-Sep-22	27-Sep-22	N/A	N/A	MIG 1 Form from COGTA MIG-MIS
BSD 06	19	Date of road rehabilitation at Manono Road in ward 15 to practical completion by 31 March 2023	New indicator		31-Mar-23	20-Apr-23	The delays were due to the poor performance of	The municipality to perform the financial risk	Practical Completion Certificate

						the contractor in terms of not meeting deadlines, lack of human resource and financial constraints. The project is almost complete therefore terminating the service provider would not make any financial sense to the municipality and time.	assessment for all recommended contractors to mitigate the risk of poor performance. Furthermore, the department will ensure that service providers under Technical Services department are assessed monthly and meet with them	

							on a monthly basis through Project Steering Committee meetings.	
BSD 06		Date of registration of rehabilitation of road and stormwater drainage in ward 13 and 14 by 31 December 2022	New indicator	31-Dec-22	6-Jun-22	N/A	KPI WAS REMOVED DURING ADJUSTMENT	MIG 1 Form from COGTA MIG-MIS
BSD 06	20	Date of construction of Highview and Padianagar Combo Courts and Swimming pool Ward 15 additions by 30 June 2023	New indicator	30-Jun-23	14-Jun-23	N/A	N/A	Practical Completion Certificate
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT								
MFVM 01	21	Number of monthly Section 71 reports compiled and submitted to Treasury by 30 June 2023	12	12	12	12	N/A	N/A	Sec 71 reports/ email / acknowledge of receipt

MFVM 01	22	Date of submission of Section 72 reports to Council by 31 January 2023	25-Jan-22	27-Jan-22	31-Jan-23	26-Jan-23	N/A	N/A	Council resolution
MFVM 01	23	Number of quarterly Section 52 reports compiled and submitted to council by 30 June 2023	4	4	4	4	N/A	N/A	Sec 52 reports
MFVM 01	24	Percentage of operational budget spent by 30 June 2023	100%	109 %	100 %	105%	N/A	N/A	Management account
MFVM 01	25	Date of submission of 2023/24 Mscoa compliant budget to council for adoption by 31 May 2023	31-May-22	31-May-22	31-May-23	31-May-23	N/A	N/A	Council Resolution

MFVM 02	26	Amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2023	R 40 000	R 236 091.02	R40,000	R396,729.53	A number of public participation engagements that occur during the weekends require staff to assist, in some instances the staff are more than what activity of the day	Improve the monitoring of overtime by ensuring that only staff with pre-authorized overtime forms will be allowed to work overtime. Maximize on as few staff members working during the weekends to avoid many people working	Report from finance showing expenditure on overtime

MFVM 06	27	Date of procurement plans for 2023/24 FY approved by Municipal Manager by 30 June 2023	30-Jun-22	Not achieved	30-Jun-23	30-Jun-23	N/A	N/A	Signed procurement Plans
MFVM 06	28	Date of Procurement of equipment for sporting codes by 31 December 2022	New indicator		31-Dec-22	31-Dec-22	N/A	N/A	Copy of delivery note
MFVM 03	29	Date of reviewed budget related policies adopted by Council by 31st May 2023.	31-May-22	31-May-22	31-May-23	31-May-23	N/A	N/A	Council Resolution
MFVM 01	30	Date of submission of 2021/22 Annual Financial Statements and Annual Performance Report to Auditor General by 31 August 2022	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Acknowledgement of receipt by AG
GOOD GOVERNANCE AND PUBLIC PARTICIPATION									

GGP P 01	31	Number of monthly media slots acquired with the national and local radio stations by 30 June 2023	12	59	12	12	N/A	N/A	Reports and Media Clips
GGP P 01	32	Number of quarterly newsletters issued to general public by 30 June 2023	4	4	4	4	N/A	N/A	Copies of newsletters
GGP P 01	33	Number of bi-annual disciplinary Board meetings coordinated by 30 June 2023	2	1	2	2	The disciplinary board was not appointed in the 2nd quarter.	Appointment was done.	Attendance Registers, notice and agenda
GGP P 01	34	Date of presenting 2021/22 draft Annual Report to council by 31 January 2023	New indicator		31-Jan-23	26-Jan-23	N/A	N/A	Council resolution

GGP P 01	35	Date of presenting 2021/22 Annual Report to community by 31 March 2023	31-Mar-22	16-Mar-22	31-Mar-23	8-Mar-23	N/A	N/A	Copy of Annual Report/ Attendance register
GGP P 02	36	Number of quarterly ward committee functionality reports submitted to Council by 30 June 2023	4	2	4	1	The item was taken to the Portfolio Committee and Councillors still need to be workshopped on the functionality of Ward Committee, Ward Committees were refreshed on the functionality in December 2022, however the item didn't go to Council.	The item was taken to Council in the 4th quarter.	Council Resolution

							It only went to the Portfolio where this was raised.		
GGPP 02	37	Number of EXCO meetings coordinated by 30 June 2023	12	9	12	13	A special EXCO meeting had to sit	N/A	Attendance Registers, notice and agenda
GGPP 01	38	Number of Council meetings coordinated by 30 June 2023	10	17	10	13	There was a need for Special Council Meetings to sit in some months.	N/A	Attendance Register, agenda, and notices

GGPP 01	39	Number of quarterly Audit Committee meetings coordinated by 30 June 2023	4	5	4	5	No meeting took place in Q3 due to the lack of quorum on the dates that were proposed	The CAE will circulate the schedule of meetings to the members at the beginning of the financial year.	Attendance Register & Agenda
GGPP 01	40	Number of monthly MANCO meetings held by 30 June 2023	12	12	12	12	N/A	N/A	Attendance Registers
GGPP 01	41	Number of monthly Top MANCO meetings held by 30 June 2023	12	9	12	5	In instances where Snr Management feels that there isn't a need for a Top MANCO meeting to sit, other Council business and engage	N/A	Attendance register

							ments are prioritized.		
GGPP 02	42	Number of quarterly cluster war-rooms reports submitted to EXCO by 30 June 2023	4	1	4	3	The Strategic Support unit didn't have a manager during the 1st quarter and the report wasn't compiled and submitted to EXCO.	The Manager has since been appointed.	Attendance Registers
							N/A	N/A	

GGP P 02	43	Number of quarterly Reports of Local Aids Council submitted to Council by 30 June 2023	4	1	4	3	The Strategic Support unit didn't have a manager during the 1st quarter and the report wasn't compiled and submitted to EXCO.	The Manager has since been appointed.	Council resolution
GGP P 03	44	Number of bi-annual Road Safety Awareness campaign (festive and Easter) conducted by 30 June 2023	2	2	2	2	N/A	N/A	Dated photos, attendance registers stop and check list
GGP P 03	45	Number of bi-monthly road blocks conducted by 30 June 2023	24	28	24	38	N/A	N/A	Attendance register and stop and checklist
GGP P 04	46	Number of artist development programme/talent search conducted by 30 June 2023	1	1	2	2	N/A	N/A	Dated photos, Programme of the Event and Attendance register

GGP P 04	47	Number of bi-annual sports forum held by 30 June 2023	2	2	2	2	N/A	N/A	Dated photos and attendance registers
GGP P 05	48	Number of quarterly Disaster Advisory forum meetings held by 30 June 2023	4	4	4	4	N/A	N/A	Agenda, Minutes and Attendance register
GGP P 05	49	Date of adoption of the 2023/24 IDP, Budget and PMS Process Plan by 31 August 2022	31-Aug-21	29-Jul-22	31-Aug-22	31-Aug-22	N/A	N/A	Council resolution
GGP P O5	50	Number of bi-annual Education forum meetings held by 30 June 2023	2	Not achieved	2	2	N/A	N/A	Agenda, Minutes and Attendance register
GGP P 05	51	Date of approval and adoption of the 2023/24 IDP by Council by 31 May 2023	31-May-22	31-May-22	31-May-23	30-May-23	N/A	N/A	Council resolution
GGP P 04	52	Date of hosting Annual Heritage Parade and Fashion Design show by 30 September 2022	30-Sep-21	30-Sep-21	30-Sep-22	26-Nov-22	N/A	N/A	Dated photos, Programme of the Event and Attendance register

GGPP 04	53	Number of bi-annual digital Mandeni Talent Search Events by 30 June 2023	2	Not achieved	2	2	N/A	N/A	Dated photos, Programme of the Event and Attendance register
GGPP 06	54	Number of quarterly Risk Management Committee meetings coordinated by 30 June 2023	4	4	4	3	A risk committee meeting didn't sit in the 2nd quarter due to capacity in the risk unit.	Manager and Officer were appointed in Q4.	Letter of acknowledgement and risk register
GGPP 06	55	Number of strategic risk mitigation strategies implemented by all HOD's by 30 June 2023	4	4	220	38	Capacity in the Risk Unit in the first, second and third quarters.	Manager and Officer were appointed in Q4.	Quarterly risk mitigation action plan

GGP P 06	56	Number of risk mitigation strategies implemented by OMM Department by 30 June 2023	2	2	36	9	Capacity in the Risk Unit in the first, second and third quarters.	Manager and Officer were appointed in Q4.	Quarterly risk mitigation action plan
GGP P 06	57	Number of consolidated Quarterly Reports on Implementation of Risk Management Action Plans submitted to Risk Management Committee (from CSPSD, EDPHS, TSID, BTO and CSD) by 30 June 2023	2	2	4	2	Capacity in the Risk Unit in the first, second and third quarters.	Manager and Officer were appointed in Q4.	Report on risk management
GGP P 06	58	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2023	3 days	3 days	3 days	3 days	N/A	N/A	Acknowledgement Letters
GGP P 06	59	Number of days for management to respond to request for information and Audit Queries	3 days	3 days	3 days	3 days	N/A	N/A	Tracking Tool

		raised by Auditor General by 31 December 2022							
GGPP 06	60	Percentage of Auditor general queries resolved within a set timeframe by 30 June 2023	100%	100 %	100 %	80%			Quarterly progress reports/ Council resolution
LOCAL ECONOMIC DEVELOPMENT									
LED 02	61	Date of registration bursaries for matriculants and scholarship awards by 31 March 2023	31-Mar-22	23-Feb-22	31-Mar-23	14-Feb-23	N/A	N/A	Attendance register and letters of bursaries awards
LED 03	62	Number of youthful drivers and education programmes conducted by 30 June 2023	1	1	1	1	N/A	N/A	Copies of driver's license
LED 03	63	Date of youth SMME Support programmes workshops conducted by 30 June 2023	30-Jun-22	28-Feb-22	30-Jun-23	09-Jun-23	N/A	N/A	Dated photos and attendance registers
LED 03	64	Number of bi-annual programmes to support Youth Council and Ward Youth Forums by 30 June 2023	1	1	2	2	N/A	N/A	Attendance register

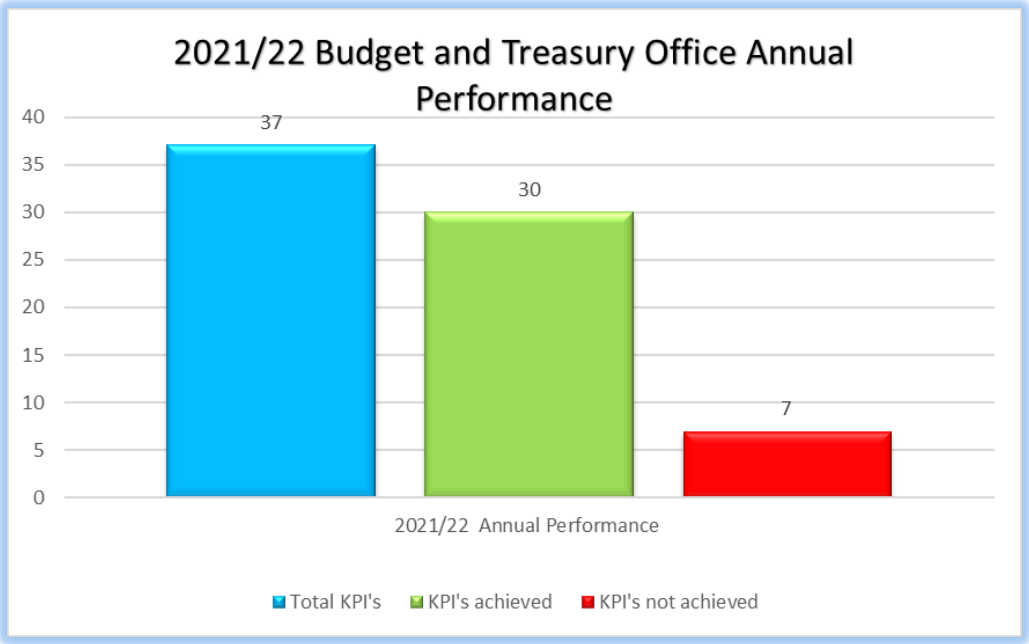
LED 03	65	Date of youth month celebration programmes by 30 June 2023	30-Jun-22	22-Jun-22	30-Jun-23	30-Jun-23	N/A	N/A	Dated photos and attendance register
LED 03	66	Date of Annual Youth Summit Workshop held by 30 June 2023	30-Jun-22	29-Jun-22	30-Jun-23	30-Jun-23	N/A	N/A	Dated photos and attendance register
LED 04	67	Number of quarterly progress reports on jobs created submitted to EXCO by 30 June 2023	4	3	4	4	N/A	N/A	Quarterly progress reports of jobs created and EXCO agenda
LED 04	68	Number of jobs created through implementation of infrastructure projects and Expanded Public Works Programmes by 30 June 2023	650	821	600	684	The increase in the need for job creation.	N/A	Reports
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT									
MTID 01	69	Date of adopting the reviewed policies by council 30 June 2023	30-Jun-22	30-Jun-22	30-Jun-23	31-May-23	N/A	N/A	Council Resolution
MTID 02	70	Date of reviewed and adopted Organogram by council by 31 May 2023	31-May-22	31-May-22	31-May-23	31-May-23	N/A	N/A	Council resolution

MTI D 05	71	Number of quarterly ICT Steering Committee meetings conducted by 30 June 2023	4	4	4	4	N/A	N/A	Agenda, Minutes and Attendance Registers
MTI D 04	72	Date of advertising the 2022/23 SDBIP by 31 July 2022	31-Jul-21	16-Jul-21	31-Jul-22	27-Jul-22	N/A	N/A	Copy of Advert
MTI D 04	73	Number of performance agreements to be signed by 31 July 2022	6	6	6	6	N/A	N/A	Copy of Performance Agreements
MTI D 04	74	Number of Quarterly Organizational PMS Assessment Reports/ Tools submitted to Provincial COGTA and Council by 30 June 2023	4	4	4	4	N/A	N/A	Acknowledgement of receipt by Provincial COGTA
MTI D 04	75	Date of submission of managers performance plans to senior managers by 31 August 2022	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Manager's Performance Plan's

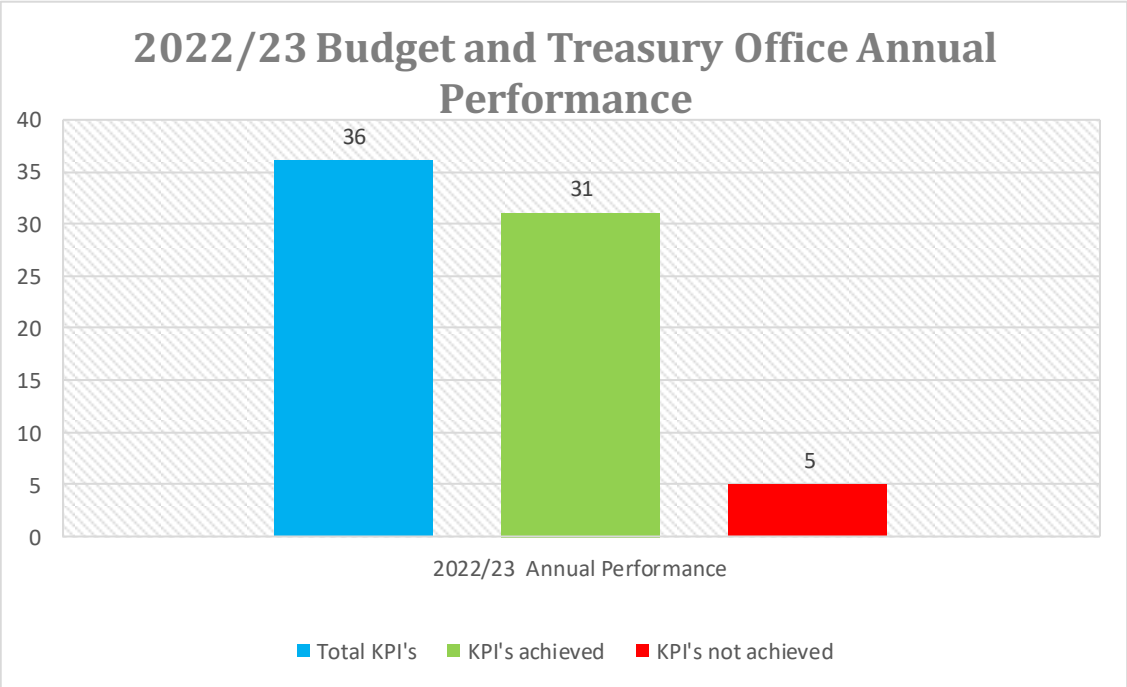
MTID 04	76	Number of monthly progress reports on implementation of performance plans by managers submitted to HOD by 30 June 2023	42	42	59	53	The Communication manager is suspended for entire quarter 3, which reduces progress reports of middle mangers	The OMM need to improvise if the suspended middle managers continue in with suspension in the next quarter, an appointment of acting to the position will permit the progress reports timeously.	PMS monthly performance plans
MTID 04	77	Date of adopting the adjusted scorecards by 28 February 2023	28-Feb-22	28-Feb-22	28-Feb-23	28-Feb-23	N/A	N/A	Council Resolution

BUDGET AND TREASURY OFFICE

The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No. 56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and to perform budgeting, accounting, analysis, financial reporting cash management, debt management, supply chain management, financial management, review and other duties. Below are the graphs representing the performance of the Budget and Treasury Office in the 2021/22 and 2022/23 financial years.



	Number of KPI's	Percentage of KPI's
Total KPI's	37	100%
KPI's achieved	30	81%
KPI's not achieved	7	19%



	Number of KPI's	Percentage of KPI's
Total KPI's	36	100%
KPI's achieved	31	86%
KPI's not achieved	5	14%

The Budget and Treasury Office had a total of 36 KPIs. The department achieved 31 of the targets and 75 targets were not achieved. This translates to an achievement of 86 % in this department for the 2022/23 Financial Year.

2022/23 BUDGET AND TREASURY OFFICE SCORECARD										
IDP POE REF	**KPI NO.**	**Key performance indicator 2022/23**	**2021/22**		**2022/23**		**REASON FOR VARIANCE**	**CORRECTIVE MEASURE**	**Portfolio of Evidence**	**Responsible person**
			TARGET	**ACTUAL**	**TARGET**	**ACTUAL**				
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MFVM 01	**1**	Number of monthly section 71 reports compiled and submitted to NT and FPC by 30 June 2023	12	12	12	12	N/A	N/A	Section 71 Reports	CFO
MFVM 01	**2**	Date of section 72 reports submitted to Council by 25 January 2023	25-Jan-22	27-Jan-22	25-Jan-23	26-Jan-23	N/A	N/A	Council Resolution	CFO
MFVM 01	**3**	Number of quarterly section 52 reports compiled and submitted to council by 30 June 2023	4	4	4	4	N/A	N/A	Council Resolution/ Section 52(d) Report	CFO

MFVM 01	**4**	Percentage of operational budget spent by 30 June 2023	100%	78%	100%	78%	Variance is due to non-cash items (Debt Impairment and Depreciation) which have not been calculated as we are busy with year-end processes. These items actual year to date have an impact on AFS for year end 2022/23 financial year. This is still under work in progress	Processing of calculation for Debt Impairment and Depreciation for the month of June 2023	Management account/ C Schedule	CFO
MFVM 02	**5**	Date of tabling 2022/23 adjustment budget to council for adoption by 28 February 2023	28-Feb-22	24-Feb-22	28-Feb-23	28-Feb-23	N/A	N/A	Council resolution/ Agenda	CFO

MFV M 03	**6**	Date of reviewed Budget Related Policies adopted by Council by 31 May 2023	31-May-22	31-May-22	31-May-23	31-May-23	N/A	N/A	Council Resolution	CFO
MFV M 04	**7**	Number of unauthorized, irregular, fruitless, and wasteful expenditure (UIFW) registers submitted to FPC, MPAC, Council and EXCO by 30 June 2023	4	4	4	4	N/A	N/A	Copies of UIFW registers and proof of submission to FPC, MPAC, Council and EXCO	CFO
MFV M 01	**8**	Percentage spent quarterly on all BTO conditional grants as per terms and conditions by 30 June 2023	100%	100%	100%	100%	N/A	N/A	Grant Register and Management Account	CFO
MFV M 04	**9**	Percentage of invoices paid within 30 days from the receipt by creditors by 30 June 2023	95%	99%	95%	100%	N/A	N/A	Creditors age analysis	CFO

MFVM 04	**10**	Number of quarterly physical assets verification performed and update asset register by 30 June 2023	4	4	4	4	N/A	N/A	Asset Reconciliation.	CFO
MFVM 05	**11**	Date of approved indigent debtors billed with allocation of free basic services by 31 May 2023	31-May-22	31-May-22	31-May-23	31-May-23	N/A	N/A	Indigent register	CFO
MFVM 05	**12**	Percentage of quarterly debt collected by 30 June 2023	60%	80%	60%	80%	N/A	N/A	Circular 71 Uniform financial ratios and Norms	CFO
MFVM 06	**13**	Number of days taken to finalize procurement processes for tenders within R30 000-R200 000k by 30 June 2023	14 days	21 days	14 days	19 days	The delays in awarding was mainly caused by depletion of budget provisions and time taken by user departments to transfer funds or	The user departments must be given the first 10 months of the FY to request all goods & services in excess of R30	Quotation register, purchase order	CFO

							identify alternative votes. Also, the high volume of requisitions below R30 000.00 resulted in SCM officials dedicating the majority of efforts in processing these as they are urgently required for day-to-day activities by the Municipality	000. This will ensure that no requisitions are raised in May whereas the budget provisions have been depleted and sufficient funds are no longer available to conclude the procurement. A memo will be sent to Manco by end of July 2023 informing them of this resolution.		

MFV M 06	**14**	Percentage of tenders (above 200k) awarded within 90 calendar days from the closing date of receiving tenders by 30 June 2023	100%	100%	100%	100%	N/A	N/A	Tender advert and Appointment letters and registers	CFO
MFV M 06	**15**	Number of quarterly contract and commitment register update performed and reported to EXCO by 30 June 2023	4	4	4	4	N/A	N/A	Contract register	CFO
MFV M 01	**16**	Ratio of cash and cost coverage sustained quarterly as per norm by 30 June 2023	1:3 (Months)	1:8 (Months)	1:3 (months)	1:9 (months)	N/A	N/A	C-Schedule /Ratios	CFO
MFV M 01	**17**	Percentage of the treasury department capital Budget Spent by 30 June 2023	100%	83%	100%	91%	The department budgeted to procure Container- Store Room Asset Manage	There were saving in relation to the procurement of this item under capital	C- Schedule	

							ment. Variance is due to the fact that budget allocated for this item was R85 thousand (exlc Vat) whereas container was actual procured for R77 thousand which resulted in saving of R8 thousand.	budget		
MFVM 01	**18**	Date of submission of 2022/23 Mscoa compliant budget to council for adoption by 31 May 2023	31-May-22	31-May-22	31-May-23	31-May-23	N/A	N/A	Council Resolution Budget Adjustment, Final Budget Adverts SDBIP	CFO
MFVM 01	**19**	Date of submission of GRAP compliant 2021/22 AFS to AG by 31 August 2022	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Acknowledgement by AG	CFO

MFVM 02	**20**	Date of submission 2021/22 mid-term AFS to audit committee by 31 March 2023	31-Mar-22	31-Mar-22	31-Mar-23	Not achieved	Mid-term AFS were not done we are still strugglin g in terms of capacity to prepare it.	Mid-term AFS were not submitted as the department did not have capacity through trainings to draft these AFS internally. However, we have engaged CASEWARE (main system vendor) to provide an in-source training within BTO staff (Manager Budget and Senior Accountant Asset & AFS) Once training has been conducted to	Attendance register	CFO

								staff the department will ensure that AFS are drafted on a quarterly basis.		
MFVM 02	**21**	Number of quarterly progress reports on implementation of 2021/22 procurement plans submitted to MANCO by 30 June 2023	4	4	4	4	N/A	N/A	Report on implementation of procurement plan	CFO
MFVM 02	**22**	Amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2023	R 30 000	R 32 149	R50,000	R52,253	N/A	N/A	Report from finance showing expenditure on overtime	CFO
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGPP 01	**23**	Number of quarterly audit and performance audit committee meetings attended	4	**4**	4	5	No meeting took place in Q3 due to the lack of quorum on the dates	The CAE will circulate the schedule of meetings to the members at the	Attendance Registers	CFO

		by 30 June 2023					that were propose d	beginnin g of the financial year.		
GGPP 01		Number of quarterly MPAC meetings attended by 30 June 2023	4	4	KPI removed during adjustment		N/A	N/A	Attendance Registers	CFO
GGPP 02	**24**	Number of quarterly reports for cluster war-rooms submitte d to OMM by 30 June 2023	4	2	4	4	N/A	N/A	Attendance Registers and quarterly war-rooms reports	CFO
GGPP 02		Number of quarterly participati ons in district IGR meetings attended by 30 June 2023	4	3	KPI removed during adjustment		N/A	N/A	Attendance registers	CFO
GGPP 05	**25**	Date of adoption of the 2023/24 IDP, Budget and PMS Process	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Council Resolution	CFO

		Plan by 31 August 2022								
GGPP 05	**26**	Number of quarterly Performance reports submitted to Finance Portfolio Committee by 30 June 2023	4	4	4	4	N/A	N/A	Minutes of Finance Portfolio committee	CFO
GGPP 06	**27**	Number of risk mitigation strategies implemented by BTO Department by 30 June 2023	5	5	5	5	N/A	N/A	Quarterly risk mitigation action plan	CFO
GGPP 06	**28**	Percentage of AG queries resolved by management by 31 December 2022	100%	79%	100%	100 %	N/A	N/A	Tracking tool	CFO
GGPP 06	**29**	Percentage of AG queries in the AG Action Plan resolved by Management by 30 June 2023	New Indicator		100%	80%	Non-compliance with the section 116 of MFMA - Contract Memo's where less than 3 quotations were	The finding remains; however, we can confirm that there has been improvement in reducing	AG action plan	CFO

						received for Q4 have not been submitted.	these SLA which were not signed by the Accounting Officer. Further to that we are still going to engage MM and Manager Legal to try and fast track this process of signing SLA. The department is busy attending to this finding by retrieving these MEMO and they will be submitted to Internal Audit.		

GGPP 06	**30**	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2023	3 days	3 days	3 days'	3 days'	N/A	N/A	Acknoweledgement Letters	CFO
GGPP 06	**31**	Number of risk progress reports submitted to risk management unit by 30 June 2023	New Indicator		4	4	N/A	N/A	Quarterly risk mitigation reports and RM Committee minutes	CFO
GGPP 06	**32**	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2022	3 days	3 days	3 days'	3 days'	N/A	N/A	Tracking Tool	CFO
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										

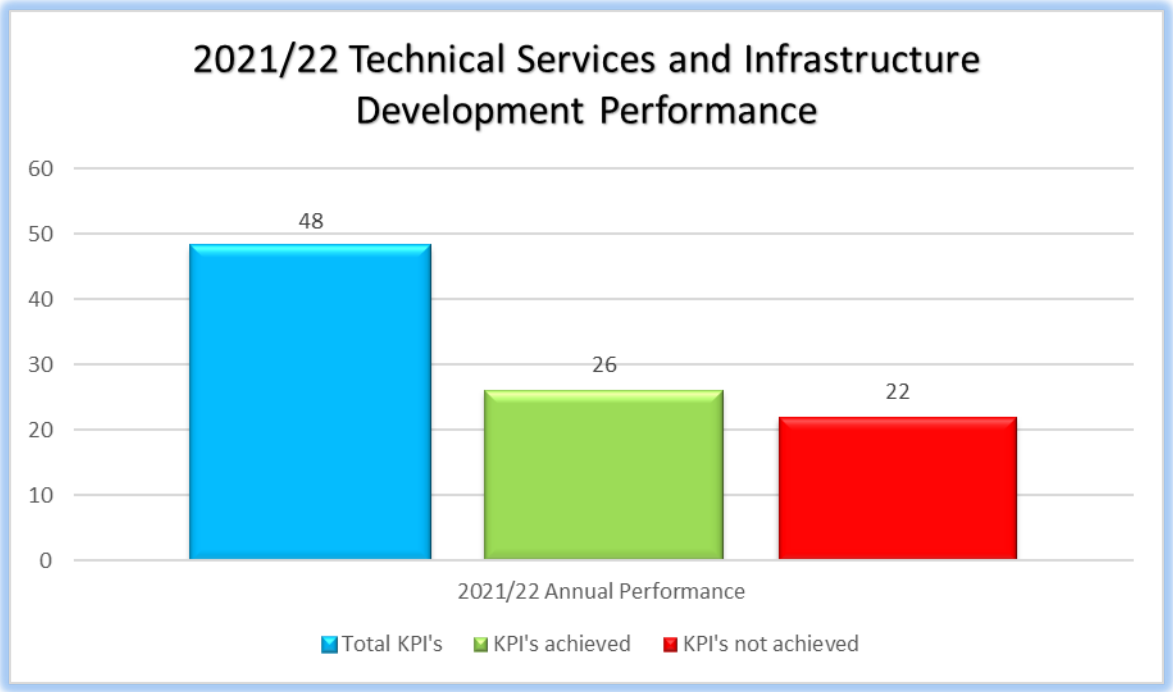
MTID 04	**33**	Date of submission of the departmental Organogram to Corporate Services Department for inclusion in the overall municipal organogram by 28 Feb 2023	28-Feb-22	31-Mar-22	28-Feb-23	30-Mar-23	N/A	N/A	Draft Organogram and Transmittal to CS/ Council resolution	CFO
MTOD 04	**34**	Date of submission of managers performance plans to HOD's by 31 August 2022	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Manager's Performance Plan's	CFO
MTID 04	**35**	Number of progress reports on implementation of performance plans by managers submitted to HOD's by 30 June 2023	36	36	36	36	N/A	N/A	PMS monthly progress reports	CFO
LOCAL ECONOMIC DEVELOPMENT										

LED 03	**36**	Percentage of procurement awarded to designated sectors i.e., youth, women and disabled by 30 June 2023	10%	26%	10%	27%	N/A	N/A	Analysis report of 45% of awards made to youth, women and disabled	CFO

TECHNICAL SERVICES AND INFRASTRUCTURE DEVELOPMENT

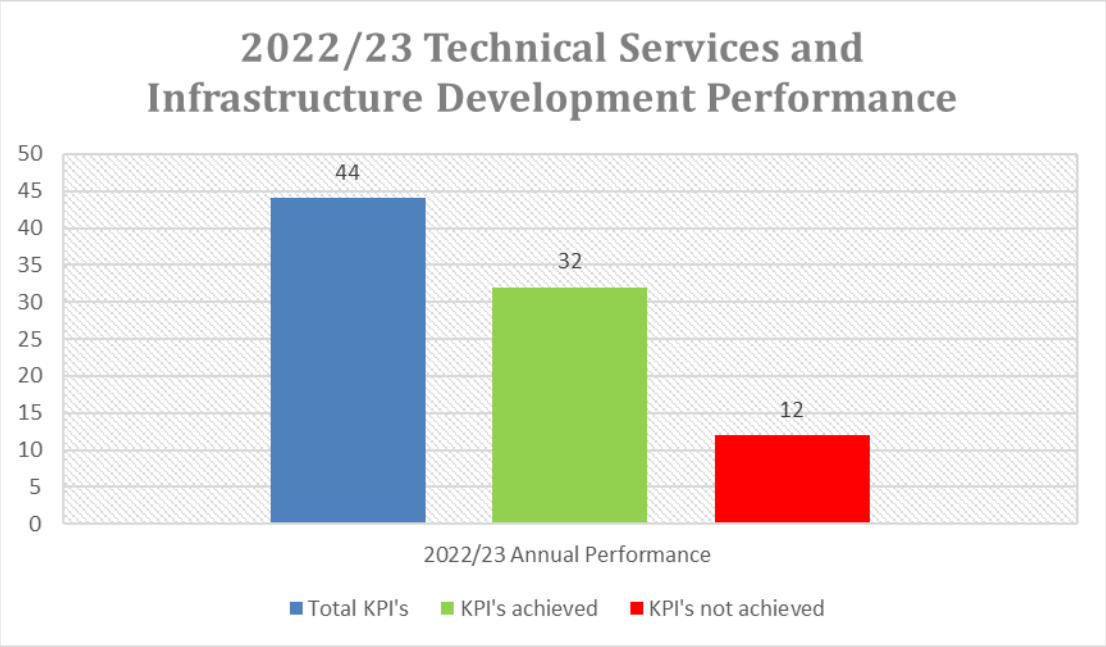
The Technical Services Department is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- Technical Administration/Planning and Projects (PMU);
- Roads and Storm Water Repairs and Maintenance;
- Municipal Buildings Repairs and Maintenance (Works);
- Electricity Distribution, Street Lighting, Installation and Mechanical Workshop. Below are the graphs representing the performance of the Technical Services and Infrastructure Development Department in the 2021/22 and 2022/23 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	48	100%
KPI's achieved	26	54%

KPI's not achieved	22	46%



	Number of KPI's	Percentage of KPI's
Total KPI's	44	100%
KPI's achieved	32	73%
KPI's not achieved	12	27%

2022/23 TECHNICAL SERVICES AND INFRASTRUCTURE SCORECARD

IDP REF	KPI NO	Key performance indicator (KPI)	2021/22		2022/23		Reason for variance	Corrective measure	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY										
BSD 01	**1**	Number of households to be provided with electrification infrastructure (Dry Connections) in Dendethu / Wetane Project - Ward 5 and ready to be energised by 30 June 2023	170	0	108	108	N/A	N/A	Signed progress report from consultant	5
BSD 01	**2**	Number of households to be provided with electrification infrastructure (Dry Connections) in	New indicator		100	70	The target for this KPI was set for 30 June 2023 and Technical Services	A schedule of meetings of Bid Committees, with dates & time, will be developed and communicated		5

		Emhlangeni in Ward 5 and ready to be energised by 30 June 2023					department commenced with procurement processes in November 2022 by compiling and submitting the bid document to Supply Chain Management Unit and Bid Specifications Committee. The delays were caused by non-sitting of bid committee to finalize the award of tender.	to all staff including SCM officials and bid committee members. The Council calendar will also include Bid committee meeting dates and time		
BSD 01		Number of households to be provided with electrification infrastructure (Dry Connections) in Masomonco in Ward 10 and ready to be energised by 30 June 2023			KPI REMOVED AFTER ADJUSTMENT					10
BSD 01	**3**	Number of households to be provided with electrification infrastructure (Dry Connections) in eHlanzeni ward 7 and ready to be energised by 31 March 2023	100	0	100	105	N/A	N/A	Signed progress report from consultant	7
BSD 01	**4**	Number of households to be provided with electrification infrastructure (Dry Connections) in Okhovothi Ward 12 and ready to be energised by 30 June 2023	100	0	105	43	1. Poor performance by Contractor who was initially appointed cited financial challenges was terminated and the municipality had to start the procurement processes again to	The municipality to perform the financial risk assessment for all recommended contractors to mitigate the risk of poor performance. Furthermore, we will ensure that service providers under Technical Services		12

							appoint another contractor to complete the project. 2. The target for this KPI was set for 30 June 2023 and Technical Services department commenced with procurement processes in November 2022 by compiling and submitting the bid document to Supply Chain Management Unit and Bid Specification s Committee. 3. There were also delays with procurement processes and after the new service provider was appointed, the project had to be launched and this can delay the commencem ent of project due to unavailability of leadership for the launch.	department are assessed monthly and meet with them monthly through Project Steering Committee meetings. A schedule of meetings of Bid Committees, with dates & time, will be developed and communicated to all staff including SCM officials and bid committee members. The Council calendar will also include Bid committee meeting dates and time		
BSD 01		Number of households to be provided with electrification infrastructure (Dry Connections) in Okhovothi Phase 2 Ward 12 and ready to be energised by 30 June 2023			KPI REMOVED AFTER ADJUSTME NT					12

BSD 01	**5**	Date of appointing a Contractor for Khenana Phase 5 electrification project by 30 June 2023	New indicator	30-Jun-23	6-Jun-23	N/A	N/A	Provisional award letter	10
BSD 01	**6**	Date of appointing a Contractor for Mantshangula/Mhlubulweni electrification project by 30 June 2023	New indicator	30-Jun-23	Not Achieved	This project is funded through Massification grant. This KPI was added during mid-year adjustment since massification grant was only received in November 2022. Prior to commencement of procurement processes for electrification projects, a Memorandum of understanding (MOU) is entered into between the municipality and ESKOM and this causes the delays since the municipality has to wait for the MOU from ESKOM hence the delays in appointing the contractor which were beyond the control of the municipality.	The municipality can only write to ESKOM and request acceleration of signing of MOU.	Provisional award letter	2, 9
BSD 01	**7**	Date of presenting the bid document for the installation of phase 1 streetlights project between P415 and P459 entrance town ward 3 to Bid Specifications Committee by	New indicator	30-Jun-23	30-Jun-23		The project will be advertised by SCM as soon as the budget for the new financial year is approved and ready to be utilized	Tender Document + Advert	3

		30 June 2023								
BSD 01	**8**	Date of installation of high mast lights in wards 3,5,9,11 and 12 by 30 June 2023. (Six high mast in total with ward 12 having two)	New indicator		30-Jun-23	30-Jun-23	N/A	N/A	Signed progress report by consultant	3,5,9,11,12
BSD 02	**9**	Date of construction of Community Hall in Ward 13 to practical completion stage by 30 September 2022	31-Mar-22	Not achieved	30-Sep-22	22-Aug-22	N/A	N/A	Practical Completion Certificate	13
BSD 02	**10**	Date of registration of upgrade and Improvement of Bumbanani Road on MIG system by 31 December 2022	31-Mar-22	30-Jun-22	31-Dec-22	5-Dec-22	N/A	N/A	MIG 1 Form from COGTA MIG-MIS	13,14,15
BSD 02	**11**	Date of upgrade of Rural Roads Phase 4(b) - in Ward 6 to practical completion stage (construction of 980m G7 and G4 material) by 30 September 2022	New indicator		30-Sep-22	5-Aug-22	N/A	N/A	Practical Completion certificate	6

BSD 02	**12**	Date of road rehabilitation at Manono road in ward 15 to practical completion (Construction of 900m G7, C4, G2 and 30mm Asphalt) by 31 March 2023	31-Dec-21	13-Oct-21	31-Mar-23	20-Apr-23	The delays were due to the poor performance of the contractor in terms of not meeting deadlines, lack of human resource and financial constraints. The project is almost complete therefore terminating the service provider would not make any financial sense to the municipality and time.	The municipality to perform the financial risk assessment for all recommended contractors to mitigate the risk of poor performance. Furthermore, the department will ensure that service providers under Technical Services department are assessed monthly and meet with them on a monthly basis through Project Steering Committee meetings.	Practical Completion Certificate	15
BSD 02	**13**	Number of m^2 potholes repaired in wards 2,3,4,7,10,12,13, 14,15 on by 30 June 2023	2000 m²	2390.7m²	1700 m²	1729.2m²	N/A	N/A	Measurement Reports	2,3,4,7,10,12, 13,14,15.
BSD 02	**14**	Number of metres of guard rails to be constructed in wards 7 and 12 by 30 June 2023	300 m	0 m	300m	150 m	The department made timely submission of requisition to SCM Unit however there were delays in finalizing the appointment process on the side of SCM due to limited capacity.	A schedule of meetings of Bid Committees, with dates & time, will be developed and communicated to all staff including SCM officials and bid committee members. The Council calendar will also include Bid committee meeting dates and time Continuous engagement with Corporate Services to fast-track recruitment processes for critical posts.	Completion Certificate	7,12

BSD 02	**15**	Number of metres of kerbs and concrete channel to be constructed in wards 2,3 and 12 by 30 June 2023	250 m	0 m	250m	250 m	N/A	N/A	Completion Certificate + Measurement report	2,3,12
BSD 02	**16**	Number of headwalls to be constructed in wards 1,2,5,6,8,9,10,11,12,16,17,18 by 31 March 2023	10	16	10	10	N/A	N/A	Completion Certificate	1,2,5,6,8,9,10,11,12,16,17,18.
BSD 02	**17**	Number of kilometres of gravel roads maintained in-house in wards 1,2,4,5,6,7,8,9,10,11,12,16,17,18. by 30 June 2023	250 km	376.23 km	300 km	373.1km	Hired plant to assist with the ever-increasing demand.		Measurement Reports	1,2,4,5,6,7,8,9,10,11,12,16,17,18.
BSD 02	**18**	Number of speed humps constructed in wards 3,7,13,14,15 by 30 June 2023	25	25	25	25	N/A	N/A	Completion Certificate	3,7,13,14,15.
BSD 02	**19**	Date of Installation of 30 road signs and repainting of 15km of road markings to be completed in wards 3,4,7,13,14,15 by the 30 June 2023	31-Mar-22	Not achieved	30-Jun-23	Not Achieved	The department made timely submission of requisition to SCM Unit however there were delays in finalizing the appointment process on the side of SCM due to limited capacity.	Continuous engagement with Corporate Services to fast-track recruitment processes for critical posts. A schedule of meetings of Bid Committees, with dates & time, will be developed and communicated to all staff. The Council calendar will also include Bid committee meeting dates and time.	Completion Certificate	3,4,7,13,14,15.
BSD 02	**20**	Date of registration of Machibini road linking isithebe in ward 10 ad ward 12 by 30 September 2022	New indicator		30-Sep-22	26-Jul-22	N/A	N/A	MIG 1 Form from COGTA MIG-MIS	10,12

BSD 06	**21**	Date of presenting the bid document for the construction of sports field in Hlomendlini in Ward 4 to Bid Specifications Committee by 30 September 2022	30-Jun-22	Not achieved	30-Sep-22	28-Sep-22	N/A	N/A	Tender Advert	4
BSD 06	**22**	Date of registration of rehabilitated internal roads Ward 15 by 30 September 2022	New indicator		30-Sep-22	27-Sep-22	N/A	N/A	MIG 1 Form from COGTA MIG-MIS	15
BSD 02		Date of registration of rehabilitation of road and stormwater drainage in ward 13 and 14 by 31 December 2022	New indicator		31-Dec-22	6-Jun-22	N/A	KPI was removed during the adjustment	MIG 1 Form from COGTA MIG-MIS	13, 14
BSD 06	**23**	Percentage of completion of construction for DLTC phase 1 to top structure and G7 layer by 30 June 2023	N/A	N/A	80%	94%	Poor performance by Contractor who was initially appointed cited financial challenges was terminated in December 2023 and the municipality had to start the procurement processes again to appoint another contractor to complete the project. The delays were due to the poor performance of the contractor in terms of not meeting deadlines, lack of human resource and financial constraints. There were also delays	The municipality to perform the financial risk assessment for all recommended contractors to mitigate the risk of poor performance. Furthermore, the department will ensure that service providers under Technical Services department are assessed monthly and meet with them monthly through Project Steering Committee meetings. A schedule of meetings of Bid Committees, with dates & time, will be developed and communicated to all staff. The Council calendar will also include Bid committee	Signed progress report by consultant	3

							with procurement processes and after the new service provider was appointed, the project had to be launched and this can delay the commencement of project due to unavailability of leadership.	meeting dates and time.		
BSD 06	**24**	Date of construction of Highview and Padianagar Combo Courts and Swimming pool Ward 15 additions by 30 June 2023	New indicator		30-Jun-23	14-Jun-23	N/A	N/A	Practical Completion Certificate	3,4,15
		Date of construction of bus shelters in ward 7,14,15 by 30 June 2023	New indicator		30-Jun-23	N/A		KPI REMOVED AFTER ADJUSTMENT	Practical Completion Certificate	7,14,15
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MFVM 02	**25**	Amount of overtime expenditure kept within the allocated budget on a quarterly basis by 30 June 2023	R 350 000	R 419 117.73	R350 000	R398,701	The overtime was exceeded due to unplanned overtime in electricity unit and mechanical unit since both these units are expected to work overtime due to their nature especially overtime that is unplanned. There are several call outs that had to be attended by officials under electricity unit and breakdowns that had to be attended	No overtime is worked and claimed without prior authorization of director. The department will encourage staff members to take time off instead of paid overtime. Managers are also responsible for ensuring close monitoring of overtime and restricting the usage of planned overtime.	Report from finance showing expenditure on overtime	N/A

							by mechanics which contributed to acceleration of overtime.			
MFVM 06	**26**	Date of completing draft Departmental Budget estimate document by 31 March 2023	31-Mar-22	10-Mar-22	31-Mar-23	28-Feb-23	N/A	N/A	Draft budget estimate document	N/A
MFVM 01	**27**	Percentage of expenditure on INEP funding by 30 June 2023	100 %	41%	100%	89%	1. The delays were caused by termination of service provider for Dry Connections in Okhovothi Ward 12 project. A contractor who was initially appointed cited financial challenges was terminated and the municipality had to start the procurement processes again to appoint another contractor to complete the project. 2. The target for this KPI was set for 30 June 2023 and Technical Services department commenced with procurement processes in November 2022 by compiling and submitting the bid document to Supply Chain Management	The municipality to perform the financial risk assessment for all recommended contractors to mitigate the risk of poor performance. Furthermore, we will ensure that service providers under Technical Services department are assessed monthly and meet with them monthly through Project Steering Committee meetings.	Signed Report of Expenditure by the Department	N/A

							Unit and Bid Specifications Committee. 3. There were also delays with procurement processes and after the new service provider was appointed, the project had to be launched and this can delay the commencement of project due to unavailability of leadership			
MFVM 01	**28**	Percentage of operational budget spent by 30 June 2023	100 %	90%	100%	104 %	N/A	N/A	Management account	N/A
MFVM 01	**29**	Percentage of expenditure on MIG funding by 30 June 2023	100 %	100%	100%	100 %	N/A	N/A	MIG Certificate of Expenditure and revenue	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGPP 01	**30**	Number of quarterly audit and performance committee meetings attended by 30 June 2023	4	4	4	5	No meeting took place in Q3 due to the lack of quorum on the dates that were proposed	The CAE will circulate the schedule of meetings to the members at the beginning of the financial year.	Attendance registers	N/A
GGPP 02	**31**	Number of quarterly cluster war-rooms reports submitted to OMM by 30 June 2023	3	Not achieved	4	1	There was a lack of proper coordination between responsible managers, ward councilor and public participation office where there was no annual schedule of meetings for war rooms which was developed	1. The department will engage the office of public participation to assist with sharing the annual schedule with the dates and times for all the war room meetings in a financial year 2. Managers under Technical Services	Attendance registers	N/A

							and circulated to Technical Services department by the Office of the Municipal Manager under public participation unit.	Department will then compile detailed reports for their respective clusters after each meeting and submit it to public participation office for actioning.		
GGPP 05	**32**	Number of Performance reports submitted to TSID Portfolio Committee by 30 June 2023	3	3	4	4	N/A	N/A	Minutes of TSID Portfolio committee	N/A
GGPP 06	**33**	Number of risk mitigation strategies implemented by Technical Services 30 June 2023	1	1	10	10	N/A	N/A	Quarterly risk mitigation action plan	N/A
GGPP 06	**34**	Number of risk progress reports submitted to risk management unit by 30 June 2023	4	4	4	2	In quarter one there was no risk mitigation strategies implemented since the risk registers were not finalized due to vacancies in the Risk Officer position and Risk Manager to co-ordinate risk management activities.	Continuous engagement with Corporate Services to fast-track recruitment processes for critical posts	Quarterly risk mitigation reports and RM Committee minutes	N/A
GGPP 06	**35**	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2023	3 days	3 days	3 days'	3 days'	N/A	N/A	Acknowledgement Letter	N/A
GGPP 06	**36**	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2022	3 days	3 days	3 days'	3 days'	N/A	N/A	Acknowledgement Letter	N/A
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										

MTID 02	**37**	Date of submission of the departmental Organogram to Corporate Services Department for inclusion in the overall municipal organogram by 28 Feb 2023	28-Feb-22	31-Mar-22	28-Feb-23	31-Mar-23	N/A	N/A	Draft Organogram and Transmittal to CS/ Council resolution	N/A
MTID 06	**38**	Date of workshop extension at Technical Services to completion stage by 30 June 2023	50 %	Not achieved	30-Jun-23	Not Achieved	The target for this KPI was set for 30 June 2023 and Technical Services department commenced with procurement processes by compiling and submitting the bid document to Supply Chain Management Unit and Bid Specifications Committee. The delays were caused by non-sitting of bid committees to finalize the award of tender.	A schedule of meetings of Bid Committees, with dates & time, will be developed and communicated to all staff. The Council calendar will also include Bid committee meeting dates and time	Practical Completion Certificate	3
MTID 06	**39**	Number of Municipal Plant and Equipment Serviced by 30 June 2023	6	4	6	4	Incapacity in the unit due to human resources led to delays in the servicing of the municipal plant and equipment. Both the Superintended and mechanic were suspended during the financial year and have subsequently dismissed which negatively	Technical Services department will engage corporate services to accelerate the filling of vacancies Legal and Labour Relations unit to assist in fast tracking the finalization of cases	Job Cards signed by Mechanic	N/A

							affected the performance of the department. Superintend Roads and Stormwater, who was appointed on an acting capacity in this unit, was also suspended during financial year and investigation is still on going.			
MTID 06	**40**	Number of Municipal Truck's COF and serviced by 30 June 2023	12	10	12	5	Incapacity in the unit due to human resources led to delays in the servicing of the municipal plant and equipment. Both the Superintended and mechanic were suspended during the financial year and have subsequently dismissed which negatively affected the performance of the department. Superintend Roads and Stormwater, who was appointed on an acting capacity in this unit, was also suspended during financial year and investigation is still on going.	Technical Seervices department will engage corporate services to accelerate the filling of vacancies Legal and Labour Relations unit to assist in fast tracking the finalization of cases	COF Certificate with Job Card	N/A

MTID 04	**41**	Date of submission of manager's performance plan to HOD by 31 August 2022	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Signed Manager's Performance Plan	N/A
MTID 04	**42**	Number of monthly progress reports on implementation of performance plans by managers submitted to HOD's by 30 June 2023	13	13	24	24	N/A	N/A	Monthly performance report	N/A
LOCAL ECONOMIC DEVELOPMENT										
LED 04	**43**	Date of ensuring that project implementation includes employment of local labour as and when projects are implemented by 30 June 2023	30-Jun-22	30-Jun-22	30-Jun-23	30-Jun-23	N/A	N/A	Labour reports for projects under construction.	N/A
LED 06	**44**	Date of ensuring that all qualifying tender specifications provide for subcontracting opportunities for emerging local contractors as and when a tender document is being compiled by 30 June 2023	30-Jun-22	30-Jun-22	30-Jun-23	30-Jun-23	N/A	N/A	Copy of the signed/ published tender advert.	N/A

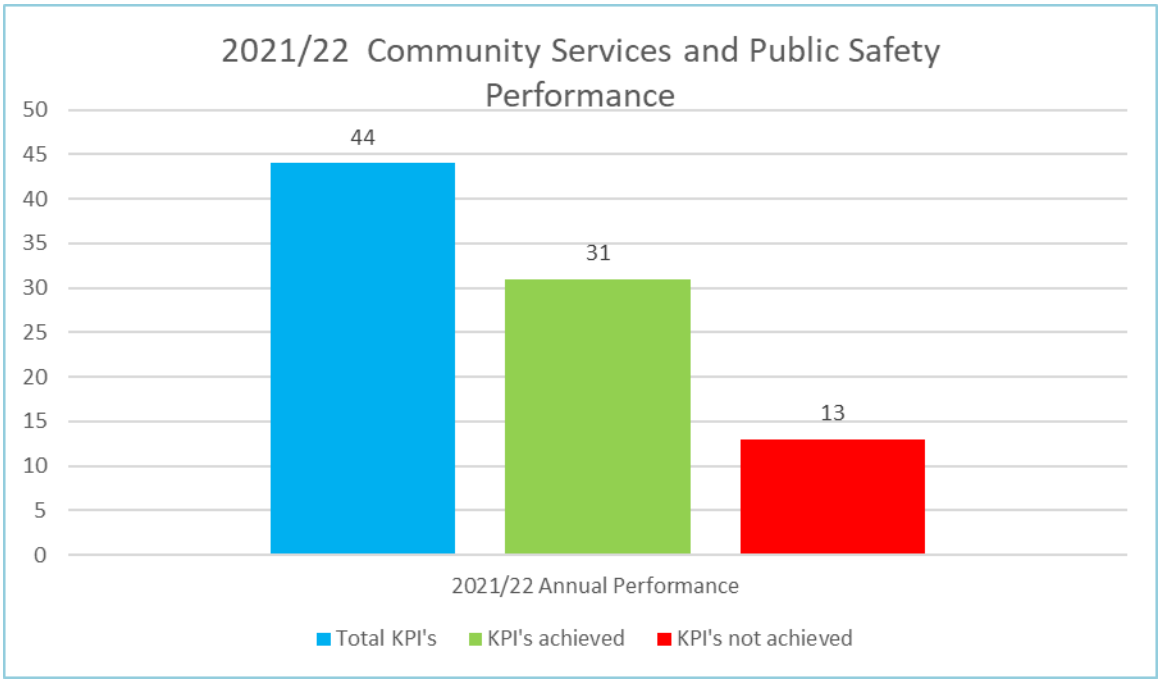
COMMUNITY SERVICES AND PUBLIC SAFETY

The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections:

- Library Services;

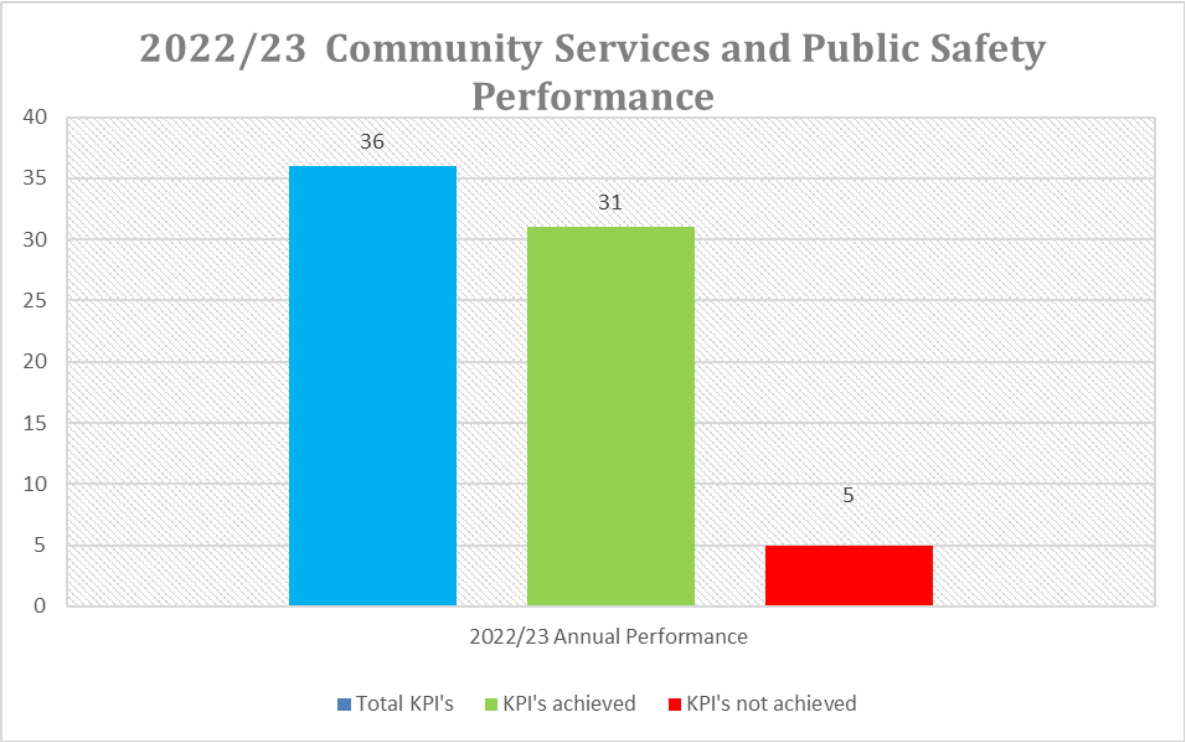
- Parks, Verges and Gardens Community Facilities; Community Development;
- Public Safety
- Fire and Rescue Services and Disaster Management;
- Security Services;
- Cemeteries & Crematoria;
- Waste Management.

Below are the graphs representing the performance of the Community Services and Public Safety Department during the 2021/22 and 2022/23 financial years.



	Number of KPI's	Percentage of KPI's
Total KPI's	44	100%
KPI's achieved	31	70%
KPI's not achieved	13	30%

The Community Services and Public Safety Department has a total of 44 KPI's. 31 KPI's were achieved. And 13 KPI's were not achieved. This resulted in an 76% achievement for the department.



	Number of KPI's	Percentage of KPI's
Total KPI's	36	100%
KPI's achieved	31	86%
KPI's not achieved	5	14%

The Community Services and Public Safety Department has a total of 36 KPI's in the 2022/23 financial year. 31 KPI's were achieved. And 5 KPI's were not achieved. This resulted in 86 % achievement for the department.

2022/23 COMMUNITY SERVICES AND PUBLIC SAFETY SCORECARD										
IDP/ POE REF	**KPI NO**	**Key performance indicator**	**2021/2022**		**2022/23**		**Reason for Variance**	**Challenges / Corrective Measures**	**Portfolio of Evidence**	**Ward**
			Target	**Actual**	**Target**	**Actual**				
BASIC SERVICE DELIVERY										
BSD 04	**1**	Number of times waste collected weekly at Tugela Mouth Beach, Tugela Mouth Village North bound, Renckens, Dark city, Qhib'khowe, Bhidla, Gcaleka, Thokoza, Majuba and households from sondoni traffic robot to Sibusisiwe CH (wards 2, 7 & 15) by June 2023 (MONDAYS)	52	52	52	52	N/A	N/A	Waste collection plan and register	2,7 & 15

BSD 04	**2**	Number of times waste collected weekly at Renckens, Ireland, White City, Red Hill, Chappies and Sikhalambazo (wards 7, 13 & 14) by 30 June 2022 (TUESDAYS)	52	52	52	52	N/A	N/A	Waste collection plan and register	7, 13 & 14
BSD 04	**3**	Number of times waste collected weekly at Mandeni and Sappi Village, Renckens and Khenan Area (wards 3, 7 & 10) by 30 June 2023 (WEDNESDAYS)	52	52	52	52	N/A	N/A	Waste collection plan and register	3, 7 & 10

BSD 04	**4**	Number of times waste collected weekly at Tugela, Tugela Mouth Village, South Bound, Newark, New Town, Padianagar, Ematankeni, Ehholo, Ebhokisini, Skhephekhepheni, Ezinsimbini, Nova Farm and renckens (wards 4 & 7) by 30 June 2023 (THURSDAYS)	53	53	52	52	N/A	N/A	Waste collection plan and register	4 & 7
BSD 04	**5**	Number of times waste collected weekly at Businesses, Skips, Ndulinde Library, Ndulinde Clinic and Renckens (and out-call requests) (1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12,16, 17 & 18) by 30 June	52	52	53	53	N/A	N/A	Waste collection plan and register	1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12,16, 17 & 18

		2023 (FRIDAYS)								
BSD 04	**6**	Number of m² of monthly grass-cutting performed in all Wards by 30 June 2023	7 1004 58 m²	8 060 394 m²	7 1004 58 m²	8122 178 m²	N/A	N/A	Grass cutting schedules/registers/ invoices	All Wards
BSD 05	**7**	Date of delivery of 15 skip bins in ward 4,7 and 18 by 30 June 2023	N/A	N/A	30-Jun-23	2-Jun-23	N/A	N/A	Delivery note	4,7,18
BSD 05	**8**	Date of Arbor Month Celebration at Sibusisiwe Hall by 30 September 2022	30-Sep-21	28-Sep-21	30-Sep-22	15-Sep-22	N/A	N/A	Dated photos and attendance register	All Wards
BSD 05	**9**	Number of monthly clean-up campaign conducted by 30 June 2023	12	17	12	13	N/A	N/A	Dated photos and attendance register	All Wards

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MFVM 01	**10**	Percentage of operational budget spent by 30 June 2023	100.00%	116.00%	100%	97%	The underspending is due to delays in filling of vacant positions for 15 General Assistants	Continuous engagement with Corporate Services to fast-track recruitment process of the 15 General assistants	Management account	
MFVM 02	**11**	Amount of overtime expenditure kept within the allocated budget on a quarterly basis by 30 June 2023	R 350 000	R 987 997.73	R430,000	R443 790,51	Budget was exceeded due to several high emergency response activities within community services and public safety department. Also, the increase in overtime is due to delays in filling of	No overtime is worked and claimed without prior authorization of director. The department will encourage staff members to take time off instead of paid overtime. Managers	Report from finance showing expenditure on overtime	

							vacant positions for 15 General Assistants	responsible to also ensure close monitoring of overtime and restrict usage of planned overtime. Continuous engagement with Corporate Services to fast-track recruitment process of the 15 General assistants		

MFVM 04	**12**	Percentage of EPWP conditional grant spent by 30 June 2023	100.00%	100.00%	100%	100%	N/A	N/A	Expenditure report from BTO	N/A
MFVM 04	**13**	Percentage of Library (DAC) conditional grant spent by 30 June 2023	100.00%	100.00%	100%	100%	N/A	N/A	Expenditure report from BTO	N/A
MFVM 06	**14**	Date of delivery of 1 Outreach Library Park home by 30 June 2023	N/A	N/A	30-Jun-23	13-Jun-23	N/A	N/A	delivery note	6

MFVM 06	**15**	Date of delivery of 1 compactor truck by 31 March 2023	31-Mar-22	Not achieved	18-Jan-23	31-Mar-23	N/A	N/A	delivery note	N/A
MFVM 06	**16**	Date of delivery of 10 Brush-cutters by 31 December 2022	31-Dec-21	25-Nov-21	31-Dec-22	27-Sep-22	N/A	N/A	Copy of delivery note	N/A

MFVM 05	**17**	Amount of Revenue collected on services provided by CSPSD by 30 June 2023	R 107 000	R 4 476 258.88	R107, 000	R2 938 834,06	N/A	N/A	Ledge Spread Sheet from Finance	N/A
GOOD GOVORNANCE AND PUBLIC PARTICIPATION										
GGPP 01	**18**	Number of quarterly Audit and Performance Audit committee meetings attended by 30 June 2023	4	3	4	5	No meeting took place in Q3 due to the lack of quorum on the dates that were proposed	The CAE will circulate the schedule of meetings to the members at the beginning of the financial year.	Attendance Register	N/A
GGPP 05	**19**	Number of monthly (July to November 2022 and February to June 2023) CSPSD portfolio committee meetings held by 30 June 2023	10	8	10	10	N/A	N/A	Report of meeting	N/A

GGP P 05	**20**	Number of quarterly Performance reports submitted to Community Services Portfolio Committee by 30 June 2023	4	3	4	4	N/A	N/A	Minutes of CSPS Portfolio Committee	N/A
GGP P 05	**21**	Number of quarterly Disaster Advisory forum meetings held by 30 June 2023	4	4	4	4	N/A	N/A	Agenda, Minutes and Attendance register	N/A
GGP P02	**22**	Number of quarterly cluster war-room reports submitted to OMM by 30 June 2023	4	0	4	2	There was a lack of proper coordination between responsible managers, ward councilor and public participation office where there was no annual	1. The department will engage the office of public participation to assist with sharing the annual schedule with the dates and times	Acknowledgement letters	N/A

							schedule of meetings for war rooms which was developed and circulated to Technical Services department by the Office of the Municipal Manager under public participation unit.	for all the war room meetings in a financial year 2. Manager Public Safety and Manager Community services will then compile detailed reports for their respective clusters after each meeting and submit it to public participation office for actioning.		

GGPP 03	**23**	Number of monthly disaster awareness campaigns held in wards 1,2,4, 5,6, 7,8,9,11,12,16,17 and 18 by 30 June 2023	12	11	12	14	N/A	N/A	Dated photos and attendance registers	All Wards
GGPP03	**24**	Number of bi-annual Road Safety Awarenes s campaign (festive and Easter) conducted by 30 June 2023	2	2	2	2	N/A	N/A	Dated photos, attendance registers stop and check list	N/A
GGPP03	**25**	Number of bi-monthly roadblock s conducted by 30 June 2023	24	28	24	38	N/A	N/A	Attendance register and stop and checklist	N/A

GGP P03	**26**	Number of seasonal Firebreaks conducted by 30 June 2023	4	0	4	4	N/A	N/A	Dated photos and attendance registers	5,6,8 & 16
GGP P 06	**27**	Number of risk mitigation strategies implemented by CSPS Department by 30 June 2023	4	2	4	3	In quarter one there was no risk mitigation strategies implemented since the risk registers were not finalized due to vacancies in the Risk Officer position and Risk Manager to co-ordinate risk management activities.	Continuous engagement with Corporate Services to fast-track recruitment processes for critical posts	Quarterly risk mitigation action plan	N/A

GGPP 06	**28**	Number Quarterly Reports on Implementation of Risk Management Action Plans submitted to Risk Management Unit by 30 June 2023	4	4	4	4	N/A	N/A	Risk Management Quarterly reports	N/A
GGPP 06	**29**	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2023	3 days	3 days	3 days	3 days	N/A	N/A	Acknowledgement letter	N/A
GGPP 06	**30**	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2022	3 days	3 days	3 days	3 days	N/A	N/A	Tracking Tool	N/A
LOCAL ECONOMIC DEVELOPMENT										

LED 03	**31**	Number of EPWP participants on various EPWP programs (Zimbambele, Lifeguards) recruited and sustained by 30 September 2022	250	250	250	250	N/A	N/A	Appointment contracts.	N/A
LED 05	**32**	Number of Quarterly reports on implementation of EPWP (CWP, Zimbambele, food for waste, life guards) programmes submitted to EXCO by 30 June 2023	4	2	4	3	The position of HOD CSPS was vacant, and the initial plan was that the Municipality would appoint an acting HOD from Kwa-Dukuza Municipality. This plan however could not materialize therefo	The Municipal Manager will request Council to approve the appointment of acting HOD in case of resignations or should there be a vacancy in the position of HOD	Quarterly report	N/A

							re there was a capacity issue from CSPS department.			
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
MTID 01	**3 3**	Date of developed draft policies and by-laws And/or reviewed draft policies and by-laws approved by Council by 30 June 2023	30-Jun-22	Not achieved	30-Jun-23	Not achieved	CSPS Department presented all draft policies for review at the Council Policy review session from the 13 and 14 June 2023. This session was however not concluded and therefore policies have not been approved by Council.	A resolution was taken by Council that policy review session should be convened before approval of IDP & Budget so that session can be concluded timeously.	Copy of a Council resolution	N/A

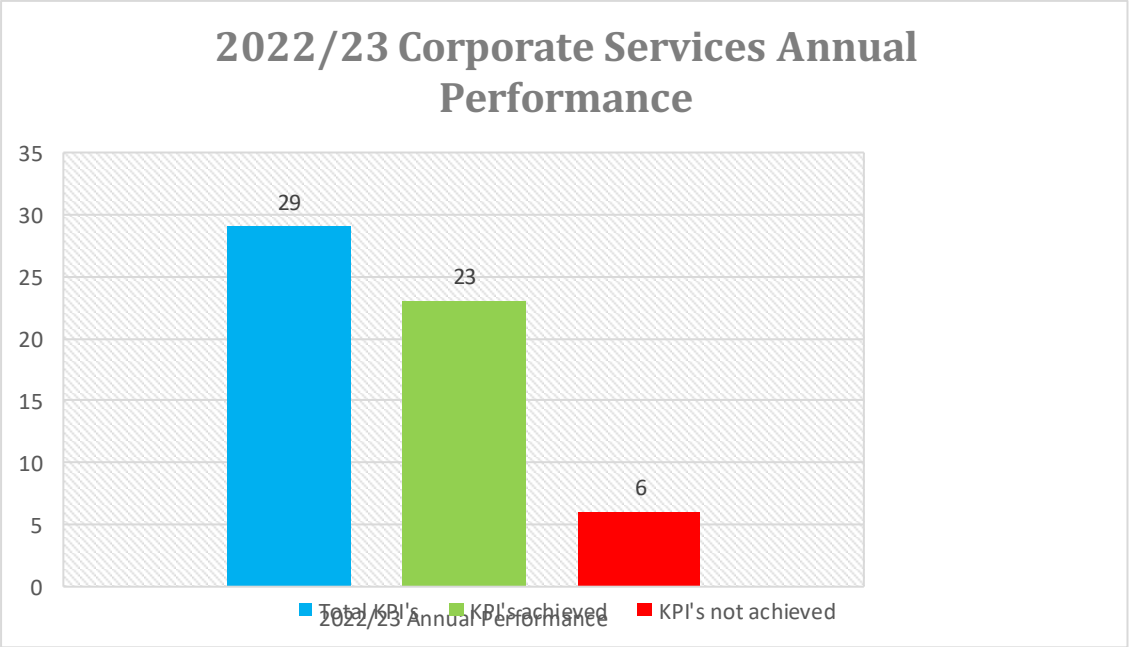
MTOD 02	**34**	Date of submission of the departmental Organogram to Corporate Services Department for inclusion in the overall municipal organogram by 28 Feb 2023	28-Feb-22	11-Mar-22	28-Feb-23	23-Mar-23	N/A	N/A	Draft Organogram and Transmittal to CS/ Council resolution	
MTID 04	**35**	Date of submission of managers performance plans to HOD's by 31 August 2022	31-Aug-21	30-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	PMS monthly performance plans	N/A
MTID 04	**36**	Number of progress reports on implementation of performance plans by managers submitted to HOD's by 30 June 2023	24	24	24	24	N/A	N/A	Manager's Performance Plan's	N/A

CORPORATE SERVICES

The Department of Corporate Services in headed by the Director: Corporate Services who is a section 57 employee according to the Municipal Systems Act of 2000. The corporate wing is mainly responsible for the following;

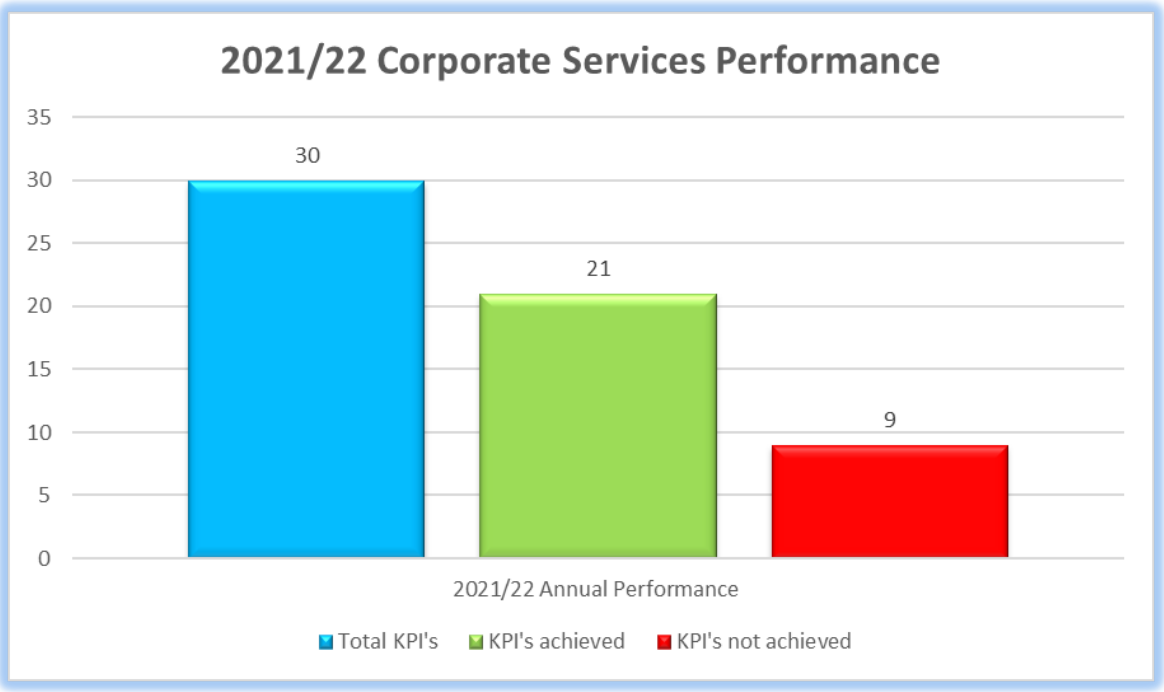
- Human Resources Management;
- General Administration;
- Information Technology;
- Committees; and
- Labour Relations.

Below is a graph of the performance of the Corporate Services Department in 20221/22 and 2022/23 financial year.



The Corporate Services Department had a total of 29 KPI's in the 2022/23 financial year. 23 KPI's were achieved and 6 KPI's were not achieved. This translates to and overall achievement of 79%.

	Number of KPI's	Percentage of KPI's
Total KPI's	29	100%
KPI's achieved	23	79%
KPI's not achieved	6	21%



	Number of KPI's	Percentage of KPI's
Total KPI's	30	100%
KPI's achieved	21	70%
KPI's not achieved	9	30%

The Corporate Services Department had a total of 30 KPI's in the 2021/22 financial year. 21 KPI's were achieved and 9 KPI's were not achieved. This translates to and overall achievement of 70%.

2022/23 CORPORATE SERVICES SCORECARD									
IDP Ref	**KPI NO.**	KEY PERFORMANCE INDICATORS 2022/23	2021/22		2022/23		Reason for variance	Corrective Measure	Portfolio of Evidence
			Target	Actual	Target	Actual			
MUNICIPAL TRANFORMATION AND INSTITUTIONAL DEVELOPMENT									
MTID 01	**1**	Date of adopting the reviewed corporate services departmental policies by council by 30 June 2023	30-Jun-22	30-Jun-22	30-Jun-23	Not achieved	The Corporate services presented their policies to Policy review session on the 13 & 14 June however the session was not concluded, where MM and BTO did not present, which prevent the availability of council resolution by Council.	The resolution taken was that all municipal policies should be presented before the approval of Budget, this will give sufficient time for policy review session to be concluded within required timeframe.	Attendance registers and council resolution

MTID 02	**2**	Date of adopting the organizational structure aligned to the 2023/24 IDP and Budget by council by 31 May 2023	31-May-22	31-May-22	31-May-23	30-May-23	N/A	N/A	Copy of signed and approved organogram and council resolution
MTID 02	**3**	Date of submission of the reviewed employment equity report to department of labour by 31 January 2023	31-Jan-23	4-Jan-22	31-Jan-23	31-Jan-23	N/A	N/A	Proof of Submission from DoL
MTID 02	**4**	Number of people employed in line with the municipal approved annual recruitment plan by 30 June 2023	100%	100%	36	42	N/A	N/A	Employment Equity Plan/ appointment letters
MTID 02	**5**	Number of quarterly local labour forum meetings to be held by 30 June 2023	3	3	4	4	N/A	N/A	attendance register

MTID 02	**6**	Percentage of municipal budget actuals spent on implementation of WSP by 30 June 2023	100%	100%	100%	100%	N/A	N/A	Management account
MTID 02	**7**	Number of quarterly Health and Safety meetings/trainings conducted by 30 June 2023	2	2	4	4	N/A	N/A	Agenda, minutes, attendance register
MTID 03	**8**	Date of submission of the Workplace Skills Plan/Annual Training Report to SETA by 30 April 2023	30-Apr-22	25-Apr-22	30-Apr-23	26-Apr-23	N/A	N/A	LGSETA report
MTID 04	**9**	Date of submission of managers performance plans to HOD's by 31 August 2022	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Signed manager's Performance Plan's

MTID 04	**10**	Number of monthly progress reports on implementation of performance plans by managers submitted to HOD by 30 June 2023	26	26	24	24	N/A	N/A	PMS monthly progress reports signed by HOD, manager and MM
MTID 05	**11**	Number of quarterly ICT Steering Committee meetings conducted by 30 June 2023	4	4	4	4	N/A	N/A	IT steering committee agenda, minutes, register
MTID 05	**12**	Date of developing ICT strategy development by 30 September 2022	N/A	N/A	30-Sep-22	31-Oct-22	N/A	N/A	ICT Strategy document
MTID 05	**13**	Date of website development and hosting by 31 March 2023	N/A	N/A	31-Mar-23	20-Feb-23	N/A	N/A	proof of project completion

MTID 05	**14**	Date of completion of upgrade of server environment by 30 June 2023	30-Jun-22	Not achieved	30-Jun-23	Not achieved	The municipality had approved the budget to procure new server. However, due to issues of continued load-shedding it was considered too risky to procure and install new server hardware, while there load-shedding was still a challenge.	The plan for this indicator is to move it to the next financial year hence the municipality procured generators to alleviate the issues of load-shedding	project completion report
MTID 05	**15**	Date of completion of workflow management system by 30 June 2023	N/A	N/A	30-Jun-23	Not achieved	The process for this project began late, this was due to focus on printer's	The corrective measure to be undertaken is to accelerate the appoint	project completion report

							project which resulted in the municipality to be without printers for close to a month. The focus was shifted to deal with that project hence the delay to start with this particular project.	ment of a service provider for the next financial year with the assistance of SCM as the process is already underway.	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION									
GGPP 01	**16**	Number of portfolio committee agendas issued by 30 June 2023	40	42	40	46	N/A	N/A	Portfolio Committee Attendance registers

GGPP 01	**17**	Number of monthly (July to November 2022 and February to June 2023) corporate portfolio committee meetings held by 30 June 2023	8	11	10	10	N/A	N/A	Attendance registers of meetings/signed minutes and agenda
GGPP 01	**18**	Number of quarterly audit and performance committee meetings attended by 30 June 2023	4	4	4	5			Attendance registers
GGPP 02	**19**	Number of quarterly cluster war-rooms reports submitted to OMM by 30 June 2023	N/A	N/A	4	1	Lack of proper coordination between public participation unit, where there was no annual schedule of meetings that needs be acquired by responsible managers,	A proper co-ordination between relevant managers, Manco and strategic Manager were implemented, where the responsible managers acquire a schedule of annual plan for	Signed off report

							which stipulates wards, dates as well ward councilor. Further more, the deployed managers were not clear about their roles in war rooms, up until Manager strategic overcome this challenges.	war room meetings, indicating dates and wards. Further the deployed managers are expected to compile a report for war room whether the meeting was seat or not that reports must be sign by HOD it will serve as a POE.	
GGPP 02	**20**	Number of monthly EXCO meeting coordinated by 30 June 2023	9	9	12	12	N/A	N/A	Attendance registers, notice of the meeting and minutes
GGPP 01	**21**	Number of Council meeting coordinated by 30 June 2023	10	17	10	15	N/A	N/A	Attendance registers, notice of the meeting

									and minutes
GGPP 05	**22**	Number of quarterly Performance reports submitted to Corporate Portfolio Committee by 30 June 2023	3	4	4	5	N/A	N/A	Minutes of Corporate Services Portfolio Committee
GGPP 06	**23**	Number of risk mitigation strategies implemented by 30 June 2023	10	10	31	22	There are vacancies that are not yet filled for Risk officer and Legal Risk and Labor Relations Manager	To fast track the appointment of the two vacancies	Quarterly risk mitigation action plan
GGPP 06	**24**	Number of risk progress reports submitted to risk management unit by 30 June 2023	3	2	3	3	N/A	N/A	Quarterly risk mitigation reports and RM Committee minutes

GGPP 06	**25**	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2023	3 days	3 days	3 days	3 days	N/A	N/A	Acknowledgement Letters
GGPP 06	**26**	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2022	3 days	3 days	3 days	3 days	N/A	N/A	Tracking Tool
MUNICIPAL FINANCIAL MANAGEMENT VIABILITY									
MFVM 01	**27**	Percentage of operational budget spent by CS by 30 June 2023	100%	88%	100%	96%	The department shortly spent less than the budgeted amount on printing, publication & books	This votes only apply to the external purchasing, so the user department does not have any control over quotes that the supplier have brought forward or either the charges	Management account

								which sometimes tends to be higher and lower.	
MFVM 02	**28**	Amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2023	R 30 000	R139,552.35	R30,000	R183 678,95	The challenge is that most of the employees that incur overtime are paid under corporate services vote	All the divers are moved to Technical Services Department under fleet component, this will control overtime that was incur those drivers under corporate services.	Report from finance showing expenditure on overtime
MFVM 05	**29**	Amount of Revenue collected on services (municipal houses rented) provided by municipal department	R57,632.54	R 112 000	R112,000	R155 347,14	N/A	N/A	Ledge Spread Sheet from Finance

		s by 30 June 2023							

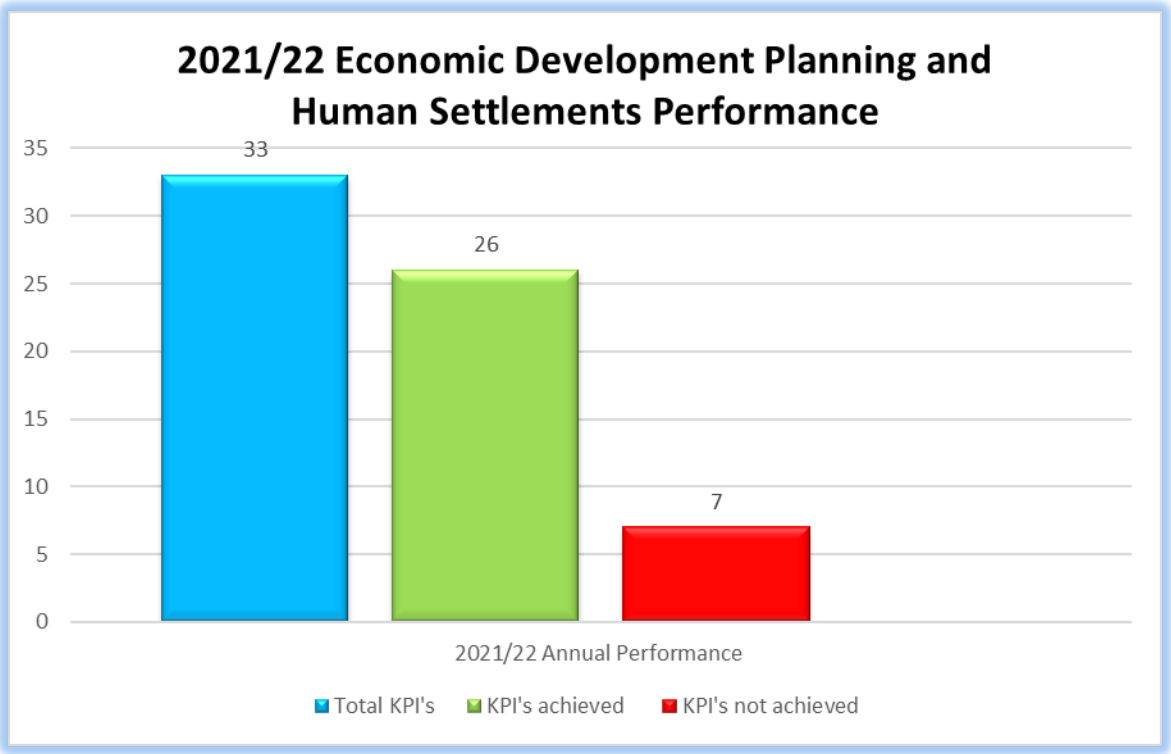
ECONOMIC DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS.

The Economic Development and Planning Department is the strategic business unit of the municipality and includes the following four divisions:

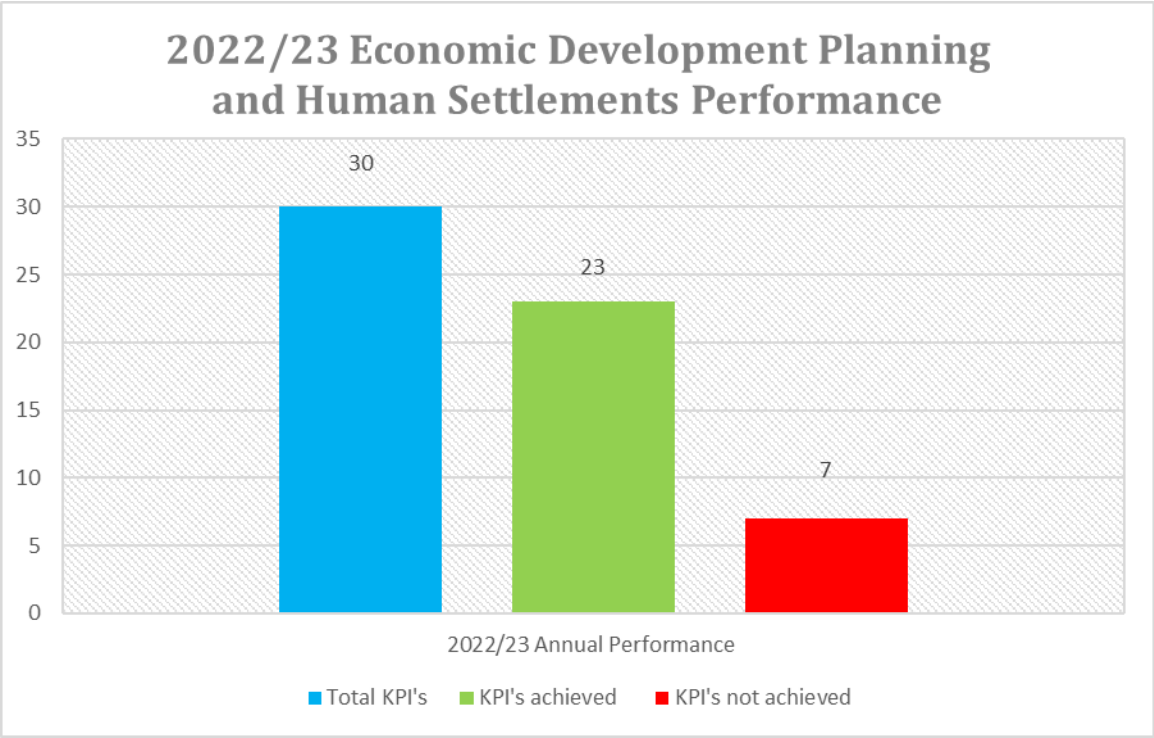
- Integrated Development (Strategic) Planning, Spatial Planning and Statutory Planning which includes implementation of the Land Use Management System, particularly the Planning and Development Act (PDA) and in future, the Spatial Planning and Land Use Management Act (SPLUMA).
- Human Settlements is essentially the implementation of rural and urban sustainable human settlement and development projects as an agent of the provincial Department of Human Settlements. Building controls which includes; the assessment and approval of building plans and enforcement of the National Building Regulations.
- Local Economic Development (Tourism, Business Licensing and SMME's

  Development, Agriculture, Manufacturing).

Below is a graph demonstration of the performance of this department in the 2021/22 and 2022/23 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	33	100%
KPI's achieved	26	78%
KPI's not achieved	7	22%



	Number of KPI's	Percentage of KPI's
Total KPI's	30	100%
KPI's achieved	23	77%
KPI's not achieved	7	23%

The Economic Development Planning and Human Settlements Department had a total of 30 KPI's in the 2022/23 financial year. 23 KPI's were achieved and 7 KPI's were not achieved. This translates to an 77 % achievement for the department.

2022/23 ECONOMIC DEVELOPMENT, PLANNING AND HUMAN SETTELEMENTS SCORECARD										
IDP REF NO	**KPI NO.**	**Key Performance Indicator**	**2021/22**		**2022/23**		**Reason for variance**	**Corrective measures**	**WARD**	**POE**
			TARGET	**ACTUAL**	**TARGET**	**ACTUAL**				
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
BSD 03	1	Number of new RDP houses constructed in combined Wards 1, 2, 8, 9, 10, 11, 16,17 and 18 by 30 June 2023	600	693	200	73	Non achievement was due to delays not caused by the municipality but by Provincial Department of Human Settlements SCM Processes, subcontracting process and Implementing Agents which was beyond the control of the municipality	The municipality can only request the department of Human Settlements and the Implementing Agents to accelerate SCM processes processes	1; 2; 8; 9; 10, 11; 16,17 and 18	Happy letters

GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGPP 01	**2**	Number of quarterly audit and performance committee meetings attended by 30 June 2023	4	4	4	5			3	Attendance Registers
GGPP 02	3	Number of quarterly cluster war-rooms reports submitted to OMM by 30 June 2023 (Ward 5 & 14)	4	**0**	4	5	N/A	N/A	5,14	Attendance register
GGPP 05	4	Date of adoption of the 2023/24 IDP, Budget and PMS Process Plan by 31 August 2022	31-Aug-21	26-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	18 Wards	Council Resolution

GGPP 05	5	Date of approval and adoption of the 2023/24 IDP by Council by 31 May 2023	31-May-22	31-May-22	31-May-23	30-May-23	N/A	N/A	18 Wards	Council Resolutions
GGPP 05	6	Number of quarterly Performance reports submitted to EDPHS Portfolio Committee by 30 June 2023	4	4	4	3	It be noted that during the 2nd quarter, the Director for EDPHS was hospitalized for almost two months as the result the report was not prepared and reported to the Portfolio Committee	A succession plan has been developed with Manager Human Settlement tasked with compiling and presenting the departmental reports to EDPHS Portfolio whenever the director is out of office.	N/A	Minutes of EDPHS Portfolio Committee

GGP P06	7	Number of risk mitigation strategies implemented by EDPHS Department by 30 June 2023	4	6	35	26	In quarter one there was no risk mitigation strategies implemented since the risk registers were not finalized due to vacancies in the Risk Officer position and Risk Manager to co-ordinate risk management activities.	Continuous engagement with Corporate Services to fast-track recruitment processes for critical posts	N/A	Acknowledgement Letter and Quarterly risk mitigation action plan
GGP P06	8	Number of risk progress reports submitted to risk management unit by 30 June 2023	4	4	4	4	N/A	N/A	N/A	Acknowledgement Letter and Quarterly risk mitigation progress report

GGP P 06	9	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2023	3 days	3 days	3 days	3 days	N/A	N/A	N/A	Acknowledgement Letters
GGP P 06	10	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2022	3 days	3 days	3 days	3 days	N/A	N/A	N/A	Tracking Tool
LOCAL ECONOMIC DEVELOPMENT										
LED 02	11	Number of farmers supported with seedlings, and animal feeds by 30 June 2023	N/A	N/A	9	9	N/A	N/A	1,2,4,5,6,8,9,10,11,16,17,18	Acknowledgement letter

LED 02	12	Number of SMME Supported (Quick Wins) in all Wards by 30 June 2023	36	37	36	77	N/A	N/A	All Wards (18)	Acknowledgement letter
LED 07	13	Number of bi-annual training provided intended to improving the business skills in particular SMME's by 30 June 2023	31-Dec-21	19-Oct-21	2	2	N/A	N/A	All	Attendance registers
LED 07	14	Date of facilitating the development of Ngwenya Nature Reserve by 30 June 2023	N/A	N/A	30-Jun-23	Not Achieved	LED unit initially attempted to compile bid document internally for the development of Ngwenya Nature Reserve howeve	The municipality will source the expertise of experts in the field for all projects that are unique to the municipality.	3	Copy of Advert and appointment letter

							r the compiled document was not considered acceptable by Bid Specifications Committee due to the specialized nature of the project. Since the municipality is not capacitated enough on the operations of Nature reserves, the resolution had to be made to source service provide who would assist in compiling the bid			

							document that meets the requirements and regulations of nature reserves			
LED 07	15	Number of quarterly Emerging Entrepreneurs supported on the entrepreneur support programme by 30 June 2023	4	5	4	5	N/A	N/A	All	List the entrepreneurs supported and report
LED 07	16	Number of quarterly business compliance inspections conducted by 30 June 2023	4	4	4	3	During Q3, the EDPHS Department decided to reprioritize the business compliance workshops as opposed to conducting busines	EDPHS department will review all KPI's that are in the departmental scorecard prior to approval of SDBIP by Mayor.	All	Attendance Register (A list of various BC workshops conducted)

							s compliance inspection on after assessing level of impact of the previous business compliance and to create awareness to businesses.	The department will also ensure that KPI's are reviewed during mid-year adjustments in order to consider projects that needs to be re-prioritized.		
LED 04	17	Number of jobs sustained through construction of RDP housing projects by 30 June 2023	200	634	400	156	Non achievement was due to delays not caused by the municipality but by SCM Processes and subcontracting process of the Department of Human	The municipality can only request the department of Human Settlements and the Implementing Agents to accelerate	1,8,10,11,12,16,17&18	Beneficiary Register

							Settlements and Implementing Agents which is beyond the control of the municipality	processes		
LED 06	18	Date of hosting business of Fair by 31 March 2023	31-Mar-22	29-Jun-22	31-Mar-23	04-05 Apr-23	There were some delays in the appointment of service provider hence the KPI was achieved in Quarter 4	Achieved in Quarter 4	All	Attendance Register
LED 07	19	Number of quarterly reports on the implementation of Vuthela LED programme submitted to EXCO by 30 June 2023	4	Not achieved	4	4	N/A	N/A	All	Reports/EXCO resolution
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										

MF VM 01	2 0	Percent age of operatio nal budget spent by 30 June 2023	100%	89.90 %	100%	97.50 %	In actual fact the depart ment achieve d 97.5%. Other funding was redirect ed to Technic al Service s through vireme nt process and other funds were due to cost saving through SCM lowest bidder.	N/A	N/A	Managem ent account
MF VM 02	2 1	amount of quarterl y of expendi ture on overtim e kept within allocate d budget by 30 June 2023	R 30 000	R 0	R30,0 00	R957. 45	N/A	N/A	All	Report from finance showing expenditu re on overtime

MF VM 06	22	Date of procurement of equipment for fisherman by 30 June 2023	N/A	N/A	30-Jun-23	27-Jun-23	N/A	N/A	All	Acknowledgement letter
MF VM 05	23	Amount of revenue collected as per submitted town planning applications, business license, building plans and rental collection from Informal Traders Stalls by 30 June 2023	R 96 600	R 158 569.84	R100, 000.00	R107, 604.90	N/A	N/A	All	Ledge Spread Sheet from Finance
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT/CROSS-CUTTING MEASURES										
SREM 01	24	Percentage of building plans approved within 60 days	100%	100%	100%	100%	N/A	N/A	N/A+AC36:AE36	Date and time stamped data, Sequential List of building plans received, sequential list of building plans processed within 60 days letters to

										applicants
SREM 03	25	Date of Review and final adoption of Spatial Development Framework by Council by 31 May 2023	Draft SDF	N/A	31-May-23	31-May-23	N/A	N/A	All	Council Resolution
SREM 02	26	Date of Draft EIA scoping report for the Dokodweni Beach by 30 June 2023	30-Jun-22	27-Jun-22	30-Jun-23	30-Jun-23	N/A	N/A	1	Draft EIA Report / Attendance Register of PSC meetings
SREM 02	27	Date of approval of agricultural sector plan by 30 June 2023	N/A	N/A	30-Jun-23	Not Achieved	Lack of human capacity within LED department which resulted from the resignation of	Continuous engagement with Corporate Services to fast-track recruitment processes for	All Wards	Council Resolution

							Manager LED and unavailability of director EDPHS due to sickness resulting in the delays in achieving the target.	critical posts and development of succession plan.		
SREM 02	28	Date of preparation and adoption of Precinct Plans for Mandeni Vector Square and Sundumbili CBD (Town) area by 31 March 2023	N/A	N/A	31-Mar-23	31-May-23	N/A	N/A	3,7	Council Resolution
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
MTID 04	29	Date of submission of managers performance plans to HOD's	31-Aug-21	31-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	N/A	Manager's Performance Plan's

		by 31 August 2022								
MTID 04	30	Number of progress reports on implementation of performance plans by managers submitted to HOD's by 30 June 2023	36	36	36	36	N/A	N/A	N/A	PMS monthly progress reports

CHAPTER 5

FINANCIAL PERFORMANCE

FINANCIAL HEALTH OVERVIEW

COMPONENT A: STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	713,851	807,121
Receivables from exchange transactions	4	22,594,046	11,966,770
Receivables from non-exchange transactions	5	3,669,060	3,055,786
Statutory receivables	6	25,531,019	19,026,490
VAT receivable	7	3,542,099	1,788,995
Call and investments deposits	8	244,203,556	138,861,901
Cash and cash equivalents	9	10,321,268	4,119,614
		310,574,899	179,626,677
Non-Current Assets			
Investment property	10	60,544,000	88,163,500
Property, plant and equipment	11	541,774,597	484,787,955
Intangible assets	12	330,671	476,853
Call and investments deposits	8	-	65,000,000
		602,649,268	638,428,308
Total Assets		913,224,167	818,054,985
Liabilities			
Current Liabilities			
Finance lease obligation	13	-	13,719
Payables from exchange transactions	14	45,373,160	32,491,560
Consumer deposits	15	216,464	269,853
Unspent conditional grants and receipts	16	25,788,956	8,705,120
		71,378,580	41,480,252
Non-Current Liabilities			
Employee benefit obligation	17	22,587,476	22,795,217
Total Liabilities		93,966,056	64,275,469
Net Assets		819,258,111	753,779,516
Reserves			
Housing Development fund		1,986,085	1,878,425
Accumulated surplus	18	817,272,026	751,901,091
Total Net Assets		819,258,111	753,779,516

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The Budget and Treasury Office's main responsibilities are to ensure that:

- The municipality's assets are safeguarded
- The municipality's budget is achieved
- The finances are properly accounted for and reported accordingly.

In implementing these functions there are key indicators to ensure their achievement. Deviations are explained.

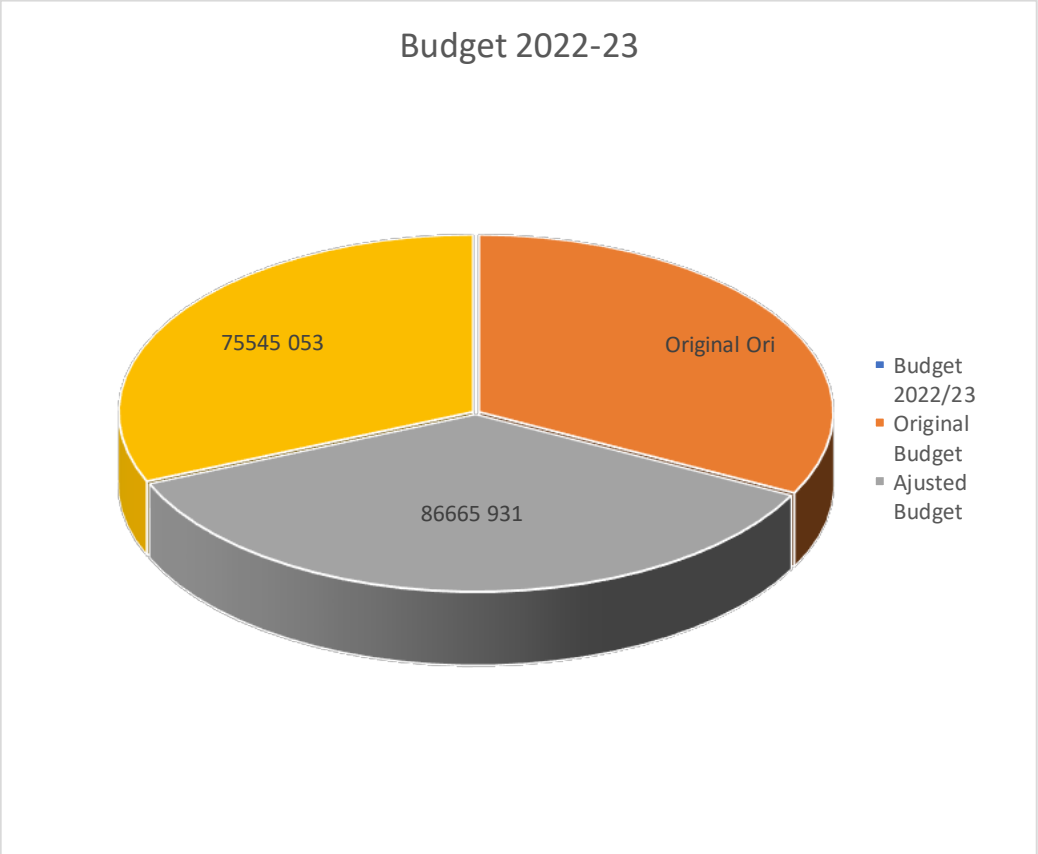
The purpose of this report is to give an overview update on the progress of implementing these functions

Financial Overview: 2021/22			
			R'
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	224,045,200	223,389,200	221,748,432
Taxes, Levies and tariffs	98,907,823	112,407,823	133,205,636
Other	5,638,958	8,526,826	14,579,530
Sub Total	328,591,981	344,323,849	369,533,598
Less: Expenditure	361,724,703	371,753,121	345,564,386
Net Total*	-33,132,722	-27,429,272	23,969,212
** Note: surplus/(deficit*			

Operating Ratios	
Detail	**%**
Employee Cost	37

Current Ratio	4.38

Total Capital Expenditure: 20/21 to 2022/23 Financial Years R'000			
Detail	**2020/21**	**2021/22**	**22/23**
Original Budget	59,005,493	73,920,399	78,311,180
Adjustment Budget	93,192,437	84,280,025	86,665,931
Actual	51,275,442	63,545,832	75,545,053



COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENT

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Taxation		48,271,418	45,494,977
Sale of goods and services		61,558,578	60,079,306
Grants		281,103,240	244,897,558
Interest income		12,113,117	7,989,438
		403,046,353	358,461,279
Payments			
Employee costs		(130,376,808)	(123,542,667)
Suppliers		(151,437,231)	(144,467,725)
Other payments		(324,760)	(58,461)
		(282,138,799)	(268,068,853)
Net cash flows from operating activities	45	120,907,554	90,392,426
Cash flows from investing activities			
Purchase of property, plant and equipment Proceeds	11	(75,545,053)	(63,545,832)
from sale of property, plant and equipment	11	1,086,867	-
Net cash flows from investing activities		(74,458,186)	(63,545,832)

Cash flows from financing activities			
Finance lease payments		**(13,719)**	**(896,351)**
Interest on reserves capitalised		**107,660**	**51,583**
Net cash flows from financing activities		**93,941**	**(844,768)**
Net increase in cash and cash equivalents		**46,543,309**	**26,001,826**
Cash and cash equivalents at the beginning of the year		**207,981,515**	**181,979,689**
Cash and cash equivalents at the end of the year	**8&9**	**254,524,824**	**207,981,515**

ACCOUNTING OFFICER'S RESPONSIBILITYAND APPROVAL

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 6 to 88, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

COMPONENT D: OTHER FINANCIAL MATTERS

a) Maintain alignment between the IDP, PMS and Budget Process

b) That monthly monitoring of SDBIP's and Capital Program through presentation conducted to the respective Portfolio Committees be a standing item.

c) That the financial system and performance management system be tightly aligned to ensure accurate and clear performance reports are prepared and submitted for the understanding of all stakeholders.

d) Monitoring and evaluation be strengthened were PMS, M, E & R Unit conduct monthly consultation verification meetings at least a month before the end of the quarter, and obedience to the timeframes that are as per the process plan.

e) Department to take ownership of cascading PMS to lower levels, and OPMSMER Unit to assist and report through all structures of the municipality, Top Manco, Manco, Departmental Meetings, Portfolio, Council and Executive Council.

CHAPTER 6 –

MANAGEMENT REPORT

AUDITOR-GENERAL
SOUTH AFRICA

MANAGEMENT REPORT

Mandeni Municipality

2022-23

Date: 14 December 2023

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INTRODUCTION

1. The purpose of this management report is to communicate the outcomes of the audit for the financial year ended 30 June 2023, as well as the insights and significant matters that require the attention of the accounting officer. The report should be read with the engagement letter, which sets out our responsibilities as well as the standards and processes we apply in performing our audits.

2. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report has been signed.

3. We communicated our audit findings and recommendations for improvement to management and obtained their responses throughout the audit. This report is a comprehensive summary of what we shared with management. In **annexure D**, we provide a summary of detailed findings communicated to management.

4. The management report is structured as follows:

   - In **section 1** we share the overall audit outcomes and the status of material irregularities. We also summarise the material irregularities in **annexure F**.

   - In **section 2** we provide the most significant matters from the audit and their impact, which we detail further in the annexures. Where appropriate, we also include:

     - significant deficiencies in internal control that caused the findings we report: significant internal control deficiencies occur when internal controls do not exist; are not appropriately designed or implemented; or are not operating as intended to prevent – or to promptly detect and correct – material misstatements, non-compliance or non-performance. In **annexure C** we expand on the state of internal control.

     - key recommendations and the responses received from management on implementing the recommendations.

   - In **section 3** we include observations on the overall internal control environment and the role of the accountability ecosystem, as well as key recommendations and responses from management.

   - In **section 4** we provide our view of the root causes of deficiencies in the overall internal control environment, as well as recommendations to address the root causes.

   - We end the report with a **conclusion**.

5. We trust the insights and recommendations in this report will be of value in your pursuit towards building and leading a municipality that is accountable and transparent, has institutional integrity, and performs at a level that has a positive impact on the lives of South Africans.

SECTION 1: AUDIT OUTCOMES

OVERALL AUDIT OUTCOMES

6. The overall audit outcome of the municipality is unqualified with findings. This is the same as the previous year's audit outcome.

Audit results per outcome area

Outcome area	Movement	2022-23	2021-22	2020-21
Financial statements	▶			
Annual performance report				
• Basic service delivery and infrastructure development	▶			
Compliance with legislation				
• Annual financial statements, performance reports and annual reports	▶			
• Expenditure management	▶			
• Revenue management	▶			
• Strategic planning and performance management	▶			
• Procurement and contract management	▲			
• Consequence management	▶			
• Grant management	▶			
• HR Management	N/A			
• Asset management	▶			

	Unqualified / No material findings		Qualified		Adverse		Disclaimed		Material findings		Not audited

▲	Improvement	▼	Regression	▶	Unchanged

7. It is commendable that the unqualified opinion on financial statements and on the performance report was maintained. However, the continued material compliance findings on annual financial statements hinders the municipality from obtaining a clean audit outcome.

8. We provide further insight into the audit outcomes, the root causes of weaknesses and our recommendations in the rest of this report.

9. Annexure E lists matters that will affect future financial statements, annual performance reports and compliance with legislation.

SECTION 1: AUDIT OUTCOMES

OVERALL AUDIT OUTCOMES

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Audit results per outcome area

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Financial statements	▶			
Annual performance report				
• Basic service delivery and infrastructure development	▶			
Compliance with legislation				
• Annual financial statements, performance reports and annual reports	▶			
• Expenditure management	▶			
• Revenue management	▶			
• Strategic planning and performance management	▶			
• Procurement and contract management	▲			
• Consequence management	▶			
• Grant management	▶			
• HR Management	N/A			
• Asset management	▶			

	Unqualified / No material findings		Qualified		Adverse		Disclaimed		Material findings		Not audited

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7. It is commendable that the unqualified opinion on financial statements and on the performance report was maintained. However, the continued material compliance findings on annual financial statements hinders the municipality from obtaining a clean audit outcome.

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SECTION 2: SIGNIFICANT MATTERS

FINANCIAL STATEMENTS

Audit results

11. The financial statements were submitted to us for auditing on 31 August 2023.

12. We identified material misstatements in the financial statements submitted for auditing. The material misstatements constitute non-compliance with the MFMA. The non-compliance will be reported as a material finding in the auditor's report.

Material misstatements corrected

Accounting standard / legislation	Nature (Factual vs Judgemental)	Value	Description	Prior-year misstatements	
				2021-22	2020-21
INEP Grant – Construction Revenue					
GRAP 11: Construction contracts	Factual	R6,8 million	The transactions from the INEP and massification Grant was recognised using GRAP 109 instead of GRAP 11.		
INEP Grant – Construction expenses					
GRAP 11: Construction contracts	Factual	R6,8 million	The transactions from the INEP and massification Grant was recognised using GRAP 109 instead of GRAP 11.		
Cash flow statement					
GRAP 2	Factual	Various	An incorrect computation of cash flow operating		
Fair value adjustment*					
GRAP 16: Investment property	Factual	R46 million	The municipality incorrectly derecognised the property by processing a fair value adjustment loss for the property that was used for the construction of the low cost housing while the transfer to the beneficiaries has not yet been done		
GRAP 12: Inventory	Factual	R42 million	The municipality has processed a transfer from investment property as there was a change in use evidenced by the commencement of development of low-cost housing with the view of transferring it to the rightful owners (the citizens), which then requires the municipality to recognise the properties as inventories until they are transferred to the owners.		

	Uncorrected		Corrected		No prior-year misstatement

13. The impact of the above corrected misstatements will result in the following paragraph in the audit report: 'The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue and expenditure items, current assets, and the cash flow statement identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

14. The root cause for the material misstatement related to the INEP grant was due to the late guidance issued by national treasury which did not give the municipality enough time to properly account for the grant. The material misstatements on the cash flow statement and other line items are as a result of inadequate reviews performed on non-routine transactions and disclosures by management.

15. Engagements were held between management and the team and the proposed adjustments were provided before making adjustments in the annual financial statements which is in line with the terms of the engagement letter.

Internal control and recommendations

16. We identified significant internal control deficiencies in financial recordkeeping and the financial statement preparation and related business processes, which caused the misstatements or could cause misstatements in future.

Significant internal control deficiencies – financial records and financial statements

Internal control deficiency	Prior years reported	
	2021-22	2020-21
Controls and processes including reviews over financial reporting were not effectively implemented by senior management in specific areas, which resulted in material adjustments impacting non-compliance.	√	-

17. The impact of the deficiencies as noted has resulted in the stagnation of audit outcomes and in the status of internal control overall from prior years.

18. We made recommendations to improve the financial records and the financial statements preparation process to the accounting officer and senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – financial records and financial statements

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Monitoring controls should be enhanced to support accurate financial reporting and to ensure that all financial statement disclosures are in line with GRAP requirements, particularly in respect of non-routine transactions and disclosures. **Response:** The municipal manager will ensure that all staff is adequately capacitated in terms of remaining abreast of all updates and standards and consideration will be made on training interventions to ensure that this is facilitated.	2021-22	In progress
Recommendation: Reviews over the classification of financial statement items should be enhanced to ensure that all items are classified correctly in accordance to GRAP requirements.	2021-22	In progress

Recommendation and management response	Year originally recommended	Status of implementation
Response: The municipal manager will ensure that all staff is adequately capacitated in terms of remaining abreast of all updates and standards and consideration will be made on training interventions to ensure that this is facilitated.		

19. Management developed and implemented an audit action plan which included the recommendations by AGSA as part of the remedial actions. This prevented re-occurrence of some of the prior year findings in relation to procurement and contract management, however the action plan was not effective to prevent new technical material misstatements being identified on the current year's financial statements.

Information to be included in auditor's report

20. We may communicate in the auditor's report matters relating to the audit, the auditor's responsibilities and the auditor's report that are important for users of the financial statements to know about. The following matter will be included as 'other matters' in the auditor's report:

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

21. We will include an 'emphasis of matter' paragraph in the auditor's report to draw the attention of users of the financial statements to the following matter[s] which we deem to be fundamental to their understanding of the financial statements:

    - As disclosed in note 48 to the financial statements, the municipality is the defendant in litigation on multiple cases. The outcome of these matters was not determinable at year-end and no provision for any liability that may result was made in the financial statements

    - As disclosed in note 4 to the financial statements, the municipality reported material impairments of R57,60 million (2021-22: R55,87 million) on receivables from exchange transactions as the recoverability of these amounts was doubtful.

    - As disclosed in note 5 to the financial statements, the municipality reported material impairments of R35,40 million (2021-22: R33,57 million) on receivables from non-exchange transactions as the recoverability of these amounts was doubtful.

    - As disclosed in note 6 to the financial statements, the municipality reported material impairments of R77,22 million (2021-22: R67,67 million) on statutory receivables as the recoverability of these amounts was doubtful.

FINANCIAL MANAGEMENT AND PERFORMANCE

Going concern

22. Our audit included an evaluation of the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements and whether any material uncertainties exist about the municipality's ability to continue as a going concern.

    We did not identify any events or conditions that cast significant doubt on the municipality's ability to continue as a going concern.

Budget management

23. We tested compliance with the legislative requirements for budget management and performed tests to identify budget overspending or budgets not spent for their intended purpose. We did not identify findings to highlight in this area of financial management.

Financial assessment and compliance

24. Our audit included a high-level assessment of the financial position and key financial ratios of the municipality based on its financial results to assess its going concern (as detailed earlier), and also to highlight to management those issues that may require corrective action to maintain financial stability. The financial ratios used for assessment include those that the National Treasury also apply when assessing whether a municipality is in financial distress. The assessment is intended to complement, rather than substitute, management's own financial assessment.

25. The detailed assessment is included in **annexure A**. We used the amounts and information in the financial statements to perform the assessment.

26. We concluded based on the assessment that the financial health of the municipality is good, which is the same as the previous year.

27. Next, we summarise the key matters identified through the assessment that require attention to maintain the good financial health.

Financial assessment – key matters

Revenue management
• The municipality has a high debt-impairment provision % and this illustrates challenges with the effectiveness of the auditee's credit control and collection policies to ensure that what is billed/ invoiced is collected.
Asset and liability management
• Spending on repairs and maintenance as a percentage of property, plant and equipment is below the benchmark and is the same as prior year. Inadequate maintenance of infrastructure could negatively impact provision of basic services and revenue earning potential of the municipality
Expenditure management
• The municipality's creditors payment period is concerning as it is above the 30-day requirement. This means that effective controls were not in place to ensure prompt payments. This might results in increasing fruitless and wasteful expenditure in the form of penalties and interest.

28. We did not identify non-compliance with legislation and other local government requirements on financial management.

Losses

29. It is crucial for the municipality to implement the necessary disciplines to ensure that value is derived from money spent and that assets and resources are safeguarded.

30. We did not identify findings to highlight in this area of financial management.

Grant management

31. The municipality received grants totalling R281 103 240 to fund its programmes and projects in the current year. We audited compliance with the Division of Revenue Act and the use of the following grants:

    - Municipal Infrastructure Grant (MIG)
    - Expanded Public Works Programme
    - Finance management grant
    - Library grant
    - Municipal disaster relief grant

32. We did not identify findings to highlight in this area of financial management.

Internal control and recommendations

33. We did not identify significant internal control deficiencies in the financial management processes.

Overall performance planning and management

34. We tested whether the municipality's performance planning and management processes, integrated development plan (IDP) and service delivery and budget implementation plan (SDBIP) complied with the key requirements from legislation.

35. We did not identify findings.

Audit of annual performance report

36. The SDBIP and annual performance report were submitted to us for auditing on 31 August 2023.

37. As detailed in the engagement letter, we undertook a limited assurance engagement on specific development priorities selected for auditing. We will report only the material findings in the auditor's report and not the audit opinion as included in **section 1**.

38. We selected the following key performance area for auditing:

    - Basic service delivery and infrastructure development

39. The key performance area directly addresses and impacts service delivery of the core functions that the municipality is primarily responsible for in terms of its mandate and has an impact on the public

40. We evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and objectives.

41. We performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives

- the indicators are well-defined and verifiable to ensure that they are easy to understand and consistently applied, and that we can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures included that are taken to improve performance .

42. We also performed procedures to test whether:

- the overall presentation of the performance information in the annual performance report is comparable and understandable
- the indicators used for planning and reporting are complete by considering the core functions of the municipality as defined by its mandate, the prioritisation for delivery on those core functions and any applicable standardised indicators.

While not a requirement in the current year, material findings identified in next year's audit will included in the auditor's report from **2023-24** as a phased-in requirement.

Audit results – Basic service delivery and infrastructure development

43. We did not identify findings on the completeness of indicators.

44. We did not identify material findings on the overall presentation of performance information in the annual performance report.

45. We did not identify material misstatements in the reported performance information in the annual performance report submitted for auditing.

Information to be included in auditor's report

46. We may communicate in the auditor's report matters about the audit, the auditor's responsibilities and the auditor's report that are important for users of the annual performance report to know about.

Internal control and recommendations

47. We did not identify significant internal control deficiencies in the performance planning, management and reporting processes. Where we identified possible improvements, we reported these to management.

ACHIEVEMENT OF PLANNED TARGETS

48. As disclosed in the annual performance report, not all of the planned targets were achieved for the key performance area we selected for auditing.

49. We will draw the attention of oversight to the non-achievement of key service delivery indicators by including the table that follows in the 'other matters' section in the auditor's report, with reference to the pages in the annual performance report where the measures for improvement are included.

Service delivery indicators not achieved

Targets achieved: 83% Budget spent: 87%		
	2022-23	
Key service delivery indicators not achieved	Planned target	Reported achievement
Number of households to be provided with electrification infrastructure (Dry Connections) in Emhlangeni in Ward 5 and ready to be energised by 30 June 2023	100	70
Number of households to be provided with electrification infrastructure (Dry Connections) in Okhovothi Ward 12 and ready to be energised by 30 June 2023	105	43
Number of new RDP houses constructed in combined Wards 1, 2, 8, 9, 10, 11, 16,17 and 18 by 30 June 2023	200	73

50. The non-achievement of the indicators is attributable to a numerous factors such as:

- In respect of the electrical works at Emhlangeni, management indicated that the delays in supply chain management processes contributed to delays in finalising the award of the tender.
- In respect of the electrical works at Okhovothi and the road rehabilitation at Manono Road, management indicated the reason was due to poor performance by Contractor who was initially appointed cited financial challenges was terminated and the municipality had to start the procurement processes again to appoint another contractor to complete the project
- In respect of RDP housing, management indicated the delays were not caused by the municipality but by Provincial Department of Human Settlements SCM Processes, subcontracting process and Implementing Agents which was beyond the control of the municipality.

OTHER INFORMATION IN ANNUAL REPORT

51. We did not audit the information in the annual report except for the financial statements and the key performance area in the annual performance report selected for auditing.

52. However, the auditing standards require us to read the unaudited information and consider whether it is materially inconsistent with the information we audited or the knowledge we obtained during the audit, or otherwise appears to be materially misstated.

53. The annual report was not received in time for us to perform this procedure. We will report this in the auditor's report and indicate that any material misstatements identified when we receive it that are not corrected might result in us retracting the auditor's report and reissuing an amended report.

HUMAN RESOURCE MANAGEMENT

54. We audited compliance with legislation on human resource management and assessed the processes in place to ensure adequate and sufficiently skilled resources are in place.

55. We did not identify findings.

USE OF CONSULTANTS

56. The municipality spent R1 731 748 on consultants to support the current year financial management and reporting processes – a reduction from the R3 981 090 in the previous year.

57. Our audit included an assessment of the effective use of consultants and compliance with local government requirements for the appointment and management of consultants.

58. We did not identify findings on the use of consultants.

GOVERNANCE AND COORDINATING MINISTRIES

59. Our audit included an assessment of councillor's and premier's roles and responsibilities, in the municipality, using the relevant acts and regulations relating to municipal council and how the council responds to work done by the AGSA. We have also assessed the role of coordinating ministries such as treasury and COGTA in providing the support to the municipality.

60. The objective of this assessment is to ensure that there is clear and defined mandate of each coordinating department and effective collaboration between them to effect improvement in provincial and local government; and to ensure that there is effective accountability ecosystem where all role players understand their roles and how they complement each other.

61. We did not identify findings.

PROCUREMENT AND CONTRACT MANAGEMENT

62. Section 217(1) of the Constitution envisages supply chain management systems that are fair, equitable, transparent, competitive and cost effective to achieve optimal value for public money spent and ensure equitable opportunities for suppliers to participate in government business. Meticulous contract management and rigorous payment control mechanisms should be in place to ensure that payments are made only upon the supplier's timely delivery, agreed-upon pricing is adhered to and specified quality standards are complied with.

63. We continued to focus on procurement and contract management processes, recognising that public procurement is the area at greatest risk of fraud, financial loss and irregular practices. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

64. Next, we summarise the areas in procurement and contract management processes where we identified findings – these are the areas at greatest risk of fraud and financial loss. Details on the findings are included in **annexure B**.

Findings on procurement and contract management

Area	Findings		
	2022-23	2021-22	2020-21
Audit limitations			
Deviations			
Conflict of interest			
Non-compliance: competitive bidding process			
Non-compliance: quotation process			
Contract management			

	Material non-compliance with legislation		Findings		No findings

65. **Impact**: Findings identified under procurement and contract management have resulted in additional irregular expenditure to be disclosed by the municipality and in non-compliance with legislation, however the non-compliance is not material.

66. Two (2) orders with a total value of R396 750 were split into two to avoid the requirements of competitive bidding process. The non-compliance is not material however has resulted to irregular expenditure amounting to R396 750.

IRREGULAR EXPENDITURE

67. Non-compliance with legislation resulted in irregular expenditure of R13 656 419. The irregular expenditure incurred constitutes non-compliance with SCM legislations in the prior years. There has been a decrease on the irregular expenditure due to write-offs approved by council in the current year.

68. The irregular expenditure incurred was disclosed in the financial statements.

CONSEQUENCE MANAGEMENT

69. Legislation stipulates that matters such as incurring unauthorised, irregular, and fruitless and wasteful expenditure; the possible abuse of the supply chain management system (including fraud and improper conduct); and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of these investigations. Our audit included an assessment of the municipality's management of consequences.

70. We did not identify findings.

71. During prior-year audits, we reported findings on transgressions by officials or other roleplayers for management to investigate. During the current year's audit, we performed follow-up tests to determine whether management has dealt with these matters. None of the reported transgressions were investigated and resolved.

Prior-year transgressions

Prior-year finding	Instances reported	Instances investigated	Instances resolved through investigation	Prior years reported	
				2021-22	2020-21
Suppliers with false declarations					
Awards to persons in the service of other state institutions	3	0	0	No	No

72. Management has however indicated that there were no awards awarded to the suppliers identified in the prior year

73. We did not identify significant internal control deficiencies in the consequence management processes.

FRAUD RISK

74. Our auditing standards define fraud as an intentional act by one or more individuals who are employees, management, those charged with governance or third parties, and that involves the use of deception to obtain an unjust or illegal advantage.

75. We are required to evaluate whether the information obtained during our audit indicates whether there any fraud risk factors present at the municipality and consider its impact on the audit. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or that provide an opportunity to commit fraud (e.g. inadequate controls to prevent or detect fraud). We did not identity fraud risk factors.

SECTION 3: CONTROL ENVIRONMENT

OVERALL CONTROL ENVIRONMENT

76. The significant internal control deficiencies as reported in **section 2** were caused by weaknesses in the overall control environment, for which the accounting officer and senior management are responsible.

77. The following are the main weaknesses that need urgent attention to improve the overall control environment:

Significant internal control deficiencies – overall control environment

Internal control deficiency	Prior years reported	
	2021-22	2020-21
Leadership did not provide adequate oversight and monitoring to ensure that action plans were effectively implemented to fully address previous emerging risks findings on the financial statements and compliance with legislation.	No	No
Management did not perform adequate reviews to ensure that the financial statements are free of material misstatements.	√	No

78. Overall control environment within the municipality is still the same as the previous year with a noticeable improvement in the reported performance information. Issues detected are in the areas of technical matters as well as inherent limitations of a comprehensive level of oversight.

79. In **annexure C** we provide a more detailed view of the overall state of internal control.

ACCOUNTABILITY ECOSYSTEM

80. The accountability ecosystem is the collection of roleplayers that have a part to play in enabling and institutionalising a culture of performance, transparency, accountability and integrity at the municipality. These roleplayers include the officials, senior management and accounting officer, supported by the internal audit unit and the audit committee.

81. We observed strengths and weaknesses in the contributions to the ecosystem by leadership, management and the governance structures of the municipality. We share our observations with the intention to contribute to strengthening the overall control environment, performance and accountability.

Accounting officer and senior management

82. Deficiencies noted during the audit process were mostly due to technical issues as well as cash flow misstatements. The tone and commitment to improvement of deficiencies identified by management is commendable and can be seen by the active implementation of areas identified by internal and external per the audit action plan. The municipality has ensured that the action plan is moving forward and is committed to driving the municipality to achieve better outcomes in future periods. Management has furthermore ensured that the cohesion with other role players were welcomed into the control environment and thereby strengthening the system of internal controls. This was evident through the involvement of internal audit and the audit committee. Management has to ensure regular and timeous engagements and guidance with all relevant role-players in order to address any technical matters that might re-occur.

Audit committee

83. The audit committee met regularly during the year and on the needs basis discussed pertinent matters as part of their oversight responsibility impacting the audit process and municipality overall including

84. The audit committee was functional and provided assurance during the year under review. Through internal audit, the audit committee reviewed the financial and performance information submitted for audit. Oversight on financial reporting and compliance with key legislation needs to be strengthened to ensure non-recurrence of findings identified.

Internal audit unit

85. The internal audit unit performed the audits in line with the approved plan and made necessary recommendations to the management of municipality.

86. An internal control deficiency has been reported where we noted that an external assessment/ review of the internal audit function was not performed in the last five years as prescribed by IIA standard 1312. The ongoing challenges, engagements and steps being taken by management to comply with IIA standard 1312 are noted, we will follow up on the progress in the next years

87. The auditing standards allow us to use the work of internal audit units for external audit purposes and for direct assistance. We have used internal audit work for risk identification purposes.

88. Internal audit together with the audit committee should ensure a stringent risk based internal audit plan is in place and that any technical matter are tackled timeously during the year under review

89. All role-players in the ecosystem exercised their duties in accordance with relevant requirements. However we do recommend some improvements on the processes in enabling and institutionalising a culture of performance, transparency, accountability and integrity at the municipality.

SECTION 4: OVERALL RECOMMENDATIONS

90. We provided recommendations to senior management to rectify the weaknesses identified in financial management and compliance with legislation. Our recommendation for the accounting officer is to focus on addressing the underlying root causes of these weaknesses, which stem from deficiencies in the overall control environment and failures in the accountability ecosystem.

91. In our view, the main root causes that need attention are as follows:

- The municipality has not implemented an enhanced system of technical updates and therefore the interpretation and implementation of South Standards of Generally Recognised Accounting Practice were found to be deficient in certain areas.
- Certain matters noted during the audit could have been avoided if a more enhanced system of review and oversight by management could have been implemented on financial statement preparation. This includes the validation against the underlying records.

92. Addressing these root causes requires a focused and systematic approach. We have found that an action plan that is focused on addressing root causes, with SMART targets and disciplined monitoring and implementation, is fundamental to success.

93. The following are our three main recommendations to address the identified root causes. We have shared some of these before and ask for urgent action to ensure their implementation.

Overall recommendations

	Recommendation	Year originally recommended	Status of implementation
1.	Oversight over technical interpretation of certain standards of the accounting framework by ensuring significant line items are measured against any reporting requirements including guidelines, interpretation notes etc.	2022-23	Not started
2.	Monitoring controls should be enhanced to support accurate financial reporting and to ensure that all financial statement disclosures are in line with GRAP requirements	2021-22	Limited progress

CONCLUSION

94. The matters communicated throughout this report relate to the three fundamentals of internal control that should be addressed to achieve sustained clean administration. Our staff remain committed to assisting in identifying and communicating good practices to improve governance and accountability and to build public confidence in government's ability to account for public resources in a transparent manner.

Yours sincerely

M Coates

Martin Coates

Senior manager

Date

Enquiries: Nolwazi Khathi

Phone: 033 264 7400

Email: NolwaziK@agsa.co.za

ANNEXURE A: FINANCIAL ASSESSMENT

We included a summary of the financial assessment we did as part of the audit in the section on financial performance. This annexure includes the detailed ratios and information used for the assessment.

Financial health assessment

		Current year	Previous year
Expenditure management			
1.1	Creditor-payment period	44 Days	21 Days
1.2	Deficit was realised for the year (total expenditure exceeded total revenue)	No	No
	Amount of surplus / (deficit) for the year	R65 370 942	R80 931 267
Revenue management			
2.1	Debt-collection period (after impairment)	46 Days	32 Days
	• Amount of debtor's impairment provision • Amount of accounts receivable	R170 218 767 R51 794 125	R157 116 188 R34 049 046
2.2	Debt-impairment provision as a percentage of accounts receivable	76.7%	82.2%
	• Amount of debt-impairment provision • Amount of accounts receivable (before impairment)	R170 218 767 R222 012 892	R157 116 188 R191 165 234
Asset maintenance and renewal			
3.1	Percentage spending on repairs and maintenance	2.6 %	2.5 %
	• Amount of expenditure on repairs and maintenance • Amount of property, plant and equipment (carrying value)	R13 908 107 R541 774 597	R12 208 292 R484 787 955
3.2	Total capital expenditure as percentage of total expenditure	18.7%	17.2%
	• Amount of capital expenditure • Amount of total expenditure (operating + capital)	R75 545 053 R404 077 290	R63 545 832 R368 936 755
3.3	Asset renewal / rehabilitation expenditure as a percentage of total capital expenditure	34.6%	N/A
	• Amount of asset renewal / rehabilitation expenditure	R26 168 755	N/A
3.4	Asset renewal / rehabilitation expenditure as a percentage of total depreciation and impairment	86.8%	N/A
	• Amount of depreciation and impairment	R30 160 938	N/A

		Current year	Previous year
Asset and liability management			
4.1	Total debt / borrowings vs total revenue for the year	22.9%	16.8%
	• Amount of debt / borrowings • Amount of revenue for the year	R93 966 056 R411 045 367	R64 275 469 R383 089 485
4.2	Current liabilities as a percentage of next year's budgeted resources	13.1%	7.9%
	• Amount of current liabilities • Total budgeted income for the next year, excluding employee costs and remuneration of councillors	R71 378 580 R546 853 000	R41 480 252 R523 470 000
4.3	Net current liability position was realised (total current liabilities exceeded total current assets)	No	No
	• Amount of net current asset / (liability) position	R239 196 319	R138 146 425
4.4	Net non-current liability position was realised (total non-current liabilities exceeded total non-current assets)	No	No
	• Amount of net non-current asset / (liability) position	R580 061 792	R615 633 091
4.5	Net liability position was realised (total liabilities exceeded total assets)	No	No
	• Amount of net asset / (liability) position	R819 258 111	R753 779 516
4.6	Liquid assets as a percentage of total current liabilities (acid test percentage)	434.1%	431.1%
	• Amount of liquid assets	R309 861 048	R178 819 556
4.7	Current ratio	4.4:1	4.3:1
	• Amount of current assets	R310 574 899	R179 626 677
4.8	Total debt to total assets ratio	0.1:1	0.07:1
	• Amount of debts • Amount of assets	R93 966 056 R913 224 167	R64 275 469 R818 054 985
Cash management			
4.9	Year-end bank balance was in overdraft	No	No
	• Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R10 321 268	R4 119 614
4.10	Cash plus investments less applications	R235 546 311	R180 759 619

		Current year	Previous year
	• Amount of year-end bank balance (cash and cash equivalents) • Amount of total investments (short and long term) • Less: amount of cash applications/ commitments	R10 321 268 R244 203 556 R18 978 513	R4 119 614 R138 861 901 R27 221 896
4.11	Cash coverage	11.5 months	7.3 months
	• Amount of monthly expenditure	R22 043 838	R19 610 905

ANNEXURE B: PROCUREMENT AND CONTRACT MANAGEMENT

1. We included a summary of our findings and their impact in the section on procurement and contract management. This annexure provides the detailed findings.

Competitive bidding and quotation processes

2. Supply chain management legislation and policy prescribe the manner in which bidding and quotation processes should be performed to enable fair, competitive and equitable procurement. We identified non-compliance with the requirements for the competitive bidding process.

Findings on competitive bidding process

Finding	Value	Instances	Material non-compliance	Prior years reported	
				2021-22	2020-21
Quotations with indicators of splitting identified	R396 750	1	No	0	0

3. **Impact:** The above findings have resulted in non-compliance with the supply chain management regulations. This has resulted in irregular expenditure due to the instances of non-compliance identified. The non-compliance is not material.

4. The instances of non-compliance are mainly due to internal control processes on procuring goods and services not being sufficiently adequate to ensure that the compliance requirements are fully complied with. The instances of non-compliance identified in the current year are not the similar instances raised in the prior year.

Conflict of interest

5. We assessed the interests of officials and councillors and other persons in service of the state in the suppliers to the municipality. The supply chain management regulations prohibit awards to suppliers where there could be conflict of interest. We did not identify such interests.

6. We also assessed the interests of close family members of officials and councillors in the suppliers to the municipality. Procurement legislation does not prohibit awards to such suppliers, but we performed testing to ensure that conflicts of interest did not result in contracts being unfairly awarded or in unfavourable price quotations being accepted, and to share the information with management as potential risks. We did not identify such interests.

Internal control and recommendations

7. We identified significant internal control deficiencies, which caused the weaknesses in the procurement and contract management processes as reported.

Significant internal control deficiencies – procurement and contract management

Internal control deficiency	Prior years reported	
	2021-22	2020-21
Management did not adequately monitor compliance with applicable laws and regulations as evidenced by the non-compliances reported.	√	No

8. We made recommendations to improve the procurement and contract management process to the accounting officer and senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – procurement and contract management

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: Management should ensure that internal control processes do not impact compliance with the procurement regulations and measures are implemented to ensure that the regulations are fully complied with and there is evidence that supports the compliance with the procurement regulations. **Response:**	2022-23	Not started
Recommendation: Management should enhance the review and monitoring of compliance with applicable laws and regulations. **Response:**	2021-22	Limited progress

ANNEXURE C: ASSESSMENT OF INTERNAL CONTROL

1. This annexure provides our assessment of the main internal controls in the areas of **leadership**, **financial and performance management**, and **governance** that should enable credible financial statements and performance reports and compliance with legislation.

2. The assessments are rated as follows:

	The required preventative or detective controls were in place.
	Progress was made in implementing preventative or detective controls, but improvement is still required or actions taken were not sustainable.
	Internal controls were not in place, were not properly designed, were not implemented or were not operating effectively. Intervention is required to design and/or implement appropriate controls.

3. Movement from the previous year is shown as follows:

▲	Improvement	▼	Regression	▶	Unchanged

Internal control assessment

	Financial statements		Performance reporting		Compliance with legislation	
	Current	Previous	Current	Previous	Current	Previous
Leadership	▶		▲		▶	
Provide effective leadership based on a culture of honesty, ethical business practices and good governance, and protect and enhance the interests of the entity						
Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls						
Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored						
Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities						
Develop and monitor the implementation of action plans to address internal control deficiencies						

	Financial statements		Performance reporting		Compliance with legislation	
	Current	Previous	Current	Previous	Current	Previous
Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance						
Financial and performance management						
Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting						
Implement controls over daily and monthly processing and reconciling of transactions						
Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information						
Review and monitor compliance with applicable legislation						
Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information relating to user access management, programme change control and service continuity			N/A	N/A	N/A	N/A
Governance						
Implement appropriate risk management activities to ensure that regular risk assessments, including considering information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored						
Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively						
Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation						

ANNEXURE D: SUMMARY OF DETAILED AUDIT FINDINGS

1. This annexure summarises the findings that were communicated to management during the audit. The detailed findings are available on request.

2. The findings are rated as follows:

	Matters that will be reported in the auditor's report and should be addressed urgently
	Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance
	Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks

Summary of audit findings

Finding	Rating	Classification					Number of times reported in previous two years
		Financial	Performance	Compliance	Internal control	Delivery	
A: Matters that will be reported in the auditor's report							
Annual financial statements							
Agent-principal arrangement- INEP and Massification Grants		√					1
Statement of cash flows misstatements		√					
Investment Property- Fair Value Adjustment		√					
B: Matters that should be addressed to prevent material misstatements in the financial statements and compliance with legislations							

Finding	Rating	Classification					Number of times reported in previous two years
		Financial	Performance	Compliance	Internal control	Delivery	
Annual financial statements							
Misstatements: Calculation errors noted on commitments schedule		√					
Related Parties		√					
Property, Plant and Equipment		√					
Employee Benefit Obligation		√					
Compliance							
Quotations with indicators of splitting identified				√			
Contract Management- Internal control deficiency					√		
C: Matters that do not have a direct impact on the audit outcome							
Compliance							
Limitation of scope: quotations					√		
Limitation of scope: competitive bids					√		
Non-compliance – CSD tax status confirmation					√		
Other							
Internal audit – external quality assurance review/ assessment					√		

ANNEXURE E: UPCOMING CHANGES

1. This Annexure lists upcoming changes and events that will potentially affect the preparation of financial statements and annual performance report and compliance with legislation.

2. The municipality should ensure that systems and controls are in place to implement upcoming changes in the pronouncements that could have an impact on future audit outcomes.

Upcoming changes

Description	Audit outcome area	Effective date
GRAP 1 on Presentation of Financial Statements (revised)	Financial statements	1 Apr 2023
GRAP 25 on Employee benefits (revised)	Financial statements	1 Apr 2023
GRAP 103 on Heritage assets (revised)	Financial statements	To be determined
GRAP 104 on Financial instruments (revised) GRAP 104 (revised) was substantially changed. As a result, an entity may not use the revised version to formulate accounting policies alone. GRAP 104 (revised) must be adopted and applied in totality, partial adoption or application is not permitted	Financial statements	1 Apr 2025
IGRAP 7 on The limit on a defined benefit asset, minimum funding requirements and their interaction (revised)	Financial statements	1 Apr 2023
IGRAP 21 on The effect of past decisions on materiality	Financial statements	1 Apr 2023
Guideline on Accounting for landfill sites	Financial statements	1 Apr 2023

REPORT OF THE AUDITOR-GENERAL

Mandeni Local Municipality

For the year ended 30 June 2023

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mandeni Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mandeni Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2022 (Act No. 5 of 2022) (Dora).

Basis for opinion

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

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Contingencies

7. With reference to note 48 to the financial statements, the municipality is the defendant in multiple litigations. The outcome of these matters was not determinable at year-end and no provision for any liability that may result was made in the financial statements.

Material Impairments

8. As disclosed in note 4 to the financial statements, the municipality reported material impairments of R57,60 million (2021-22: R55,87 million) on receivables from exchange transactions as the recoverability of these amounts was doubtful.

9. As disclosed in note 5 to the financial statements, the municipality reported material impairments of R35,40 million (2021-22: R33,57 million) on receivables from non-exchange transactions as the recoverability of these amounts was doubtful.

10. As disclosed in note 6 to the financial statements, the municipality reported material impairments of R77,22 million (2021-22: R67,67 million) on statutory receivables as the recoverability of these amounts was doubtful.

Other matter

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

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objective

18. s for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

19. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery and infrastructure development	XX	Improve access to all infrastructure and services.

20. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

23. I did not identify any material findings on the reported performance information for the selected key performance area.

Other matter

24. I draw attention to the matter below.

Achievement of planned targets

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

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

30. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue and expenditure items, current assets, and the cash flow statement identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

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

32. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

33. My responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

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

36. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

37. Controls and processes including reviews over financial reporting were not effectively implemented by senior management in specific areas, which resulted in material adjustments.

Other reports

38. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

39. An independent consultant investigated an allegation of misappropriation and fraudulent use of the fuel master tag at the request of the municipality, covering the period 29 January 2022 to 18 February 2022. The final report was provided to the municipality on 05 July 2022 with recommendations. These proceedings were in progress at the date of this auditor's report.

AUDITOR-GENERAL

Pietermaritzburg

14 December 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 - paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Dora	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

MANDENI MUNICIPALITY DRAFT AUDIT ACTION PLAN

No.	AUDIT QUERY	ROOT CAUSES	RECOMMENDATIONS	MANAGEMENT ACTION PLAN	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO DATE BY MANAGEMENT	INTERNAL AUDIT OBSERVATIONS	STATUS
A	ANNUAL FINANCIAL STATEMENTS								
1	Agent-principal arrangement- INEP and Massification Grants Mandeni local municipality and Eskom has a binding arrangement as it sets out the rights and obligations for both parties for the construction of the bulk electrification infrastructure and the cost thereof. Although Mandeni local municipality enters into	During AFS preparation of 2022/23 financial year INEP GRAP Accounting Guideline was introduced by National treasury on the 21st of August 2023 which had an impact on compilation of AFS.	Management should adjust the AFS to confirm the accurate and complete disclosure of the INEP Grant received including the impact on the comparative figures in accordance with GRAP.	1. Management will adjust its budget during an adjustment budget to be in line in accordance GRAP 11. Further to that transactions will be in line with the adjusted budget. 2. Expenditure reports in relation to INEP and Massification will be shared on a	28-Feb-2024 On going (Monthly) 12-Aug-2024	Manager Budget & Reporting Manager Budget & Reporting Manager Budget & Reporting	Misstatements identified by the auditors in the submitted financial statements were subsequently corrected, however; management will ensure that similar misstatement is not identified in the financial statements for 2023/2024 financial year.		

	separate sub-contracts to assist it with the construction of the bulk electrification infrastructure these arrangements are not “transactions with third parties” as discussed in GRAP 109. This is because the sub-contracting arrangements are likely to be between Mandeni local municipality and the sub-contractors and for the benefit of Mandeni local municipality who is responsible for the construction of the asset. Mandeni local municipality is therefore not appointed as an agent of Eskom. Eskom has appointed Mandeni local municipality to	However due to timing for issuing the guideline by National Treasury and clarities that were not clear in relation to its treatment, the municipality continued and disclosed these grants in the same principle we have been using in the prior financial years and this was because the municipality have been		monthly basis. 3. INEP and Massification transactions of a similar nature will be disclosed by applying GRAP 11 standard during 2023/2024 FY					

	undertake the construction of the bulk electrification infrastructure to supply electricity in its jurisdiction. The infrastructure asset must comply to the specifications set by Eskom. In addition, the MOUs (for INEP and Massification grant) between ESKOM and Mandeni local municipality required that Mandeni local municipality to procure specified Eskom approved materials for the construction. As with Agent-principal arrangement, there are no transactions with third parties. The contracts with the suppliers are with Mandeni local municipality and not	transacting in accordance with GRAP 109 during the financial year.							

	Eskom. Mandeni local municipality is thus appointed as a contractor and applies GRAP 11.								
2	Statement of cash flows misstatements During the audit of cashflow statement, we noted that the figures presented on the cashflow statement are different to the auditor's recalculated figures, and the differences are material.	Final adjustment that we made on AFS prior submission to Auditor General.	Management must adjust the statement of cashflow and ensure that the cash flow statement is accurate and supported.	Adjust financial statement cashflow to be in line with the recalculated final figures. Cash flow statement will also be updated whenever there are final adjustments made on the AFS.	12-Aug-24	CFO	Misstatements identified by the auditors in the submitted financial statements were subsequently corrected, however; management will ensure that similar misstatement is not identified in the financial statements for 2023/2024 financial year.		**Action not due as yet**
3	Investment Property-Fair Value Adjustment It was noted that a fair value adjustment loss of R46 000 000 was recognised for an	The municipality has recognised the properties by processing a	Management should assess and adjust the fair value adjustment recognised and further assess the transferred	1. Management will maintain a Transfers Register to keep track of all transfers done during financial year.	On going (Quarterly) On going (Quarterly	Manager Budget & Reporting Manager Budget & Reporting	1. Misstatements identified by the auditors in the submitted financial statements were subsequently corrected, however;		

	investment property (Remainder of Farm Lot 30 Inyoni No. 13890). On further examination of the movements, it was confirmed that the adjustment was in actual fact for properties that the Municipality used for the development of low-cost housing by the Department of Human Settlements. It was further confirmed that these unbundled properties (Low-cost Properties) reflect to be under the name of the municipality registered in the 2022/23 financial year and the transfer to the beneficiaries has not yet been done. The municipality incorrectly derecognized the property by processing a fair value adjustment loss for the property that	fair value adjustment loss for the property that was used for the construction of the low-cost housing whereas they are still in the name of the municipality	property to comply with the requirements of GRAP 12 (Inventories). Management should use GRAP 12 for subsequent measurements of the transferred property.	2. The transfers register will be reconciled quarterly to ensure that the amount disclosed as Inventory is subsequently derecognized as and when transfers are concluded. 3. Management will apply GRAP 12 (Inventories) for subsequent measurements of the transferred property during 2023/2024 FY and in subsequent years	12-Aug-24	Manager Budget & Reporting	management will ensure that similar misstatement is not identified in the financial statements for 2023/2024 financial year.		

	was used for the construction of the low cost housing whereas these were still in the name of the municipality. Based on the above assessment, the municipality has processed a transfer from investment property as there was a change in use evidenced by the commencement of development of low-cost housing with the view of transferring it to the rightful owners (the citizens), which then requires the municipality to recognize the properties as inventories until they are transferred to the owners.								
ANNEXURE B: COMPLIANCE WITH LAWS & REGULATIONS (SUPPLY CHAIN MANAGEMENT & CONTRACT MANAGEMENT)									
4	Quotations with indicators of splitting identified	There was poor communicati	Management should develop and implement	1. The Manager SCM will ensure that a panel of	2024/03/30	Manager SCM			

	In terms of Municipal Supply Chain Management Regulations paragraph 12(3) it is stated that, “Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.” During the audit of quotations, it was noted that the below listed goods were split into two for the below awards to avoid the requirements	on from the District Municipality regarding its participation in the Provincial SALGA games which didn’t allow the Municipality to plan and execute all procurement needs in time for the games	adequate processes to ensure that orders made are compliant with all requirements of SCM regulations. • Management should revisit the entire population to identify other instance of order splitting.	service providers is established for the supply of sports apparel and associated goods. 2. Irregular expenditure for 2023/24 FY will be updated to include transactions of a similar nature (i.e. SALGA GAMES, Grass cutting, etc)	10-Jan-2024	Manager SCM			

	of competitive bidding process. Supplier Description Fana Manufacturing Supply and Deliver Salga Participants Tracksuits Bargain Uniforms Supply and Deliver Salga Officials Tracksuits								
5.	Contract Management During the contract management compliance testing, it was noted that a supplier (Ka-Mayaluza (PTY) Ltd for the provision of security services) was performing poorly for the period July 2022 to March 2023 based on the monthly evaluation forms completed. Evidence of management's efforts to	The contract was not terminated as the Manager responsible was monitoring the performance of the service provider and terminating would have compromised	Management should consider reassessing their internal controls and implement an appropriate process to remedy situations of underperformance s.	1. To ensure monitoring of all awarded contracts by holding regular monthly meetings with service provider(s) to assess performance. 2. Regular communication with poor performing	On-going (Quarterly) On-going (Quarterly) Ongoing	Project Managers Project Managers Project managers			

	rectify the situation was requested and evaluated to not be sufficient as it was only forwarded WhatsApp voice notes. Upon communication with the user department it was determined that that were no formal proceedings or steps taken to ratify the situation. None of the options available to the municipality, per the above requirements, were utilised by the municipality to remedy the situation.	safety and security at municipal sites at that stage and it may also have negative financial implications for the municipality. There was however some improvement on the performance towards the end of contract after several engagements with the service provider.		service providers through meetings and emails and records of such communication to be kept for records purposes. 3. Invoke all terms of contracts in case of underperformance and terminate if there is no improvements on performance.					

OTHER MINOR ISSUES REPORTED

6.	Other minor issues that were identified by the Auditor-General which have no impact on the audit outcome as as follows; - Calculation errors noted on commitments schedule; - Related Parties; - Property, Plant and Equipment; - Employee Benefit Obligation;	Lack of reviews of commitment schedules by supervisors. Management oversight when preparing and reviewing AFS. Asset System errors resulted in an incorrect depreciation calculation.	Annual Financial Statements should be adequately reviewed by management prior to submission to the Auditor-General	1. Manager SCM to agree figures disclosed in the commitment schedules to invoices/GL to ensure accuracy of figures disclosed. 2. Removing paragraph disclosed under Related Parties to ensure compliance with requirements of GRAP 20 3. System Depreciation calculation will be tested on a monthly basis to ensure early detection and correction of system errors.	12-Aug-2024 12-Aug-2024 On going (Monthly) 12-Aug-2024	Manager SCM CFO CFO Manager Treasury			

				Further to that rigorous quarterly physical asset's verifications will be conducted to ensure existence of assets and completeness of the Fixed Asset Registers 4. In relation to the Employee benefit obligation, management intends to classify correctly the current portion of the liability and further recognise the long-term liability					

LEGENDS

	RESOLVED
	UNRESOLVED
	IN PROGRESS/ON-GOING
	ACTION PLAN NOT DUE AS YET

APPENDICES

APPENDIX A

(Councillors; Committee Allocation and Council Attendance)

COUNCILLORS

Councilors are elected by the local registered voters in terms of the local segment of the Voter's Roll to serve a predetermined term of office on the local council as representatives of their respective constituencies. Mandeni Local Municipality has a total of 35 seats. Eighteen (18) of these seats are allocated to ward councilors who are elected by each of the eighteen wards. Another seventeen (17) seats are allocated top parties through the proportional representation system of elections.

ALLOCATION OF COMMITTEES

Mandeni Local Municipality has five (5) Section 80 Committees established by Council. Each one of these committees is chaired by the members of Executive Committee, and the allocation is as follows:

A. ECONOMIC DEVELOPMENT AND HUMAN SETTLEMENT				
1.	CLLR	SZ	MDLETSHE	ANC -Chairperson
2.	CLLR	MC	MKHALIPHI	ANC
3.	CLLR	S	NTULI	ANC
4.	CLLR	NS	NCUBE	IFP
5.	CLLR	F	GINA	IFP

6.	CLLR	N	KHUZWAZYO	EFF
7.	CLLR	SS	MDUNGE	ANC

B. INFRASTRUCTURE DEVELOPMENT TECHNICAL SERVICE				
1.	CLLR	ST	MAGWAZA	ANC -Chairperson
2.	CLLR	DGP	MTHEMBU	ANC
3.	CLLR	S	MTHEMBU	ANC
4.	CLLR	ST	THWALA	ANC
5.	CLLR	BA	MCHUNU	IFP
6.	CLLR	M	NCANANA	IFP
7.	CLLR	SJ	MATHONSI	AIC

C. LOCAL PUBLIC ADMINISTRATION HUMAN RESOURCE				
1.	CLLR	MS	MDUNGE	IFP -Chairperson
2.	CLLR	S	MABHIDA	ANC
3.	CLLR	N	NXUMALO	ANC
4.	CLLR	SP	NAICKER	DA
5.	CLLR	SJ	MATHONSI	AIC
6.	CLLR	Z	NXUMALO	IFP
7.	CLLR	X	MATHONSI	ANC
8.	CLLR	NR	DLUDLA	ANC
9.	CLLR	MB	NGIDI	ANC

D. FINANCE

1.	CLLR	TP	MDLALOSE	ANC -Chairperson
2.	CLLR	CT	MHLONGO	ANC
3.	CLLR	NO	DLADLA	ANC
4.	CLLR	PP	NSELE	EFF
5.	CLLR	BA	MCHUNU	IFP
6.	CLLR	LS	ZUNGU	IFP
7.	CLLR	MB	NGIDI	ANC

E. COMMUNITY SERVICES AND PUBLIC SAFETY				
1.	CLLR	BL	MAGWAZA	ANC -Chairperson
2.	CLLR	SS	MDUNGE	ANC
3.	CLLR	MB	NGIDI	ANC
4.	CLLR	ST	THWALA	ANC
5.	CLLR	CL	MTHEMBU	ANC
6.	CLLR	SP	NAICKER	DA
7.	CLLR	PP	NSELE	EFF
8.	CLLR	BA	KHUMALO	IFP

POLITICAL DECISION-TAKING

The Standing Rules and Orders of Council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by Council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council:

a) Approval of Budget

b) The imposition of rates and taxes, levies and duties.

c) The passing of By-laws.

d) The raising of loans.

Other matters are delegated to the Executive Mayor in terms of Section 59 of the Municipal Systems Act. The Executive Mayor must report to Council on the execution of duties delegated to her. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councillor.

Before a Council passes a resolution on any of the following matters it shall first require the Mayor to play his executive role and submit a report and recommendation to the full sitting of Council.

a) The passing of By-laws

b) The approval of budgets

c) The imposition of rates

d) The raising of loans

e) The approval of the IDP and any amendments or reviews of this plan.

f) The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.

g) And any other powers and functions as prescribed by various pieces of legislation.

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES

FINANCE PORTFOLIO COMMITTEE

CONSTITUTION:

1. **Name and Status**

   The finance portfolio committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. **Membership**

   The committee shall consist of:-

   1. Chairperson appointed by council;

   2. Seven (7) Councilors appointed by the council; and

   3. *The Mayor as a voting Ex-Officio member, please note here the Mayor is the chairperson*

3. **Quorum**

The quorum of the committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions]+1) of current members (excluding the Mayor).

4. Rules of Procedure

The Rules of Order of the council, insofar as they govern Committees, shall apply to the Committee.

5. Functions

5.1 The committee shall monitor, investigate, enquire into and make recommendations to the Executive committee relating to any aspect affecting the Council in connection with the following functions: -

(a) Budget and Reporting
(b) Revenue Management and Enhancement
(c) Expenditure Control
(d) Supply Chain and Contract Management
(e) Financial Management
(f) Anti-Corruption and Anti-fraud strategy

5.2 The committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the committee; -

(a) Shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogation from the afore-going and subject to the provisions of any law, the committee is authorized to advice, from time to time, the Executive committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the committee.

(2) all bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the of the committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

7. General Policy Functions

The committee may:-

(1) appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

COMMUNITY SERVICES AND PUBLIC SAFETY AND SECURITY PORFOLIO COMMITTEE

Constitution:-

1. **Name and Status**

1.1. The Community Services and Public Services Portfolio Committee, is a standing Committee appointed in terms of section 80 Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

2.1. The committee shall consist of:

2.1.1. Chairperson appointed by Council

2.1.2. Seven (7) Councilors appointed by the council; and

2.1.3. The Mayor as a voting Ex-Officio member

3. Quorum

3.1. The quorum shall be not less than fifty percent

(Disregarding fractions) plus one (50) % (disregarding fractions) + 1) of current members (excluding the Mayor).

4. Rules of Procedure

4.1. The Rules of Order of the Council, insofar as they govern Committees,

Shall apply to the Committee.

5. Functions

5.1. The Committee shall monitor, investigate, enquire into and make

Recommendations to the Executive Committee relating to any aspect

Affecting the Council in connection with the following functions:-

(a) Libraries
(b) Museum
(c) Beach Amenities
(d) Marine Safety

(e) Sports and Recreation
(f) Verge Maintenance
(g) Cemeteries
(h) Pounds
(i) Emergency Services (Traffic and Fire)
(j) Security Services
(k) Disaster Management
(l) Communications
(m) Vehicle Licensing
(n) Trade Licensing
(o) General Law Enforcement
(p) Environmental Health
(q) Personal Health
(r) Youth Development Initiatives;
(s) Gender Related Programme;
(t) Programme of Children and Elderly;
(u) Programmes Related to the Disable Persons (Persons Living with Disabilities);
(v) Stakeholder Coordination (Operation Sukuma Sakhe)
(w) Programmes dealing with promotion of preventative measures on HIV/AIDS Coordinate Activities of Local Aids Council Coordination of programmes dealing with promotion of preventative measures on HIV/AIDS and other related programmes for those infected and affected; and
(x) Coordinate Activities of Local Aids Council

6. Standing Authorities

6.1. Without derogating from the a foregoing and subject to the provisions

Of any law, the Committee and any Employee to whom specific powers have been delegated on:-

6.1.1. Aspects of policy in respect of the functions of the Committee

6.1.2. All bylaws, fees, tariffs which the Council may enact or prescribe

Within the terms of reference of the committee.

6.1.3. Any legislation or proposed legislation falling within the terms of reference of the committee which the Council may adopt.
6.1.4. Any amendments to the terms of reference of the committee

7. General Policy Functions

7.1. *The Committee may*:-

7.1.1. Appoint from within its own membership a sub-committee with

Powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms ofreference;

7.1.2. Refer to the Executive Committee for decision, with or without a

Recommendation, any matter falling within its terms of reference;

7.1.3. Consider all matters of a policy nature incidental to the above

Terms of reference and submit recommendations on such matters to the Executive Committee.

ECONOMIC DEVELOPMENT, PLANNING, COMMUNITY DEVELOPMENT & HOUSING PORTFOLIO COMMITTEE

Constitution:

1. Name and Status

The Economic Development, Planning, Community Development and Human Settlement Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

The Committee shall consist of:-

1. Chairperson appointed by Council;
2. Seven (7) Councilors appointed by the Council; and
3. The Mayor as a voting Ex-Officio member

3. Quorum

The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

4. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

5. Functions

5.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Town Planning;
(b) Spatial planning
(c) Local Economic Development;
(d) Community Development;
(e) Environmental Conservation
(f) Building Control
(g) Integrated Development Plan
(h) Local Tourism
(i) Business Licensing and Business Development (SMMes) and Cooperatives)
(j) Agriculture Development
(k) Human Settlements and Housing (Including Housing Sector Plan)
(l) Implementation of Building Regulations and By-Laws
(m) Environment and Coastal Management

(n) Land Reform

5.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the Committee;-

(a) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogating from the a foregoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the Committee.

(2) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

7. General Policy Functions

The Committee may:-

(1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

LOCAL PUBLIC ADMINISTRATION & HUMAN RESOURCES PORTFOLIO COMMITTEE

Constitution:-

1. Name and Status

The Local Public Administration & Human Resources Portfolio Committee is a standing Committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

The Committee shall consist of

1. Chairperson appointed by council
2. Seven (7) Councillors appointed by the council; and
3. The Mayor as a voting Ex-Officio member

3. Quorum

The quorum of the Committee shall be not less than fifty percent

(Disregarding fractions) plus one (50 %) (Disregarding fractions) + 1

Of current members (excluding the Mayor).

4. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Council,

Shall apply to the Committee.

5. Functions

5.1. The Committee shall monitor, investigate, enquire into and make

Recommendation to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Local Public Administration with particular reference to Chapter 7 the Local Government :Municipal Systems Act,2000;
(b) Human Resources;
(c) Labour Relations; and Employees Relations
(d) Occupational Health and Safety
(e) Performance Management
(f) Information Technology
(g) Municipal Administration and Auxiliary Services
(h) Council Support
(i) Fleet Management
(j) Policy Development
(k) Public Participation and Ward Committee Coordination
(l) Implementing resolutions taken by the LLF and HRDC
(m) Communications

5.2. The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee for such monitoring, investigations or enquiry.

5.3. In **carrying out its functions the Committee**

(a) Shall at all times ensure that it complies with all requirements of law in regards to public participation, the receipt of evidence or representation and similar matters;

(b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogation from the afore going and subject to the

provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:

(1) Aspects of policy in respect of the functions of the Committee.
(2) All bylaws, fees, tariffs which the council may enact or prescribe within the terms of reference of the committee.
(3) Any legislation or proposed legislations falling within the terms of reference of the committee which the Council may adopts.
(4) Any amendments to the terms of reference of the committee

7. General Policy Functions

The Committee may:-

(1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;
(2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference ;
(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee

INFRASTRUCTURAL AND TECHNICAL SERVICES PORTFOLIO COMMITTEE

Constitution:-

1. Name and Status

The Infrastructural and Technical Services Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

2. Membership

The Committee shall consist of:-

1. Chairperson appointed by Council;
2. Seven (7) Councillors appointed by the Council; and
3. The Mayor as a voting Ex-Officio member

3. Quorum

The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

4. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

5. Functions

5.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

(a) Water and Sanitation in conjunction with District Municipality
(b) Sewerage;
(c) Roads;
(d) Storm Water Drainage
(e) Electricity and Street lights
(f) Mechanical Workshops;

(g) Fleet Management;
(h) Cleansing & Waste Management; and
(i) Maintenance and Municipal Facilities
(j) Parks and Gardens
(k) Municipal Roads
(l) Maintenance of Municipal Facilities
(m) Management of Capital Equipment and Technical Service Fleet
(n) Telecommunication

5.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the Committee;-

(a) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

6. Standing Authorities

Without derogating from the aforegoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the Committee.

(2) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

7. General Policy Functions

The Committee may:-

(1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

APPENDIX C

THIRD TIER
ADMINISTRATIVE
STRUCTURE

MANDEN

Mandeni Municipality Organizational Structure

MUNICIPALIT

KZN 291

P.O.BOX 144

MANDEN
449

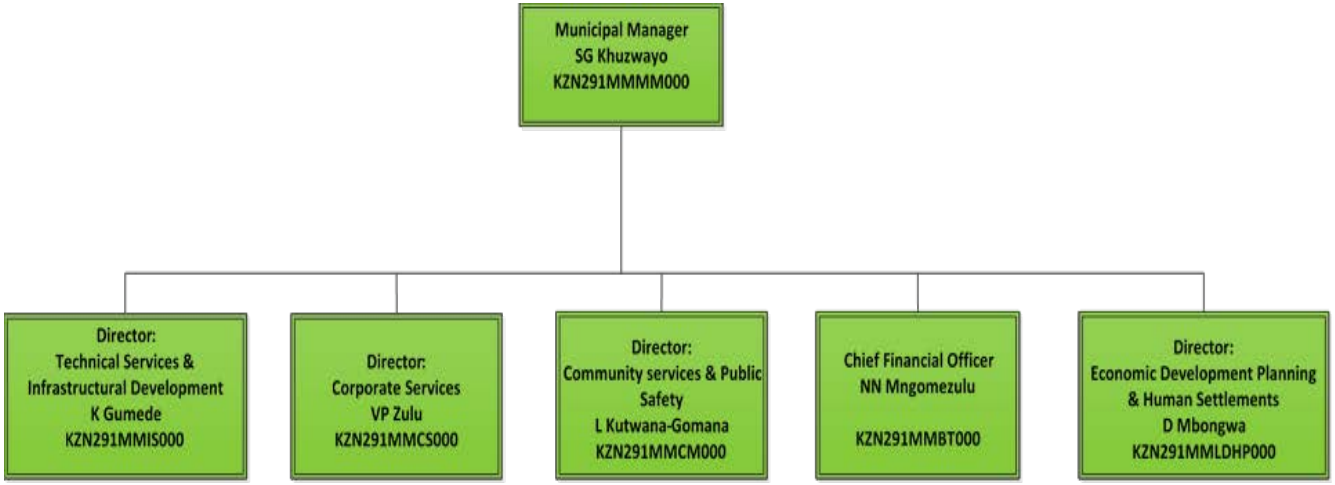
TELEPHONE :-456820 FAX 032456256 WEBSITE:

OCCUPIED /FILLED

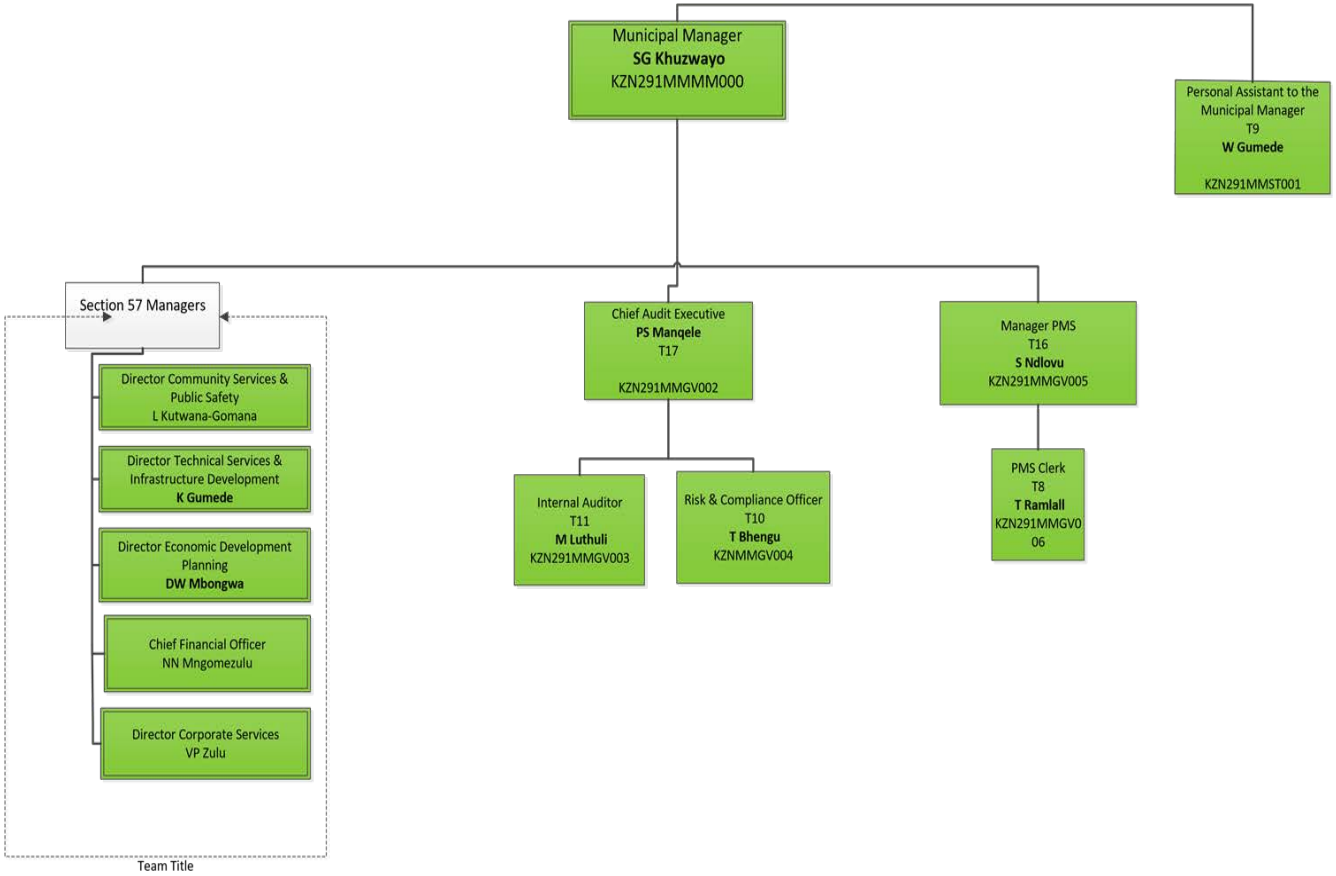
VACANT WITH BUDGET

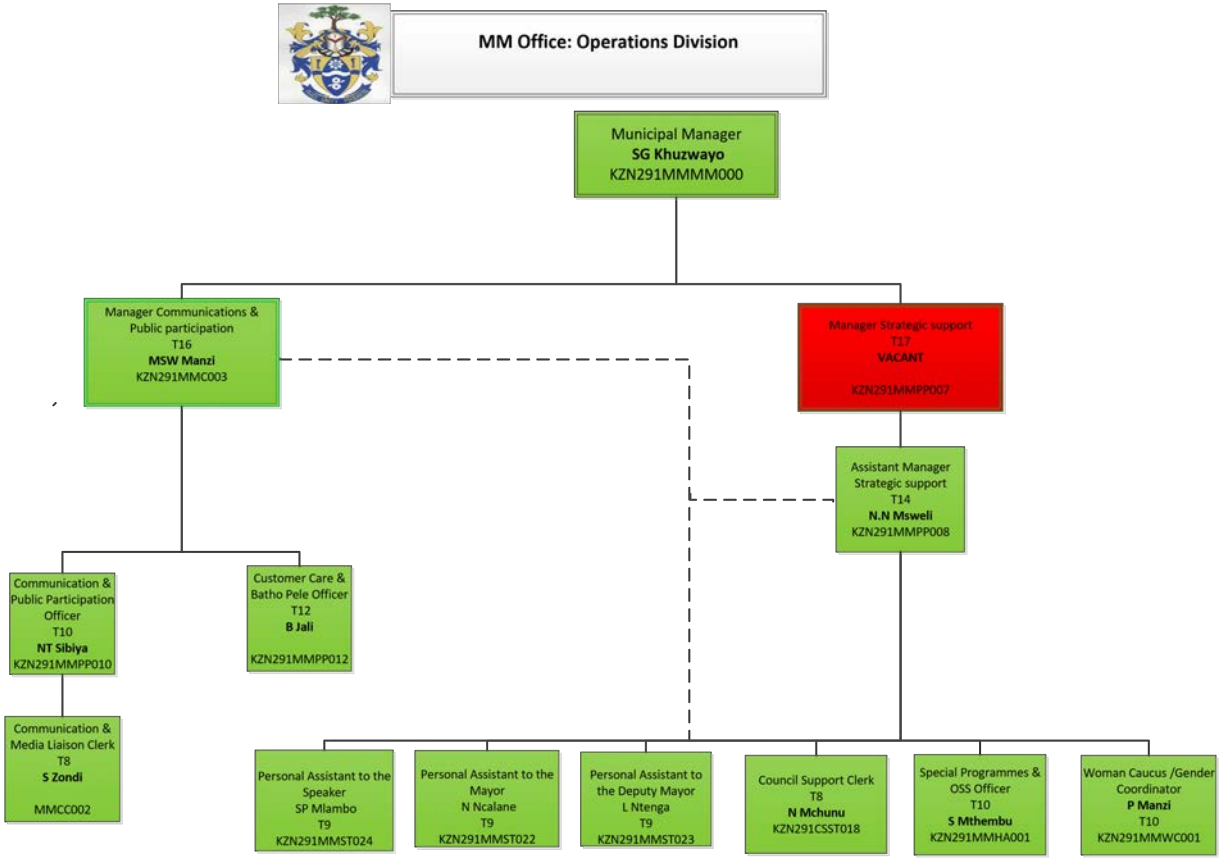
OUTSOURCED

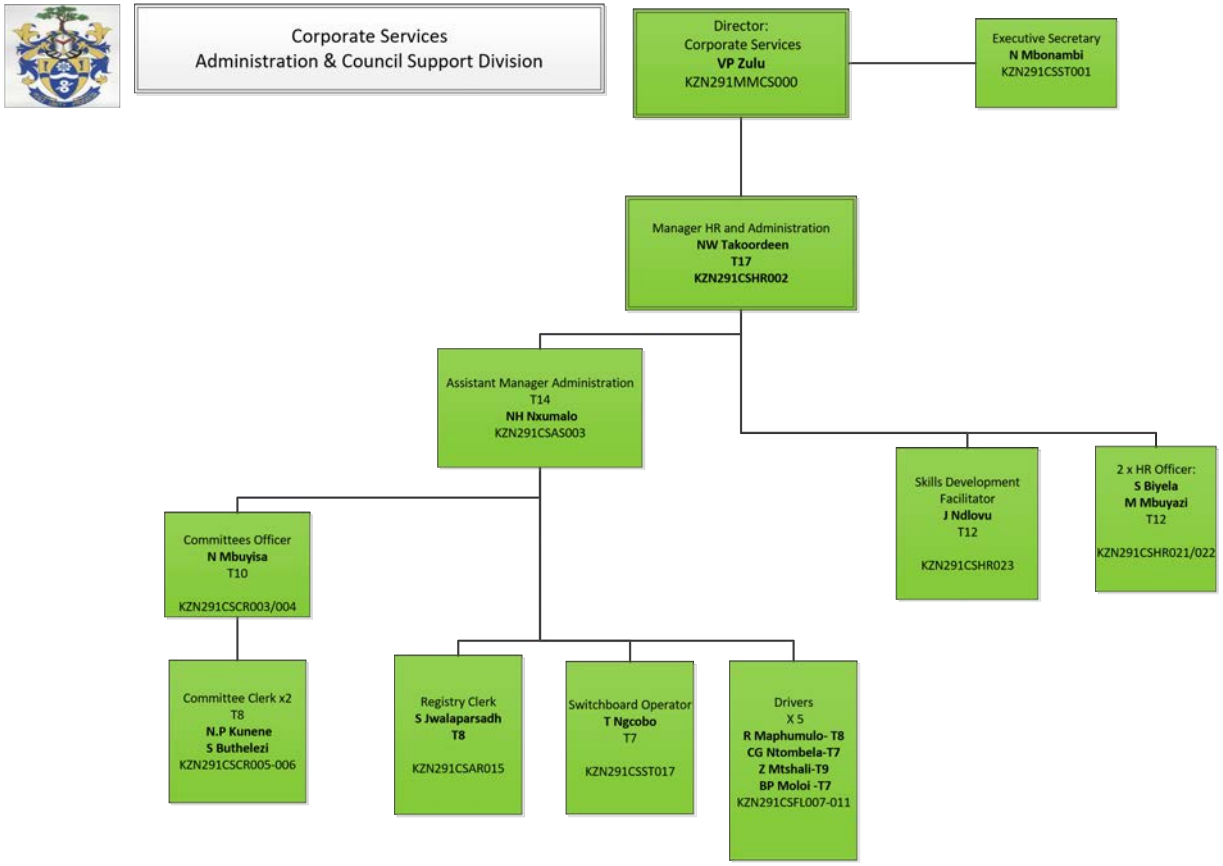
INTERNS



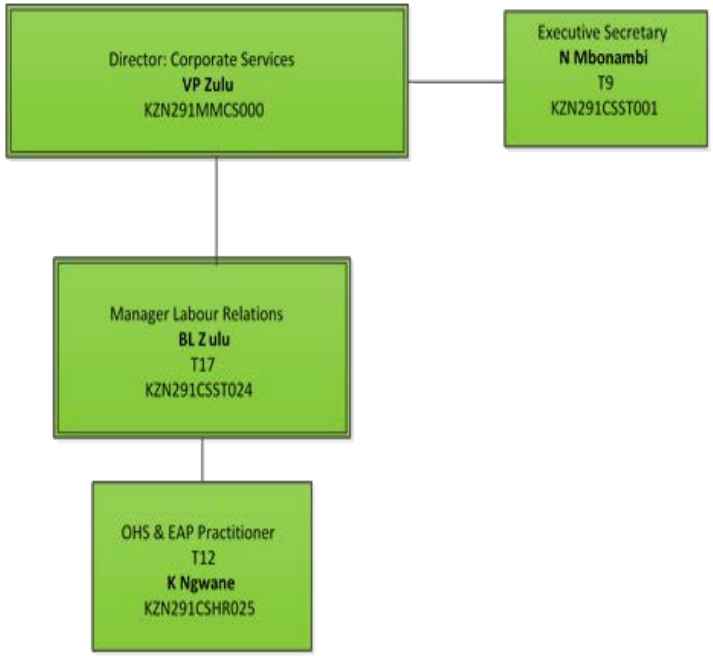
Municipal Managers Office

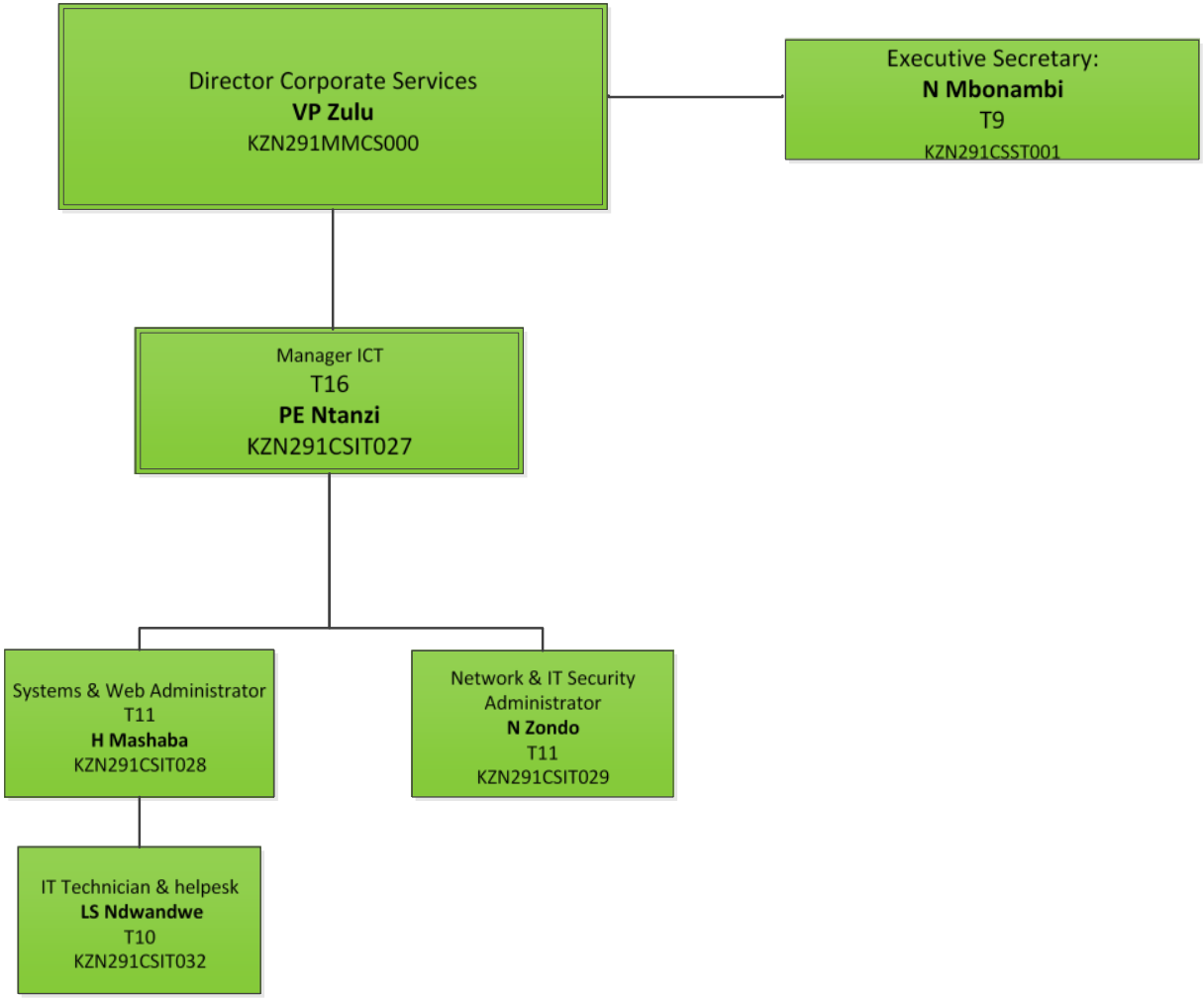

Municipal Manager
SG Khuzwayo
KZN291MMMM000
Personal Assistant to the Municipal Manager
T9
W Gumede
KZN291MMST001
Section 57 Managers
Director Community Services & Public Safety
L Kutwana-Gomana
Director Technical Services & Infrastructure Development
K Gumede
Director Economic Development Planning
DW Mbongwa
Chief Financial Officer
NN Mngomezulu
Director Corporate Services
VP Zulu
Team Title
Chief Audit Executive
PS Manqele
T17
KZN291MMGV002
Internal Auditor
T11
M Luthuli
KZN291MMGV003
Risk & Compliance Officer
T10
T Bhengu
KZNMMGV004
Manager PMS
T16
S Ndlovu
KZN291MMGV005
PMS Clerk
T8
T Ramlall
KZN291MMGV0
06

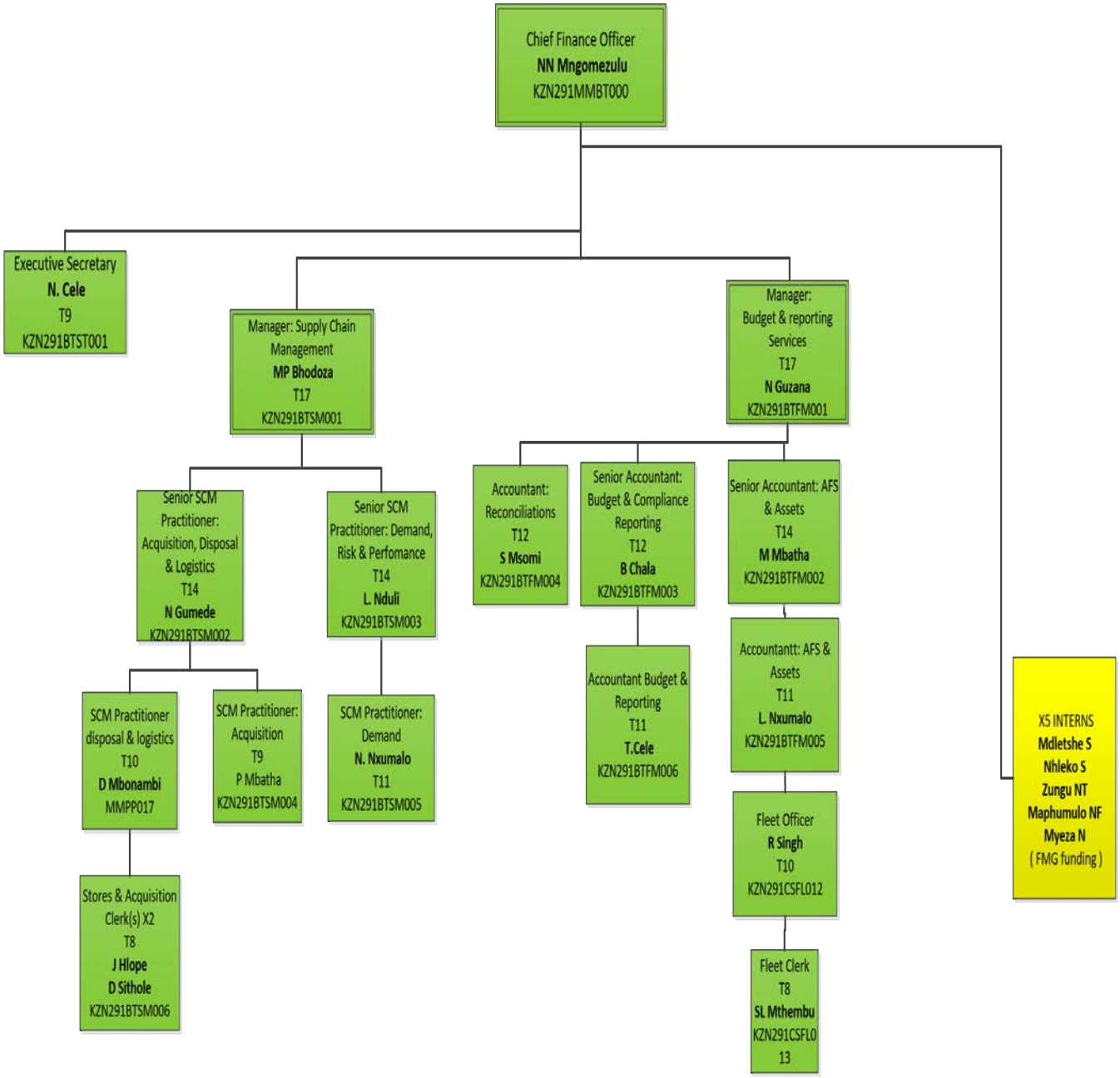

MM Office: Operations Division
Municipal Manager
SG Khuzwayo
KZN291MMMM000
Manager Communications & Public participation
T16
MSW Manzi
KZN291MMC003
Manager Strategic support
T17
VACANT
KZN291MMPP007
Assistant Manager Strategic support
T14
N.N Msweli
KZN291MMPP008
Communication & Public Participation Officer
T10
NT Sibiya
KZN291MMPP010
Customer Care & Batho Pele Officer
T12
B Jali
KZN291MMPP012
Communication & Media Liaison Clerk
T8
S Zondi
MMCC002
Personal Assistant to the Speaker
SP Mlambo
T9
KZN291MMST024
Personal Assistant to the Mayor
N Ncalane
T9
KZN291MMST022
Personal Assistant to the Deputy Mayor
L Ntenga
T9
KZN291MMST023
Council Support Clerk
T8
N Mchunu
KZN291CSST018
Special Programmes & OSS Officer
T10
S Mthembu
KZN291MMHA001
Woman Caucus /Gender Coordinator
P Manzi
T10
KZN291MMWC001


Corporate Services
Administration & Council Support Division
Director:
Corporate Services
VP Zulu
KZN291MMCS000
Executive Secretary
N Mbonambi
KZN291CSST001
Manager HR and Administration
NW Takoordeen
T17
KZN291CSHR002
Assistant Manager Administration
T14
NH Nxumalo
KZN291CSAS003
Skills Development Facilitator
J Ndlovu
T12
KZN291CSHR023
2 x HR Officer:
S Biyela
M Mbuyazi
T12
KZN291CSHR021/022
Committees Officer
N Mbuyisa
T10
KZN291CSCR003/004
Committee Clerk x2
T8
N.P Kunene
S Buthelezi
KZN291CSCR005-006
Registry Clerk
S Jwalaparsadh
T8
KZN291CSAR015
Switchboard Operator
T Ngcobo
T7
KZN291CSST017
Drivers
X 5
R Maphumulo- T8
CG Ntombela-T7
Z Mtshali-T9
BP Moloi -T7
KZN291CSFL007-011

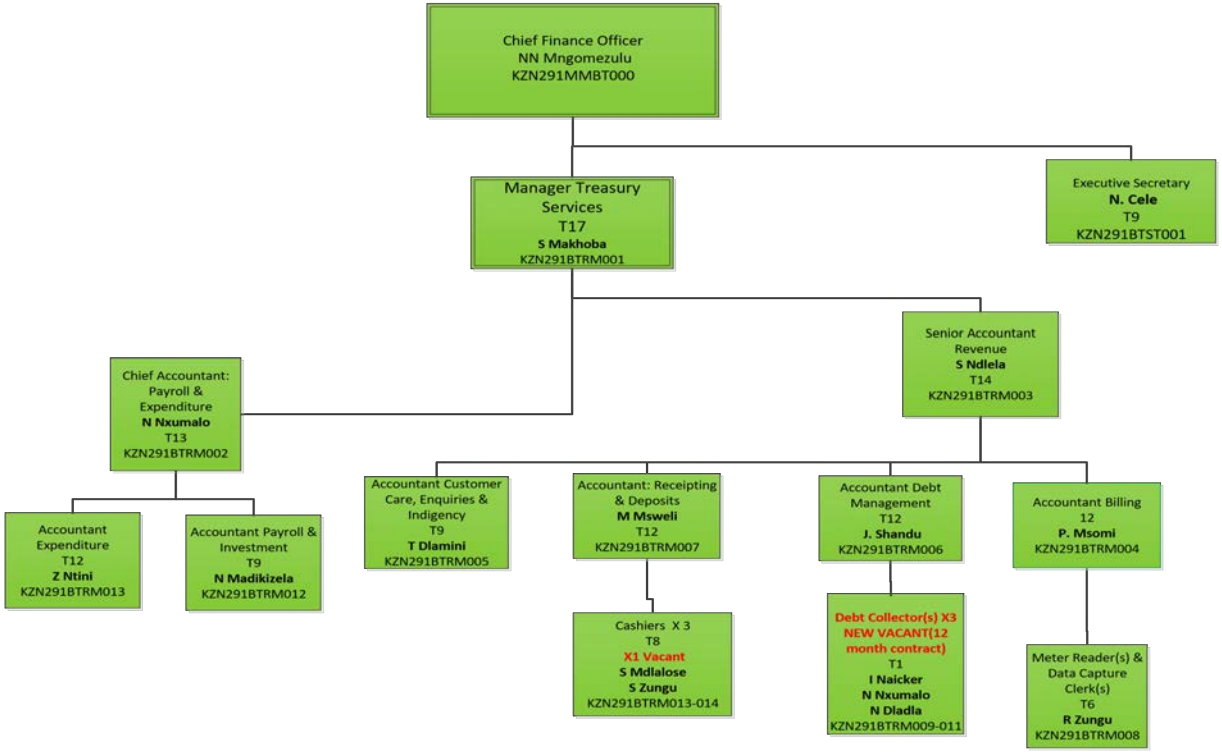
Corporate Services
Labour Relations Division




Director Corporate Services
VP Zulu
KZN291MMCS000
Executive Secretary:
N Mbonambi
T9
KZN291CSST001
Manager ICT
T16
PE Ntanzi
KZN291CSIT027
Systems & Web Administrator
T11
H Mashaba
KZN291CSIT028
Network & IT Security Administrator
N Zondo
T11
KZN291CSIT029
IT Technician & helpesk
LS Ndwandwe
T10
KZN291CSIT032

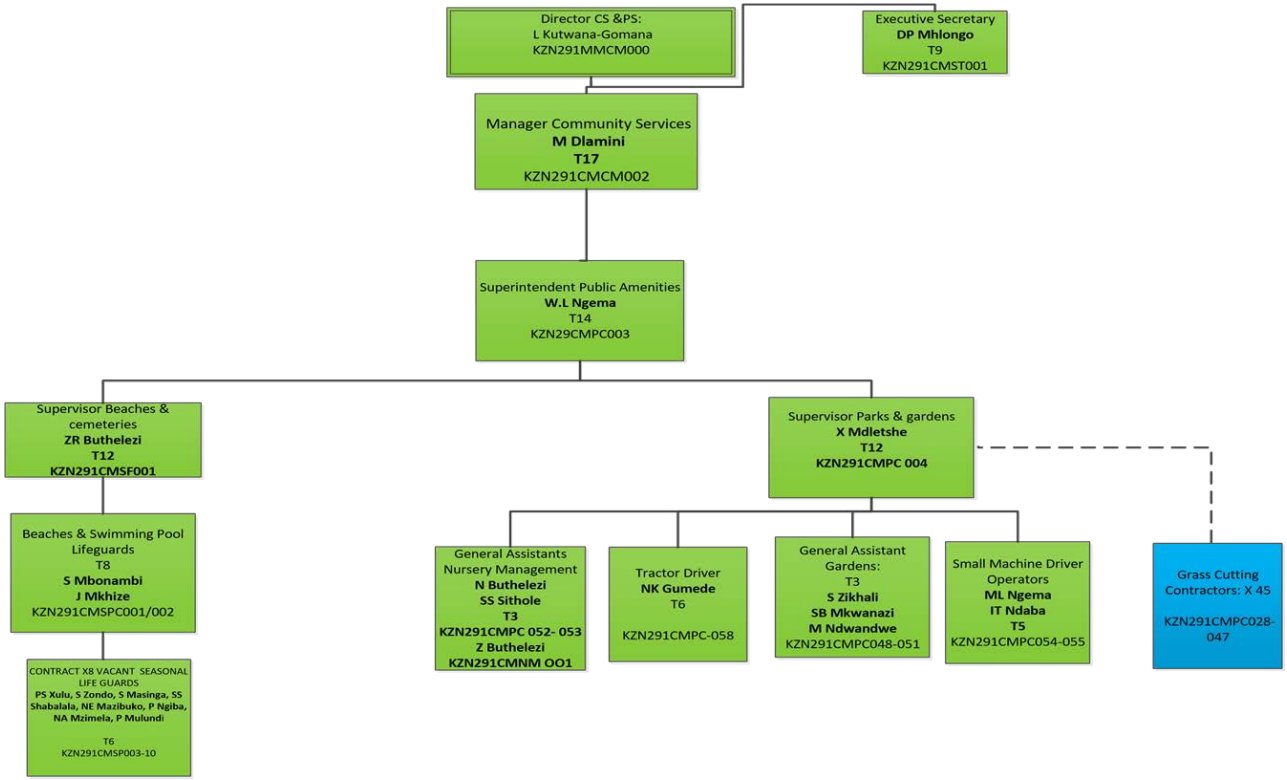

Chief Finance Officer
NN Mngomezulu
KZN291MMBT000
Executive Secretary
N. Cele
T9
KZN291BTST001
Manager: Supply Chain Management
MP Bhodoza
T17
KZN291BTSM001
Manager: Budget & reporting Services
T17
N Guzana
KZN291BTFM001
Senior SCM Practitioner: Acquisition, Disposal & Logistics
T14
N Gumede
KZN291BTSM002
Senior SCM Practitioner: Demand, Risk & Perfomance
T14
L. Nduli
KZN291BTSM003
Accountant: Reconciliations
T12
S Msomi
KZN291BTFM004
Senior Accountant: Budget & Compliance Reporting
T12
B Chala
KZN291BTFM003
Senior Accountant: AFS & Assets
T14
M Mbatha
KZN291BTFM002
SCM Practitioner disposal & logistics
T10
D Mbonambi
MMPP017
SCM Practitioner: Acquisition
T9
P Mbatha
KZN291BTSM004
SCM Practitioner: Demand
N. Nxumalo
T11
KZN291BTSM005
Accountant Budget & Reporting
T11
T.Cele
KZN291BTFM006
Accountantt: AFS & Assets
T11
L. Nxumalo
KZN291BTFM005
X5 INTERNS
Mdletshe S
Nhleko S
Zungu NT
Maphumulo NF
Myeza N
(FMG funding)
Stores & Acquisition Clerk(s) X2
T8
J Hlope
D Sithole
KZN291BTSM006
Fleet Officer
R Singh
T10
KZN291CSFL012
Fleet Clerk
T8
SL Mthembu
KZN291CSFL013

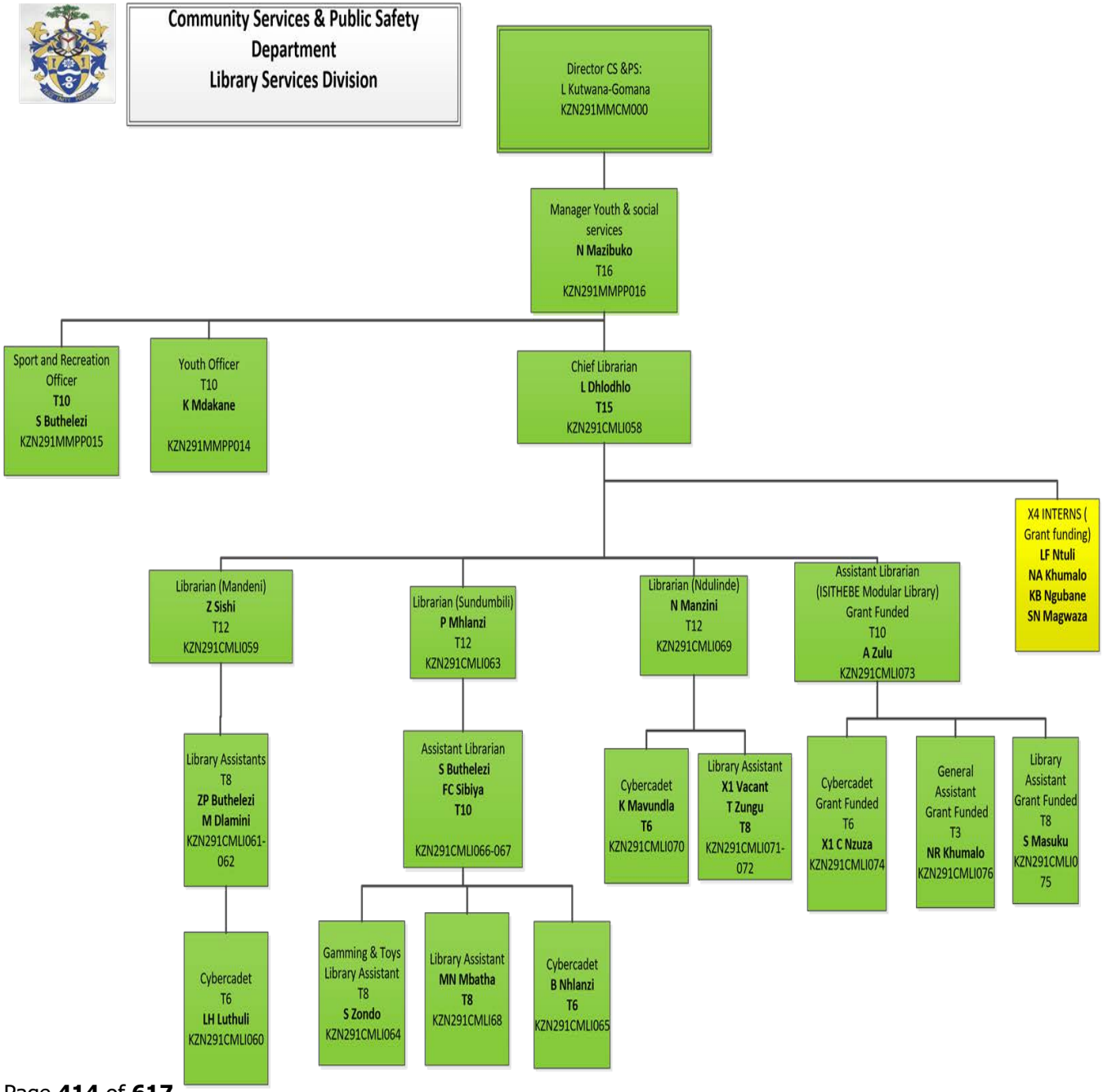
Financial services department
Treasury Division



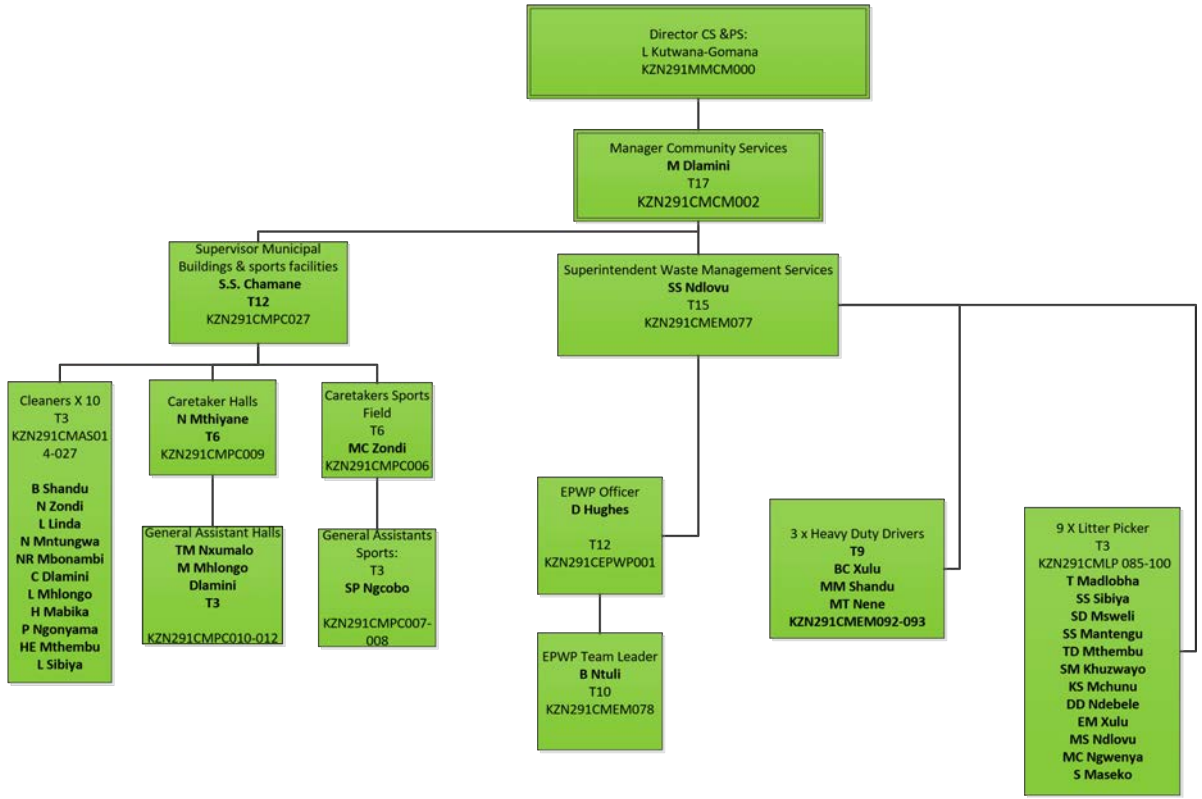
Community Services & Public Safety Department

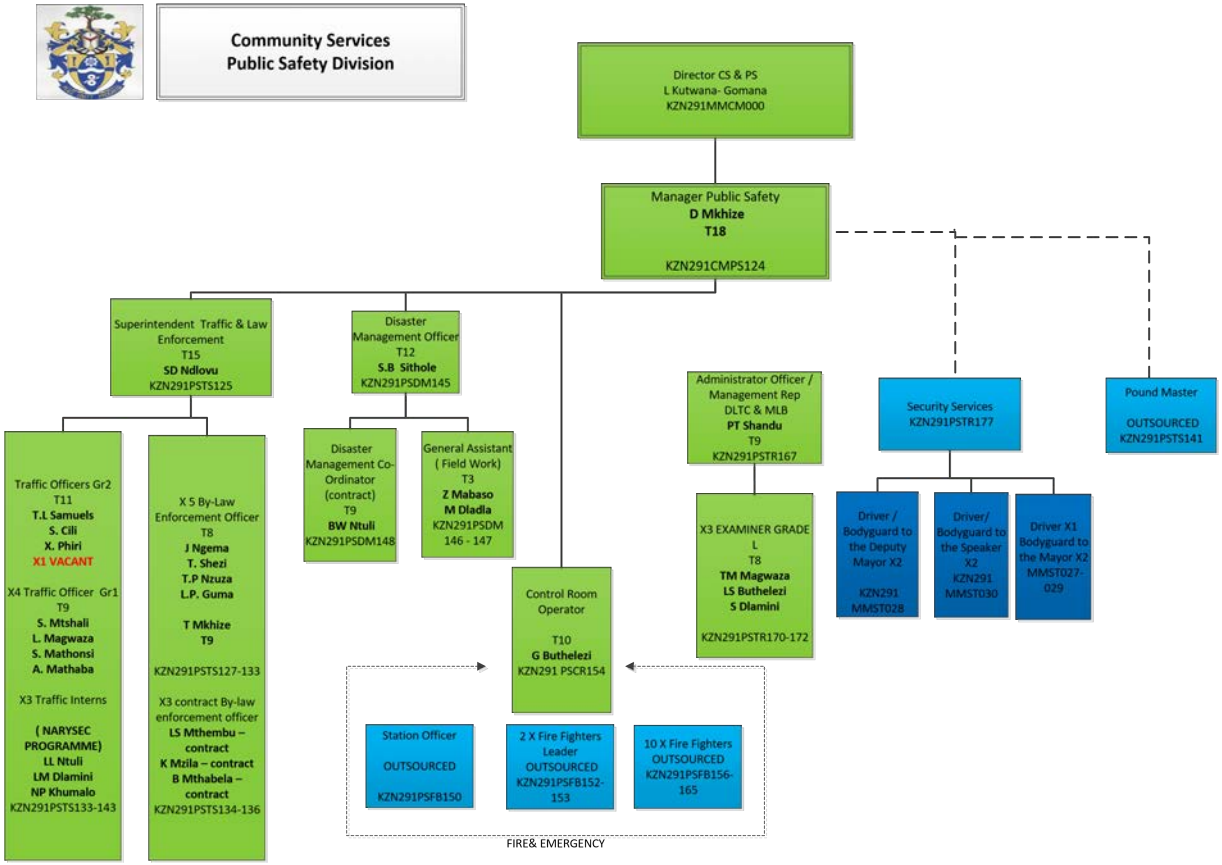
Community Safety Division

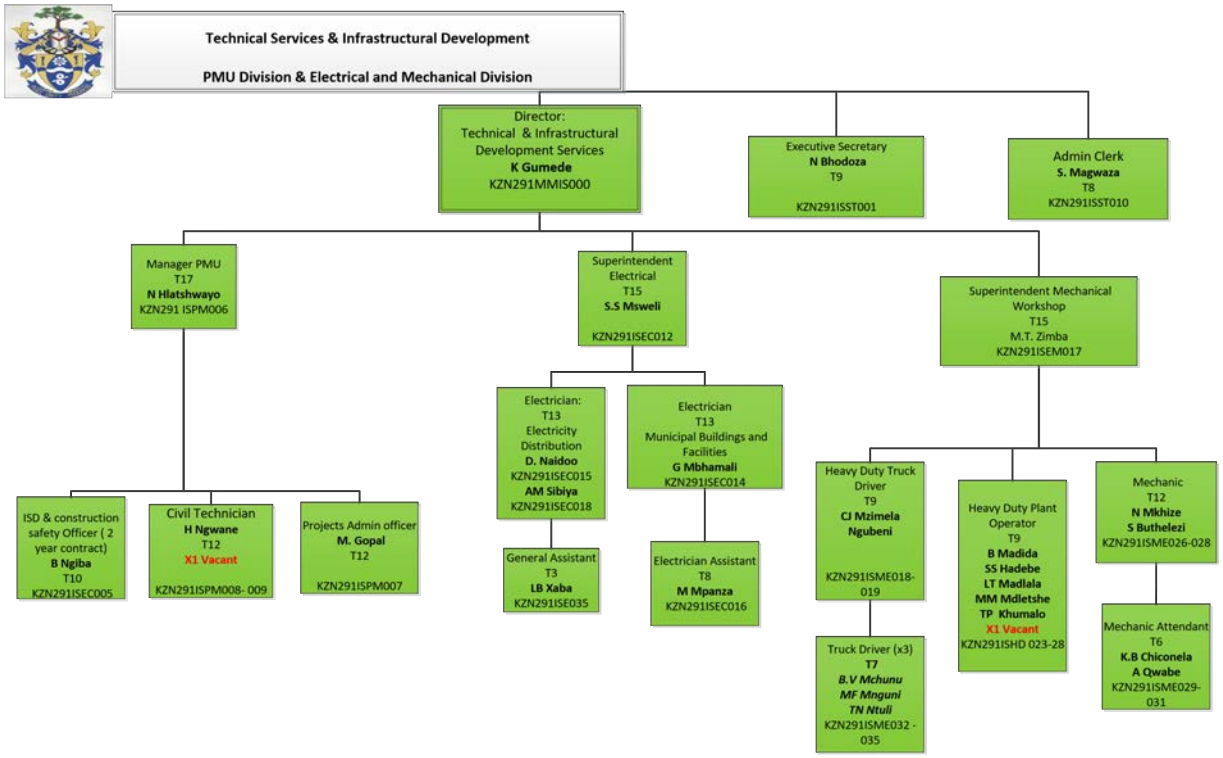

Director CS &PS:
L Kutwana-Gomana
KZN291MMCM000
Executive Secretary
DP Mhlongo
T9
KZN291CMST001
Manager Community Services
M Dlamini
T17
KZN291CMCM002
Superintendent Public Amenities
W.L Ngema
T14
KZN29CMPC003
Supervisor Beaches & cemeteries
ZR Buthelezi
T12
KZN291CMSF001
Supervisor Parks & gardens
X Mdletshe
T12
KZN291CMPC 004
Beaches & Swimming Pool Lifeguards
T8
S Mbonambi
J Mkhize
KZN291CMSPC001/002
CONTRACT X8 VACANT SEASONAL LIFE GUARDS
PS Xulu, S Zondo, S Masinga, SS Shabalala, NE Mazibuko, P Ngiba, NA Mzimela, P Mulundi
T6
KZN291CMSP003-10
General Assistants Nursery Management
N Buthelezi
SS Sithole
T3
KZN291CMPC 052- 053
Z Buthelezi
KZN291CMNM OO1
Tractor Driver
NK Gumede
T6
KZN291CMPC-058
General Assistant Gardens:
T3
S Zikhali
SB Mkwanazi
M Ndwandwe
KZN291CMPC048-051
Small Machine Driver Operators
ML Ngema
IT Ndaba
T5
KZN291CMPC054-055
Grass Cutting Contractors: X 45
KZN291CMPC028-047


Community Services & Public Safety Department
Library Services Division
Director CS &PS:
L Kutwana-Gomana
KZN291MMCM000
Manager Youth & social services
N Mazibuko
T16
KZN291MMPP016
Sport and Recreation Officer
T10
S Buthelezi
KZN291MMPP015
Youth Officer
T10
K Mdakane
KZN291MMPP014
Chief Librarian
L Dhlodhlo
T15
KZN291CMLI058
X4 INTERNS (Grant funding)
LF Ntuli
NA Khumalo
KB Ngubane
SN Magwaza
Librarian (Mandeni)
Z Sishi
T12
KZN291CMLI059
Librarian (Sundumbili)
P Mhlanzi
T12
KZN291CMLI063
Librarian (Ndulinde)
N Manzini
T12
KZN291CMLI069
Assistant Librarian (ISITHEBE Modular Library) Grant Funded
T10
A Zulu
KZN291CMLI073
Library Assistants
T8
ZP Buthelezi
M Dlamini
KZN291CMLI061-062
Assistant Librarian
S Buthelezi
FC Sibiya
T10
KZN291CMLI066-067
Cybercadet
K Mavundla
T6
KZN291CMLI070
Library Assistant
X1 Vacant
T Zungu
T8
KZN291CMLI071-072
Cybercadet Grant Funded
T6
X1 C Nzuza
KZN291CMLI074
General Assistant Grant Funded
T3
NR Khumalo
KZN291CMLI076
Library Assistant Grant Funded
T8
S Masuku
KZN291CMLI075
Cybercadet
T6
LH Luthuli
KZN291CMLI060
Gamming & Toys Library Assistant
T8
S Zondo
KZN291CMLI064
Library Assistant
MN Mbatha
T8
KZN291CMLI68
Cybercadet
B Nhlanzi
T6
KZN291CMLI065

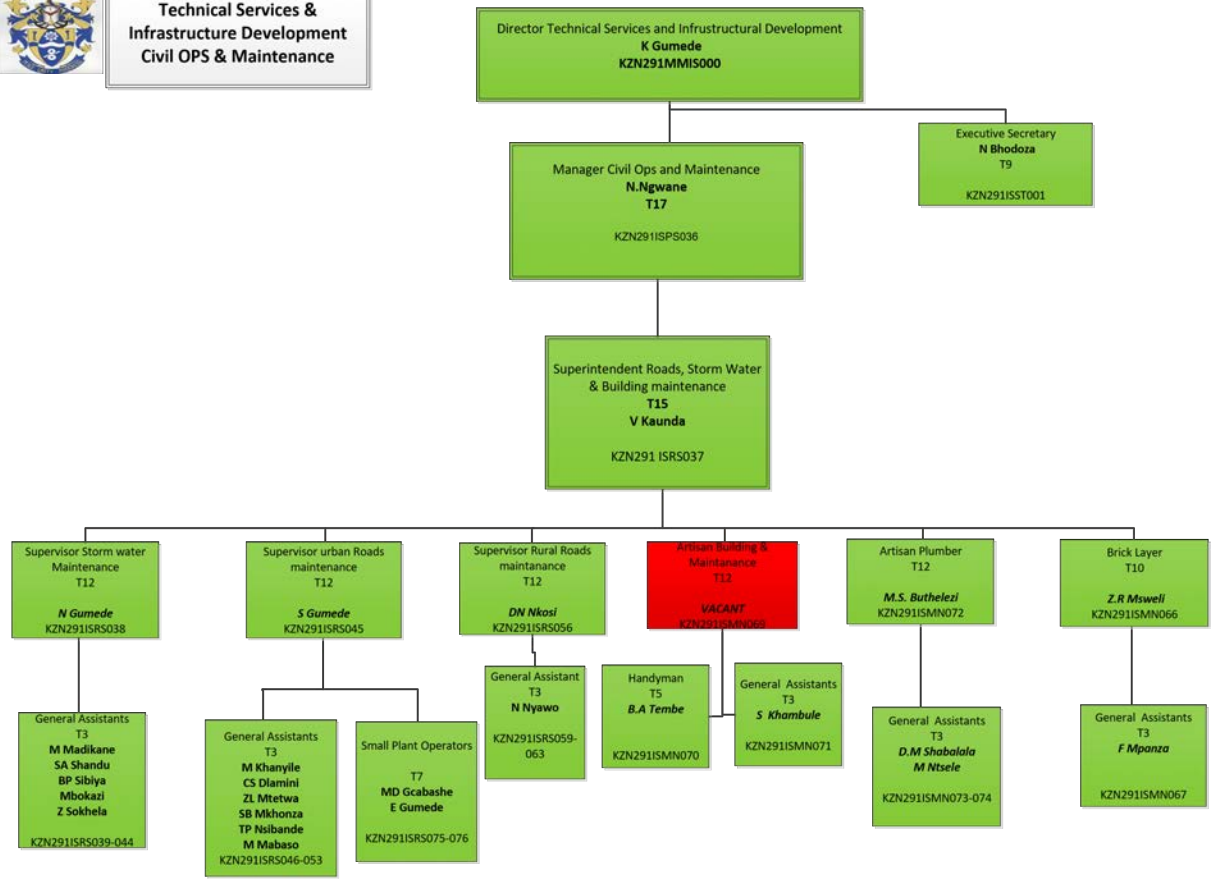
Community Services & Public Safety Department
Community Safety Division



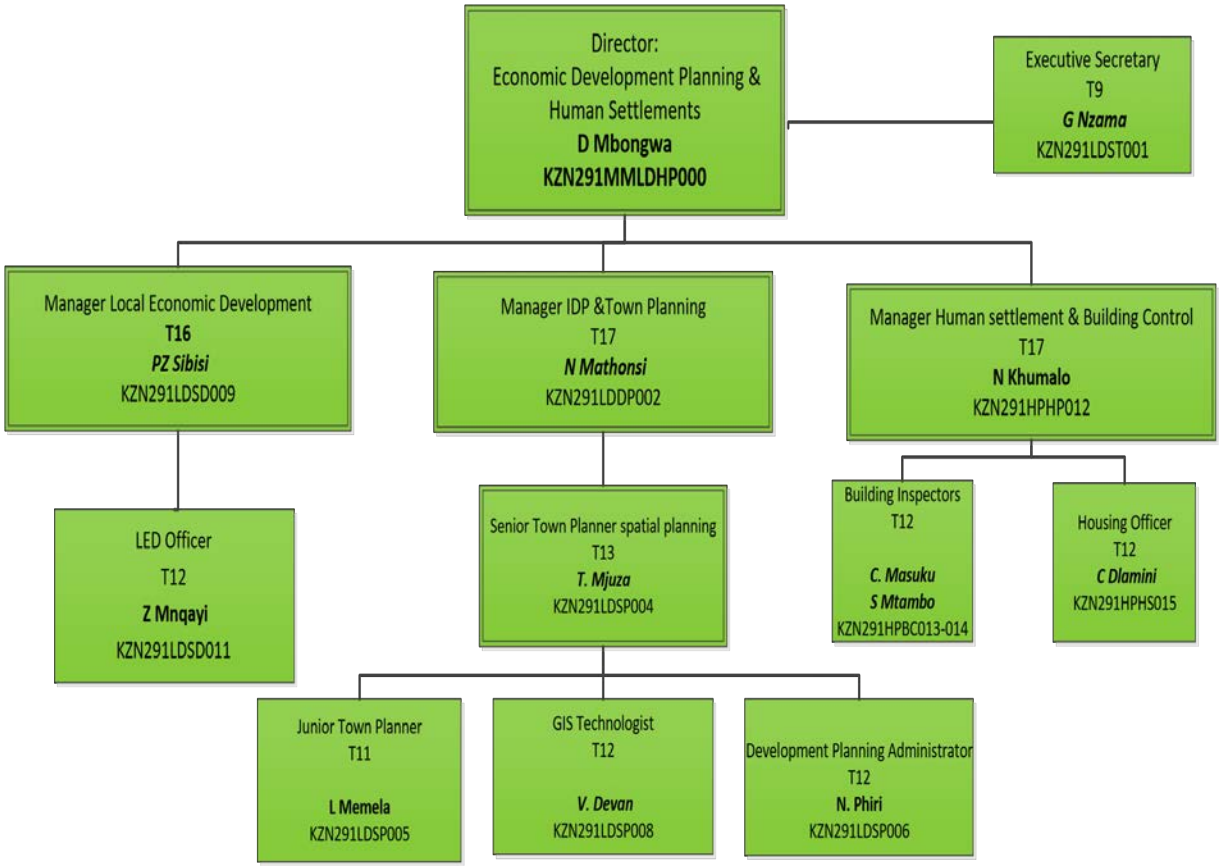

Community Services
Public Safety Division
Director CS & PS
L Kutwana- Gomana
KZN291MMCM000
Manager Public Safety
D Mkhize
T18
KZN291CMPS124
Superintendent Traffic & Law Enforcement
T15
SD Ndlovu
KZN291PSTS125
Disaster Management Officer
T12
S.B Sithole
KZN291PSDM145
Administrator Officer / Management Rep
DLTC & MLB
PT Shandu
T9
KZN291PSTR167
Security Services
KZN291PSTR177
Pound Master
OUTSOURCED
KZN291PSTS141
Traffic Officers Gr2
T11
T.L Samuels
S. Cili
X. Phiri
X1 VACANT
X4 Traffic Officer Gr1
T9
S. Mtshali
L. Magwaza
S. Mathonsi
A. Mathaba
X3 Traffic Interns
(NARYSEC PROGRAMME)
LL Ntuli
LM Dlamini
NP Khumalo
KZN291PSTS133-143
X 5 By-Law Enforcement Officer
T8
J Ngema
T. Shezi
T.P Nzuza
L.P. Guma
T Mkhize
T9
KZN291PSTS127-133
X3 contract By-law enforcement officer
LS Mthembu – contract
K Mzila – contract
B Mthabela – contract
KZN291PSTS134-136
Disaster Management Co-Ordinator (contract)
T9
BW Ntuli
KZN291PSDM148
General Assistant (Field Work)
T3
Z Mabaso
M Dladla
KZN291PSDM 146 - 147
Control Room Operator
T10
G Buthelezi
KZN291 PSCR154
X3 EXAMINER GRADE L
T8
TM Magwaza
LS Buthelezi
S Dlamini
KZN291PSTR170-172
Driver / Bodyguard to the Deputy Mayor X2
KZN291 MMST028
Driver/ Bodyguard to the Speaker X2
KZN291 MMST030
Driver X1 Bodyguard to the Mayor X2
MMST027-029
Station Officer
OUTSOURCED
KZN291PSFB150
2 X Fire Fighters Leader
OUTSOURCED
KZN291PSFB152-153
10 X Fire Fighters
OUTSOURCED
KZN291PSFB156-165
FIRE& EMERGENCY


Technical Services & Infrastructural Development
PMU Division & Electrical and Mechanical Division
Director: Technical & Infrastructural Development Services K Gumede KZN291MMIS000
Executive Secretary N Bhodoza T9 KZN291ISST001
Admin Clerk S. Magwaza T8 KZN291ISST010
Manager PMU T17 N Hlatshwayo KZN291 ISPM006
Superintendent Electrical T15 S.S Msweli KZN291ISEC012
Superintendent Mechanical Workshop T15 M.T. Zimba KZN291ISEM017
ISD & construction safety Officer (2 year contract) B Ngiba T10 KZN291ISEC005
Civil Technician H Ngwane T12 X1 Vacant KZN291ISPM008- 009
Projects Admin officer M. Gopal T12 KZN291ISPM007
Electrician: T13 Electricity Distribution D. Naidoo KZN291ISEC015 AM Sibiya KZN291ISEC018
Electrician T13 Municipal Buildings and Facilities G Mbhamali KZN291ISEC014
General Assistant T3 LB Xaba KZN291ISE035
Electrician Assistant T8 M Mpanza KZN291ISEC016
Heavy Duty Truck Driver T9 CJ Mzimela Ngubeni KZN291ISME018-019
Truck Driver (x3) T7 B.V Mchunu MF Mnguni TN Ntuli KZN291ISME032 - 035
Heavy Duty Plant Operator T9 B Madida SS Hadebe LT Madlala MM Mdletshe TP Khumalo X1 Vacant KZN291ISHD 023-28
Mechanic T12 N Mkhize S Buthelezi KZN291ISME026-028
Mechanic Attendant T6 K.B Chiconela A Qwabe KZN291ISME029-031

Technical Services & Infrastructure Development Civil OPS & Maintenance



Economic Development Planning and Human Settlement



APPENDIX D

Functions of Municipality/Entity

In terms of Section 156 of the Constitution of the Republic of South Africa, 1996, a municipality has executive authority in respect of, and has the right to administer:

- The local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
- Any other matters assigned to it by national or provincial legislation.

In addition, national and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 to the Constitution which necessarily related to local government, if:

- That matter would most effectively be administered locally; and
- The municipality has the capacity to administer it. (Section 156(4), Constitution)

Section 83 read with section 84(1) and (2) of the Municipal Structures Act 117 of 1998 (Structures Act) divides up the functions listed in Schedule 4B and 5B of the Constitution between local municipalities and district municipalities.

The Minister, in terms of section 84(3) of the Structures Act, and the MEC, in terms of section 85(1) of the Structures Act may adjust the functions and powers of local and district municipalities by way of notice in the Government Gazette and Provincial Gazette respectively.

National Legislation may also assign certain duties and responsibilities relating to national or provincial government powers and functions.

In addition to the above, a district municipality is obligated in terms of section 83 (3) to seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by –

- Ensuring integrated development planning for the district as a whole;
- Promoting bulk infrastructure development and services for the district as a whole;
- Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
- Promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

Appendix E- Ward reporting

Report on challenges affecting the Ward Committees in Mandeni.

11 November 2023

Listed below is a summary of challenges affecting the Ward Committees in Mandeni

Ward	Challenge	Action required/ Taken
01	A PR Councillor deployed in Ward 1 to oversee the Ward Committee and assist in the Ward Functionality	Speaker has deployed a PR Councillor to play an oversight role
05	There are challenges with the secretariat and the coordination of	Public Meetings to be coordinated in the Speaker's office in consultation with the

	public meetings	Ward Committee & the Ward Councillor
06	Poor Communication between the Ward Cllr & the Ward Committee Secretary	Mediation by the Speaker's office between all parties involved.
08	Member representing the traditional sector does not attend.	A letter was sent to Inkosi to report the matter. Awaiting feedback.
10	Nonattendance of members, frivolous excuses given.	Formal report to be made to the Speakers office for immediate intervention.
13	2 members of the committee have gotten employment and need to be replaced.	A public meeting to fill the vacancies.
15	Communication between the committee and the Ward Cllr	Mediation is underway by the Speaker's office.
17	Vacancies to be filled & communication between Cllr & the Ward committee secretary	A public meeting to fill the vacancies and intervention by the Speaker's office.
18	Coordination of public meetings and communication between the Cllr and members of the committee. Conflict within members	Meetings to be coordinated in the Speaker's office in consultation with the Ward Committee & Cllr. The Speaker's office is drafting a programme to mediate in Wards with conflicts

Ward Reporting

Mandeni Municipality submits ward reports on a monthly basis to COGTA. Most wards are functional. However, there is a challenge of ward 17 whereby some reports are not submitted. The matter was reported to the Speaker of the municipality to resolve the matter.

There are ongoing engagements with Ward Councillors and the Secretariat of the Ward Committee on what is expected from them in order to remain or be functional as per the guidelines set out by CoGTA.

The Ward Committees have been and will continue to receive workshops and trainings to ensure that they fully understand their role. The challenge that we are facing currently in terms of compliance is the submission of minutes for community feedback meetings.

A possible solution for this challenge is to have Municipal Officials attend public meetings to render secretariat support in areas where needed. The submission rate has improved, a cut-off date has been set as the 20th of each month, this has helped a great deal.

APPENDIX F

Ward Information

MANDENI MUNICIPALITY PROJECT LIST INFORMATION FY 2021/2022						
NO.	**Project Name**	**Ward**	**Amount**	**Start Date**	**End Date**	**Progress**
1	Ward 3 Access Roads Rehabilitation	3	R11 403 506.64	19-Aug-21	15-Nov-22	Project Complete
2	Construction of Mandeni Community Hall: Ward 13	13	R7 350 166.35	25-Aug-21		Contractor to complete the snag list items
3	Rehabilitation of Internal Roads and Stormwater drainage in Ward 3	3	R6 926 413.93	27-Sep-21	30-Jun-22	Project Complete

4	High Mast Lighting in Wards 4, 10, 16, 17 and 18	4, 10, 16, 17 and 18	R4 047 550.93	01-Jan-21	Six out of seven High Mast Lights have been energized. The seventh high must will be energized as soon as Eskom provide the connection point.	
5	Rural Roads Phase 4(a) - Upgrade of Gravel Roads in Ward 11	11	R4 046 432.66	07-Feb-22	21-Oct-22	Project Complete
6	Swimming Pool Area Additions in Ward 15	15	R3 860 521.19	28-Jan-22	03-Nov-22	Project Complete
7	Rural Roads Phase 4(b) - Upgrade of a Gravel Road in Ward 6	6	R2 865 692.39	09-Feb-22	09-Sep-22	Project Complete

Cllr's Name & Surname	Organisation	Cellphone No.	Ward	Type	ID No.	Address
MKHALIPHI MZWAKHE CORNWELL	ANC	073 454 0564	12	W	7904215681087	ZAKHENI AREA
DLADLA NHLANHLA OSWALD	ANC	078 672 5820	7	W	8401055386082	A1289 DARK CITY, SUNDUMBILI, 4491
KHUZWAYO NOKUKHANYA HLENGEKILE	EFF	064 853 9408	N/A	PR	9801260539083	HLOMENDLINI AREA, HOUSE NO.1416, MANDENI

MTHEMBU CAROLINE LUNGILE	ANC	073 196 6659	11	W	6901270514089	ISITHEBE THEMBENI RESERVE
NCUBE NDUDUZO SBUSISO	IFP	073 791 7803	N/A	PR	8704085391083	SKHALAMBAZO, HOUSE NO 377 SUNDUMBILI, 4491

WARD PROFILE	
DISTRICT:	ILEMBE
LOCAL MUNICIPALITY:	MANDENI MUNICIPALITY

WARD NO.	MEMBERSHP	SURNAME	FULL NAMES	ID NO. (13 DIGITS)	GENDER		CONTACT NO.	CDW
					M	F		
1	WARD CLLR	SHELEMBE	MLUNGISI	8002146037088	M		0720261629	

		LIKEBA	CELINA	5901021049089		F	0732260825	
	WC MEMBERS	MDLETSHE	NTOKOZO	8312231073082		F	0797031976	
		MZIMELA	GUGU	7504110432089		F	0787478003	LILY DUBE
		NXUMALO	THEMBINKOSI	6704185201085	M		0735881392	0837762156
		THETHWAYO	GABRIEL	4205175476085	M		0781133841	
		SHANDU	MBONGISENI	6508095517088	M		0729318042	
		SHANDU	SMANGELE	6809110583083		F	0749397484	
		BHUYENI	BHEKI	9207175938085	M		0718265294	
		MTHETHWA	LINDENI	7412140976085		F	0631197227	
2	WARD CLLR	MTHETHWA	BHEKIZENZO	7304235463089	M		0748182391	CDW

		MPANZA	XOLANI	8104105496089	M		0718877170	
		BIYELA	MLUNGISI	7911075321084			0737612290	
	WC MEMBERS	SADIE	DEAN	6908255444083	M		0747566743	SPHAMANDLA MTHETHWA
		MZOBE	ADORAH	8012250917082		F	0714162433	0782440308
		GWALA	SIMPHIWE	7303030512082	M		0790580038	
		MTHEMBU	SIYABONGA	8202135848087	M		0736764136	
		KHUMALO	VIVIAN	7811235811083	M		0760462200	
		NTULI	DOLLY	9109030944086		F	0840696808	
		MTHETHWA	ZENZELE	8012175438081	M		0721385247	
		NTULI	BETTY	6102210626089		F	0827033766	
3	WARD CLLR	SIBIYA	NONHLANHLA	8006280717082		F	732947678	CDW
	WC	DUBE	SIPHO PRINCE	7001017753089	M		0728496644	

	MEMBERS							
		MDLETSHE	NATHI	9004246555083	M		0729367875	
		EDLEY	NOKUKHANYA	8701090694089		F	0608990547	
		MKHWANAZI	NOKUKHANYA	9305170500080		F	0763285582	
		MGAGA	KWANELE	8610225554086	M		0783677769	N/A
		DEJOE	HAROLD	6210295792088	M		0732576355	
		GUMEDE	NORA	6611100931086		F	0780259500	
		MNGADI	ZANELE	7005130608088		F	0762624577	
		MHLONGO	THEMBINKOSI	6103205699081	M		0848328810	
		SHANDU	BENEDICTA	5503230834085		F	0723365786	
4	WARD CLLR	MAGWAZA	SIPHO	6706045509086	M		0767603117	CDW
	WC	QWABE	NOKUTHULA	8311111649086		F	0717520925	

	MEMBERS	SHEZI	NOKUTHULA	8809281294088		F	0785601239	
		CELE	THOKOZANI	8010275366087	M		0715445195	GUGU KHUZWAYO
		MDLALOSE	LEONARD	7512285656085	M		0833383560	0837762095
		ZUNGU	LUCKYBOY	7308145369088	M		0781105913	
		MBONAMBI	CELIWE	8606061427080		F		
		NDLOVU	DORA	6206030331083		F	0837487801	
		KILOWAN	RADESH	8611025145083	M		0732619714	
		REDDY	VISHNA	4207125053089	M		0839912348	
5	WARD CLLR	NGUBANE	MJABULISENI	8909166185086	M		0834895963	CDW
	WC MEMBERS	MPANZA	NOKUTHULA	7306170531084		F	0732651301	
		MAKHAYE	NTOKOZO	8902166202084	M		0735301817	
		CELE	JABULISIWE	5410300707086		F	0783204858	

		MATHONSI	GAMELIHLE	8506125867083	M		0733109158	SBUSISO GAZU
		KHUMALO	NOKUTHULA	7806170531084		F	0631550006	0782445268
		MSOMI	NHLAKANIPHO	8608085520080	M		0737179670	
		MTHETHWA	SIPHO GABRIEL	6709025319088	M		0766123714	
		DLAMINI	BUKHOSIBAKHE	9203166069089	M			
		HLONGWANE	ALBERT	5408095501086	M			
6	WARD CLLR	CELE	MBONGENI	6512265784080	M		0836206748	
	WC MEMBERS	MHLONGO	SLINDILE	8601050349080		F	0783566224	
		NCANANA	FIKELEPHI	6905230525085		F	0799902532	
		MASUKU	FAKO	6705015688086	M		0712713891	
		DLAMINI	ZAMILE	5202160229081		F	0714532429	
		NZUZA	PAMELA	7512010426085		F	0633041591	

		MHLONGO	STHEMBISO	6707075678080	M		0762725949	NOMUSA MADIKANE
		KHETHOKUHLE	NGEMA	8612176000085	M		0798178508	0837762155
		SHEZI	PHILILE	5701160358089		F	0767791213	
		CHILI	XOLISILE	8505251754081		F	0795323914	
		MPUNGOSE	THABANE	7106245743081	M		0727072527	
7	WARD CLLR	DLAMINI	NONHLANHLA	7111170408080		F	0730634311	CDW
	WC MEMBERS	QWABE	BHEKANI	7503055577080	M		0826677871	
		MAGWAZA	KHONZI	8001150306082	M		0782910443	
		MLAMBO	THABISILE	6804130599086		F	0834215381	
		DUBE	BONGI	6203110714080		F	0791682373	
		MNCWANGU	JOHN	8001225708080	M		0739028460	
		DLADLA	NHLANHLA	8401055386082	M		0786725820	

		ZIBANE	JEROME	7002285345087	M		0784277749	
		GUMEDE	MADODA	7304305421082	M		0736500666	
		NTSHANGASE	LANGELIHLE	5106260167085	M		0783395328	
8	WARD CLLR	MDLETSHE	LINDELIHLE	7301155457083	M		0731026256	CDW
	WC MEMBERS	KHUZWAYO	THABISO	9304125724085	M		0721295570	MATHEMBI MSANE
		HLABISA	NONHLANHLA	7405080466083		F	0791121991	
		SIBIYA	EDNAH	4308200225087		F	0732547379	
		MBONAMBI	WELLINGTON	7208205934088	M		0797210699	
		HADEBE	NOKWANDA	7909290796080		F	0735551693	
		MDLULI	SIYABONGA	8110275602083	M		0799995347	
		NDLOVU	HLENGIWE	5808070690087		F	0717149167	
		MATHENJWA	LETHIWE			F	0780436052	

9	WARD CLLR	MNGADI	MPHILE	8505185766086	M		0737572319	CDW
	WC MEMBERS	DUBE	SAKHILE	8204206002081	M		0732716662	SLUNGILE MWANDLA 0832011114
		MSOMI	MOFFATE	6810225470083	M		0736138070	
		MPANZA	SPHAMANDLA	9201026099080	M		0717220730	
		ZUNGU	SANELE	8007245928087	M		0734514687	
		MSOMI	NOBUHLE	8409100799084		F	0787524982	
		NENE	BALUNGILE	7312240654089		F	0739034883	
		MCINEKA	ZAMOKUHLE	8812010477081		F	0781695070	
		LANGA	MICHAEL	6207215798088	M		0712400845	
		ZUNGU	ZINHLE PATRICIA	7601290292083		F		
		MATABA	MZAMISENI	6012025745083	M		0785140418	

10	WARD CLLR	SHANDU	NOMUSA	6605070720081		F	0721055331	CDW
	WC MEMBERS	SITHOLE	MBUYISELO			F	0604081158	N/A
		MFEKA	ZANDILE	7612230391083		F	0818862676	
		MTSHALI	SIBUSISO	7112055769081		F	0720951452	
		DLALA	LUNGELO		M		0768550795	
		MATHONSI	NOZIPHO	8507010732085		F	0711637649	
		GUMEDE	SDUDUZO	8410255994082	M		0787658321	
		KHUZWAYO	XOLANI		M		0739583137	
		ZONDI	THEMBA	701010666086	M		0839523135	
		VUMISA	NJABULO		M		0839559067	
		MASEKO	SILONDILE	800229035088		F	076506959	
11	WARD CLLR	MTHEMBU	LUNGILE CAROLINE	6901270514089		F	0731966659	CDW

	WC MEMBERS	VALENTIA	NGEMA	6402290326083		F		N/A
		MYEZA	MZONJANI	5103015286088	M		0730862986	
		MASUKU	REJOICE	6701190625084		F	0719135450	
		KHUZWAYO	BUSISIWE	7210020487086		F	0711790928	
		SIBISI	SIFISO	6910245738087	M		0730615695	
		MDANDA	AUDREY	6102280898089		F	0833432982	
		MTHETHWA	ZIPHO	7409225727086	M		0723247816	
		DLOMO	JABULANI	6901235447086	M		0725366781	
		MKHWANAZI	SIYABONGA	8104145826089	M		0824337289	
		MANQELE	MJABULISENI	520825762081	M			
12	WARD CLLR	MKHALIPHI	MZWAKHE	7 904 215 681 087	M		0734540564	
	WC	SKHAKHANE	THOBEKILE	6901031314084		F	0732338649	

	MEMBERS	MVULA	THANDEKA			F	0 632150509	
		BUTHELEZI	THEMBA	6106105535085	M		0826959173	
		YAKA	PHUMLANI	7803035660083	M		0742582181	MINENHLE DLAMINI
		MNYANDU	DUDUZILE	8310301068081		F	0788203529	0728179683
		GAZU	MALUSI	6707255274080	M		0837470409	
		MATHONSI	NOKWAZI	8001200767082		F	0737716676	
		DANISA	WINSON	7212025462080	M		0833475403	
		MKHIZE	THABANI	8112235390080	M		0769022064	
		MATHONSI	SIBONGISENI	8612206304085	M		0630930899	
13	WARD CLLR	ZULU	SIPHESIHLE	781006 5369 089	M		079 1067 328	CDW
	WC	SITHOLE	NKULULEKO		M		0820717178	

	MEMBERS	NGIBA	DUDU	7208250464080		F	0739329567	
		NXUMALO	THANDEKA	7603170577088		F	0736700647	
		MTHIYANE	VUSIMUZI	8305295374081	M		0761701482	
		MTHIYANE	SIBUSISO	8711075815088	M		0730510007	
		ZULU	THEMBI	6702220565084		F	0717411830	N/A
		MDLULI	JOYCE	7502260720089		F	0606535100	
		MHLONGO	SIBONGILE	6009010521081		F	0739321097	
		SIKHAKHANE	MUSAWENKOSI	7202055841089	M		0722898548	
		MEYIWA	SANDILE		M		0787362476	
14	WARD CLLR	SHANDU	THOBANI	8812245508080	M		0780903784	
	WC MEMBERS	SITHOLE	MTHOKOZISI		M		0763531697	
		MAZIBUKO	THEMBI	5911720642080		F	0787781938	

		MLAMBO	JABU	6803180708084		F	0737856698	
		XULU	GIFT	8212136095083	M		0729765216	
		NCWANE	BONGI	5511280824088		F	0734101968	
		SIKHAKHANE	DAVID	710106322088	M		0734683621	N/A
		THABEDE	KHULEKANI	8001076050087	M		0734683621	
		SISHONI	SIMANGELE	8603010802083		F	0797609413	
		NGEMA	NDUDUZO	8506246170086	M		0842967544	
		MAVUSO	SIZA	8701075883087	M		0732400329	
15	WARD CLLR	ZUNGU	AYANDA	8110195560080	M		0827308681	
	WC MEMBERS	PHIRI	ALLY	8509085391086	M		0829751176	
		ZULU	THABILE	6208040817085		F	0784869787	
		MTHEMBU	NONDUMISO	8610140635085		F	0767516289	

		HLEZA	BAFANA	7303096011086	M		0842967048	
		DLUDLA	NGCEBO	7711075654082	M		0736816210	N/A
		ZULU	NTOMBIZANDILE	5403250638088		F	0731931548	
		NHLEKO	MTHUNZI	8809125851085	M		0728587678	
		GCALEKA	GCINA	6208180632086		F	0722203178	
		MNGOMEZULU	PHILISIWE	7805050348080		F	0818997510	
		BUTHELEZI	NONHLANHLA	5908130818080		F	0732242699	
16	WARD CLLR	GWALA	ANDILE	8808285723084	M		0789946492	
	WC MEMBERS	GUMEDE	SIPHO	7002015628083	M		0782471852	
		MAGWAZA	LINDA	8507026068086	M		0795869375	
		MNGOMEZULU	NKOSINGIPHILE	6705285337083	M		0736907000	
		MTSHALI	SIBUSISO	7002235358081	M		0764286990	

		KWEYAMA	SIBUSISO	7407166145086	M		0644286990	N/A
		MOTHA	MJABULISENI	7503185411085	M		0735610592	
		MTHETHWA	NOMPUMELELO	7804180514083		F	0716230018	
		MCUBE	AURELIA ZAMA	8403031627084		F	0785737250	
		ZULU	BONGIWE			F	0785984545	
		MHLONGO	VELIE	7704270421084		F	0787470285	
17	WARD CLLR	TEMBE	NOVEMBER	6005315398084	M		0760655906	
	WC MEMBERS	MAPHUMULO	THANDAZILE	6206200704085		F	0724922805	
		BUSANE	SITHABISA	8604146277083	M		0719387765	
		MSWELI	JEREMIYA	5312125558084	M			
		KHUMALO	NTUTHUKO	9002045718084	M		0737025171	N/A
		KHUMALO	THEMBEKA	9209231354083		F	0739791785	

		MFEKA	ZODWA	6506070394085		F	0735478783	
		NXELE	GABISILE	8312110344083		F	0737469282	
		HADEBE	ZOLILE	7009215597083	M		0781030857	
		MBELE	JOB	6606095707087	M		0732506307	
		DANISA	WINSON	7212025462080	M			
18	WARD CLLR	MSIMANGO	NICHOLAS		M		0785166507	
	WC MEMBERS	NXUMALO	SDUDLA	6711120612086		F	0799378733	
		MJADU	ZAMANI	8308226089083	M		0764764077	
		MZIMELA	MAVIS	6211270664086		F	0733646666	
		VUNDLA	PHUMULILE	6802010607086		F	0837142834	SFUNDO MBUYAZI
		MDLULI	GOODENOUGH	6010085408089	M		0735789782	0832011060
		KHUMALO	NOMPUMELELO	8205171023085		F	0796722262	

		MABHIDA	PHENDUKANI	8405025481089	M		0735204973	
		NGEMA	BONGANI	7803055822084	M		0793197635	
		HLONGWANE	HLENGIWE	6802010607086		F	0760226456	

APPENDIX G

Recommendations of the Municipal Audit Committee

NO.	ACTION/RESOLUTION	STATUS	RESPONSIBLE PERSON	TIMEFRAME	NARRATIVE
1	**It was resolved** a) The induction of members of the disciplinary board be done by 30 September 2023	Not Achieved	MM & CAE	30-Sept-2023	1. The induction of members of disciplinary board that was scheduled for 30 June 2023 was postponed due to council meeting which rescheduled for the same date as the scheduled induction. 2. The induction will now take place sometime in September to allow the year end process and submission of AFS and APR by 31 August 2023.
2	**AUDIT COMMITTEE ASSESSMENT TOOLS**				

	<u>It was resolved</u> **a)** THAT, members should provide inputs and final assessment tools should be forwarded to the Chief Audit Executive by the 19th of May 2023	Achieved	CAE	19-May-2023	1. Assessment tools were provided to the CAE and were part of Performance and Audit Committee report to Council in June 2023 however the report was not accepted by Council.

3	**ADOPTION OF THE AGENDA: 07 DEC 2022 MEETING** **It was resolved** **a)** THAT, the minutes of the meeting which was held on the 29th of July 2022 should be finalized and circulated to members – this will remain in the register until submission of these minutes to the committee	Not done	Manager HR/Director Corporate Services	31-Dec-22 31-May-2023	the minutes of Performance Committee meeting (Part 2 of the meeting) for the 29th of July 2022 were submitted and circulated to the performance and audit committee the minutes of the Audit Committee meeting for the 29th of July 2022 (Part 1 of the meeting) have not been received. Manager HR & Admin, Assist Manager Admin and Director Corporate Services are aware

	b) THAT going forward, all minutes of the Audit Committee meetings should be circulated to the Audit Committee Members within 10 days of the sitting of the meetings.	Not achieved	Manager HR/Director Corporate Services	On going	Minutes of the Performance & Audit Committee meeting which was held on the 10th of May 2023 were only received from Corporate Services on the 17th of July 2023 after several requests for these minutes
4	**SUPPLY CHAIN MANAGEMENT AND FLEET MANAGEMENT INTERNAL AUDIT REPORTS**				

	a) THAT, the Supply Chain Management and Fleet Management reports should include action plans as well as the timelines and the final reports be circulated to the members of Performance and Audit Committee;	Not done	Municipal Manager	31-May-2023	Supply Chain Management report was circulated to members, however, we have sent requests to Director Technical Services to finalize the report however we are still waiting for the report.

5	**RISK MANAGEMENT COMMITTEE REPORT FOR Q1 & Q2** a) THAT, management should look at reviewing Risk Champions to be middle managers instead of secretaries	Achieved	MM/HOD's	01-July-2023	HOD's have nominated risk champions for each department and all the nominated Champions are middle-level managers and they have all accepted the appointment letters.

APPENDIX H

Long-term contracts and public private partnerships

ITEM NO	CONTRACTS SCHEDULE JULY 2021- JUNE 2022	ITEM	DURATION	START DATE	END DATE	CONTRACT VALUE AS PER AWARD LETTER	EXPENDITURE AS AT 30-Jun-22	STATUS
	TECHNICAL SERVICES							
1	SIVEST (PTY) LTD	CIVIL	3 YEARS	2015-01-06	2022-06-30	12.6% of the project construction cost	R 85 876.47	EXTENDED
2	SMA CONSULTANTS	INFRASTRUCTURE PLANNING & CIVIL	3 YEARS	2015-01-06	2022-06-30	11.9% of the project construction cost	R 595 105.45	EXTENDED
3	LELETU CONSULTING	CIVIL	3 YEARS	2015-01-06	2022-06-30	11% of the project construction cost	R -	EXTENDED
4	YOUNG AND SATHARIA	CIVIL	3 YEARS	2015-01-06	2022-06-30	12.6% of the project construction cost	R 83 407.92	EXTENDED
5	MAKHAOTSE NARASIMULU & ASSOCIATES	INFRASTRUCTURE PLANNING & CIVIL	3 YEARS	2015-01-06	2022-06-30	12.6% of the project construction cost	R -	EXTENDED

6	BVI CONSULTING ENGINEERS KZN	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	9.5% of the project construction cost for each project	R 1 406 980.98	EXTENDED FOR 12 MONTHS
7	NZAMAKHUZA HOLDINGS (PTY) LTD	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	10.5% of the project construction cost	R 870 758.39	EXTENDED FOR 12 MONTHS
8	VERITAS ENGINEERING	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	10% of the project construction cost for each project	R 732 344.60	EXTENDED FOR 12 MONTHS
9	SKYV CONSULTING ENGINEERS (PTY) LTD	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	12.5% of the project construction cost for each project	R 1 014 378.38	EXTENDED FOR 12 MONTHS
10	MORULA CONSULTING ENGINEERS & PRO	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	10% of the project construction cost for each project	R 1 173 370.58	EXTENDED FOR 12 MONTHS
11	BUCHULE ENGINEERS (PTY) LTD	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	12% of the project construction cost for each project	R 338 126.53	EXTENDED FOR 12 MONTHS

12	SRK CONSULTING (SOUNTH AFRICA)	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	7% of the project construction cost for each project	R 307 929.78	EXTENDED FOR 12 MONTHS
13	DNPC CONSULTING (PTY) LTD	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	12.5% of the project construction cost for each project	R -	EXTENDED FOR 12 MONTHS
14	UKWAKHA CONSULTING ENGINEERS	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	11% of the project construction cost for each project	R 363 183.12	EXTENDED FOR 12 MONTHS
15	IGS CONSULTING ENGINEERS	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	10% of the project construction cost for each project	R -	EXTENDED FOR 12 MONTHS
16	HI-TECH CONSULTING ENGINEERS	PANEL OF CONSULTANTS	3 YEARS	2018-07-25	2022-07-25	11% of the project construction cost for each project	R 670 926.89	EXTENDED FOR 12 MONTHS

17	POWER TECH SERVICES CENTRE (PTY) LTD	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON LIGHT MOTOR VEHICLES	3 YEARS	2020-12-07	2023-12-31	Rate based	R 199 028.11	
18	DHAYALAN SATHIYAVAN t/a DOLPHIN COAST	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON LIGHT MOTOR VEHICLES	3 YEARS	2020-12-07	2023-12-31	Rate based	R 629 178.77	
19	VSB AUTOR REPAIRS	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON LIGHT MOTOR VEHICLES	3 YEARS	2020-12-07	2023-12-31	Rate based	R 306 905.00	
20	STANGER MOTOR WORLD	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON LIGHT MOTOR VEHICLES	3 YEARS	2020-12-07	2023-12-31	Rate based	R 85 458.90	
21	DESREA LOGISTICE	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON LIGHT MOTOR VEHICLES	3 YEARS	2020-12-07	2023-12-31	Rate based	R 720 476.81	

22	SIYAVUKA SUPPLIES	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON PLANT & EQUIPMENT	3 YEARS	2020-12-07	2023-12-31	Rate based	R 326 872.49	
23	DHAYALAN SATHIYAVAN t/a DOLPHIN COAST	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON PLANT & EQUIPMENT	3 YEARS	2020-12-07	2023-12-31	Rate based	R 216 710.19	
24	POWERSPARES ISITHEBE	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON PLANT & EQUIPMENT	3 YEARS	2020-12-07	2023-12-31	Rate based	R 1 029 763.08	
25	TAURUS HYDRAULICS	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON PLANT & EQUIPMENT	3 YEARS	2020-12-07	2023-12-31	Rate based	R 1 280 373.61	
26	NBS DIFF & GEAR BOX SILENCE & SERVICES	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOWNS ON PLANT & EQUIPMENT	3 YEARS	2020-12-07	2023-12-31	Rate based	R 88 441.50	

27	AQUA TRANSPORT AND PLANT HIRE	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 82 340.00	
28	BHEKAPHEZULU INVESTMENTS & SALES	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 239 200.00	
29	FLAXEN LAKE TRADING	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 276 000.00	
30	MIDMAR PLANT HIRE CC	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R -	
31	MILES CONSTRUCTION & CIVILS	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 196 995.00	
32	PELEPELE INVESTMENTS (PTY) LTD	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 250 125.00	

33	SIKHULA EBUNYENI ENTERPRISES (PTY) LTD	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 207 000.00	
34	SOMKHANDA PLANT HIRE	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R -	
35	TRAILWAYS / VENKATAS GANGIAH	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 414 000.00	
36	ZS CIVILS CONSTRUCTION AND PLANT	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEARS	2021-03-17	2024-03-17	Rate based	R 1 421 858.85	
37	MBD CONSULTING	SOURCING OF SOCIAL AND ECONOMIC INFRASTRUCTURE INVESTMENT CAPITAL	3 YEARS	2021-03-16	2024-03-15	Transactional basis	R 2 671 716.78	
38	ESINAVAYO PROJECTS TRADING ENTERPRISE	33KV-400V REPAIRS ON EMERGENCY BREAKDOWNS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALITY)	3 YEARS	2021-07-19	2024-07-31	R 2 945 615.27	R 762 240.57	

39	WORTH KINGS TRADING CC T/A XXX ELECTRICAL	33KV-400V REPAIRS ON EMERGENCY BREAKDOWNS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALITY)	3 YEARS	2021-07-19	2024-07-31	R 335 238.05	3	R 329 590.00	
40	MASINA ENGINEERING PTY LTD	33KV-400V REPAIRS ON EMERGENCY BREAKDOWNS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALITY)	3 YEARS	2021-07-19	2024-07-31	R 050 668.75	1	R -	
41	R BUSISIWE (PTY) LTD	33KV-400V REPAIRS ON EMERGENCY BREAKDOWNS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALITY)	3 YEARS	2021-07-19	2024-07-31	R 356 610.73		R 818 109.04	
42	MECOM TRADING ENTERPRISE CC	33KV-400V REPAIRS ON EMERGENCY BREAKDOWNS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALITY)	3 YEARS	2021-07-19	2024-07-31	R 84 991.90		R 68 645.57	

43	ACT INDUSTRIES (PTY) LTD	TRAFFIC SIGNAL REPAIRS ON BREAKDOWNS FOR A PERIOD OF 3 YEARS	3 YEARS	2021-05-13	2024-05-30	R 806 060.45	R 90 160.00	
44	ZAMA TRAFFIC SIGNALS CC	TRAFFIC SIGNAL REPAIRS ON BREAKDOWNS FOR A PERIOD OF 3 YEARS	3 YEARS	2021-05-13	2024-05-30	R 357 144.00	R -	
45	R BUSISIWE (PTY) LTD	TRAFFIC SIGNAL REPAIRS ON BREAKDOWNS FOR A PERIOD OF 3 YEARS	3 YEARS	2021-05-13	2024-05-30	R -	R -	
46	AFICOST JBFF PROJECT MANAGERS (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	14% of the project construction cost	R -	
47	BRIMSTOHN CONSULTING JV	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30		R -	
48	DLV PROJECT MANAGERS & ENGINEERS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	9.9% of the project construction cost	R -	
49	ETILWENI (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	13.5% of the project construction cost	R -	

50	IMPUMELELO CONSULTING ENGINEERS (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	10.50% of the project construction cost	R -	
51	KUKHAYA PROJECTS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30		R -	
52	LIBEKO (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	12% of the project construction cost	R -	
53	LZM AFRICA HOLDINGS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	13.50% of the project construction cost	R 870 107.05	
54	NGEJA CONSULTING ENGINEERS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	10.5% of the project construction cost	R -	
55	SANOQWABE CONSULTANTS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	11% of the project construction cost	R -	

56	SINGH GOVENDER & ASSOCIATES CC	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	11% of the project construction cost	R -	
57	TKQ CONSULTING ENGINEERS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	11.5% of the project construction cost	R -	
58	URBANRU (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	11.5% of the project construction cost	R -	
59	THESHANI TRADING ENTERPRISE	PANEL OF PSP FOR CONSULTING SERVICES	3 YEARS	2021-10-01	2024-09-30	13.5% of the project construction cost	R -	
	OMM							
1	MALUME MOTORING SCHOOL	YOUTH DRIVER'S LICENCE COURSE	3 YEARS	2021-03-03	2024-03-03	R 114 146.00	1 R 540 050.00	

	COMMUNITY SERVICES							
1	KING CETSHWAYO MUNICIPALITY	MUNICIPAL DUMPING SITE	2 YEARS	2019-08-01	2022-01-30	Charged per tonages	R 1 731 779.93	EXTENDED FOR 6 MONTHS
2	ISICHAKA ESINGENAMONA CC	SOLID WASTE REMOVAL	3 YEARS	2019-01-01	2022-09-30	R 5 125 468.80	R 1 873 660.80	EXTENDED FOR 9 MONTHS
3	RURAL METRO EMERGENCY SERVICES	FIRE BRIGADE SERVICES	3 YEARS	2019-07-01	2022-06-30	R 12 160 380.00	R 4 158 157.11	EXTENDED FOR 3 MONTHS
4	PRO SECURE (PTY) LTD	SECURITY SERVICES	3 YEARS	2020-01-01	2022-12-31	R 18 145 760.81	R 7 224 671.30	
5	SNOBHO (PTY) LTD	SUPPLY AND DELIVER BLACK & YELLOW REFUSE BAGS	3 YEARS	2020-03-01	2023-02-28	R 4 124 820.00	R 1 374 940.00	
6	BIDVEST STEINER	PROVISION OF HYGIEN SERVICES	3 YEARS	2021-01-19	2023-01-18	R 1 287 406.53	R 314 568.52	
7	SPARKS & ELLIS UNIFORMS	SUPPLY AND DELIVER OF TRAFFIC OFFICERS AND BY LAW INFORCEMENT OFFICERS UNIFORM FOR A PERIOD OF 3	3 YEARS	2021-08-10	2024-08-31	Unit cost based	R 155 162.28	

		YEARS						
8	EZAMALUNQA TRADING	PROVISION OF VIP PROTECTION SERVICES	1 YEAR	2021-09-01	2022-08-31	R 2 780 700.00	R 1 647 260.00	
9	KA-MYALUZA	PROVISION OF SECURITY SERVICES	18 MONTHS	2021-10-01	2023-03-30	R 9 549 420.83	R 4 403 893.19	
10	FIRE AND RESQ TRADING	SECTION 78 ASSESSMENT		2021-12-04		R 489 000.00	R 489 000.13	
	CORPORATE SERVICES							
1	ESKOM	ELECTRICITY SUPPLY	ONGOING	2007-07-26	ONGOING	Charge per usage	R 40 146 599.73	
2	TELKOM	TELKOM SERVICES	5 YEARS	2015-03-01	2021-06-30	Charge per usage	R 2 199 116.72	
3	FANA MANUFACTURING CC	PANEL FOR STAFF UNIFORM	3 YEARS	2019-07-01	2022-06-30	Unit cost based	R 566 294.50	

4	UNLIMITED ABC TRADING	PANEL FOR STAFF UNIFORM	3 YEARS	2019-07-01	2022-06-30	Unit cost based	R 201 470.00	
5	ADVENTURE TRAVEL	TRAVEL AGENCY	3 YEARS	2019-10-21	2022-10-20	Transactional Basis	R 2 658 867.82	
6	KONICA MINOLTA T/A BIDVEST	20 x PRINTINTERS	3 YEARS	2020-03-01	2023-02-28	R 1 348 509.58	R 463 589.64	
7	KWIKSPACE	PARKHOME OFFICES	3 YEARS	2020-03-01	2023-02-28	R 989 483.00	R 425 219.35	
8	EMALANGENI	IINTERNET AND WI-FI CONNECTIVITY,INTRANET AND RECORDS MANAGEMENT SOLUTION	3 YEARS	2020-10-02	2023-09-30	R 14 890 345.82	R 2 732 400.00	
9	MOBILE TELEPHONE NETWORKS (MTN)	3G MODEM FOR 87 USERS	2 YEARS	2021-12-01	2023-10-14	R 419 688.00	R 127 047.71	
10	M.M ABRAHAM (PTY) LTD T/A SQUARE METER TRADING	LEASE OFFICE SPACE AT MANDENI SQUARE CENTRE	3 YEARS	2020-11-01	2023-10-31	R 1 368 310.00	R 718 082.77	
11	SONANI TRAINING & COMMUNICATIONS (PTY) LTD	MFMP TRAINING	3 YEARS	30/04/2021	2024-04-30	Unit cost based	R 928 125.04	

12	AYANDA MBANGA COMMUNICATIONS	ADVERTISING AGENCY	3 YEARS	2021-09-01	2024-08-31	Transactional Basis	R 128 428.57	
13	MALUTHULI CONSULTING	ADVERTISING AGENCY	3 YEARS	2021-09-01	2024-08-31	Transactional Basis	R 172 585.83	
14	RONAVU	ADVERTISING AGENCY	3 YEARS	2021-09-01	2024-08-31	Transactional Basis	R 11 880.00	
15	MICROSOFT IRELAND OPERATIONS LIMITED	MICROSOFT LICENCES	3 YEARS	2021-11-15	2024-11-14	Based on rand/dollar value	R 976 740.85	
	BTO							
1	CONLOG (PTY) LIMITED	SMART METERS	3YEARS	2021-09-01	2024-08-31	Charged per transaction	R 5 131 753.65	
2	PAYDAY	SUPPLY AND INSTALLATION OF PAYROLL MANAGEMENT SOFTWARE	1 YEARS	2021-07-01	2022-06-30	R 164 969.80	R 164 969.80	
3	KUNENE MAKOPO	INSURANCE-ASSETS	3 YEARS	2020-09-01	2023-08-31	R 2 078 541.52	R 1 942 646.80	

4	CCG TECHNOLOGY GROUP	MSCOA	8 YEARS	2016-11-07	2024-10-31	R 12 637 761.50	R 2 835 085.12	EXTENDED FOR 3 YEARS
5	FNB	BANKING SERVICES	5 YEARS	2021-06-01	2026-05-30	Charged per transaction	R 46 993.18 cost per montly service fees	
6	BPG MASS APPRAISALS	PROPERTY VALUATIONS	5 YEARS	2017-07-01	2022-06-30	R 3 066 959.56	R 445 310.15	
7	WESBANK	MUNICIPAL FLEET	5 YEARS	2017-03-03	2022-05-02	R 4 690 656.28	R 4 293 726.90	
8	INSIDE DATA	BULK PRINTING AND MAILING	3 YEARS	2022-02-21	2025-02-20	R 3 753 510.36	R 22 518.61	

APPENDIX I

Municipal Entity/Service providers performance schedule

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Current Financial Year		Performance of Service Provider		
					Actual	Target	G	S	P
03/19/20	Snobho	2020/03/01	Supply of Refuse bags	R4,124, 820.00	33,3%	33.3%	G		
24/21/22	Umhlaba geomatics	04/08/2022	General valuation roll and preparation and updating of valuation roll for implementation for period 1 July	R 3,066,959. 56	73%	28%	G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Current Financial Year		Performance of Service Provider		
					Actual	Target	G	S	P
			2023 to 30 June 2026						
07/22/23	Mlombomvu projects cc	13/12/2022	Construction of DLTC and DMC administration offices	R14,017,239.00	33.45%	100%		S	
08/22/23	Zithunzuzo Trading	07/03/2022	Construction of sports field and combo court in hlomendlini: ward 4	R8,041,369.71	19%	66.%		S	
17/22/23	Ezamalunqa trading (pty) ltd	12/12/2022	Provision of security services, additional sites	R29,901,150.00	10.66%	16.67%	G		
28/21/22	Njomisa Broedery	01/09/2022	Animal pound	R1,575,284.88	27.78%	27.78%	G		
2/22/23	R Busisiwe	01/07/2022	Installation of High mast	R5,413,316.00	84%	83%	G		

Assessment Key	
Good (G)	***The service has been provided at acceptable standards and within the***

	time frames stipulated in the SLA/Contract
Satisfactory (S)	***The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract***
Poor (P)	***The service has been provided below acceptable standards***

APPENDIX J

Financial disclosure of financial interests

Indeed, all 6 senior managers have signed their declaration of financial interest. The performance agreements are also commissioned by an officer of oaths. All 6 posts were occupied within the municipality throughout the financial year.

APPENDIX K

Financial Performance (Revenue and expenditure by municipal vote)

KZN291 Mandeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)		
Vote Description		**2022/23**
R thousands	**Ref**	**Audited Outcome**
Revenue by Vote	1	
Vote 1 - Executive and council		–
Vote 2 - Finance and administration		273,605

Vote 3 - Internal audit		–
Vote 4 - Community and social services		5,497
Vote 5 - Sport and Recreation		5,234
Vote 6 - Public safety		–
Vote 7 - Housing		–
Vote 8 - Planning and Development		44,726
Vote 9 - Road transport		1,548
Vote 10 - Energy sources		50,063
Vote 11 - Waste Management		13,451
Vote 12 - Environmental Protection		–
Vote 13 - [NAME OF VOTE 13]		–
Vote 14 - [NAME OF VOTE 14]		–
Vote 15 - [NAME OF VOTE 15]		–
Total Revenue by Vote	2	**394,124**

APPENDIX L

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts				
Description	**Ref**	**2019/20**	**2020/21**	**2022/23**
R thousand		**Audited Outcome**	**Audited Outcome**	**Audited Outcome**
RECEIPTS:	1, 2			
Operating Transfers and Grants				
National Government:		**181,862**	**192,581**	**201,955**
EPWP Incentive	_	2,234	2,387	2,435
Finance Management	_	1,900	2,346	1,850
Integrated National Electrification Progra	_	9,500	6,506	4,872
Local Government Equitable Share	_	167,483	181,342	191,149
Municipal Drought Relief	_	745	–	–
Municipal Infrastructure Grant	_			1,649
Other transfers/grants [insert description]				
Provincial Government:		**2,493**	**6,219**	**54,847**
Community Library Services Grant	_	1,228	6,219	4,214
Provincialization of Government		515		
Municipal Employment Initiative (EDTEA)				
Human Settlement				50,633
Spetial Development Framework Support		750		
Massification Grant				
Non-revenue electricity				
District Municipality:		**–**	**–**	**–**
[insert description]				
Other grant providers:		**–**	**–**	**–**
[insert description]				
Total Operating Transfers and Grants	5	**184,355**	**198,800**	**256,802**

APPENDIX M

Appendix M (i) -Capital expenditure -New assets Programme

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2022/23
R thousand	**1**	**Audited Outcome**
Capital expenditure on new assets by Asset Class/Sub-class		
Infrastructure		

	6,283
Roads Infrastructure	6,283
Roads	6,283
Road Structures	–
Road Furniture	–
Capital Spares	–
Storm water Infrastructure	–
Drainage Collection	–
Storm water Conveyance	–
Attenuation	–
Electrical Infrastructure	–
Power Plants	–
HV Substations	–
HV Switching Station	–
HV Transmission Conductors	–
MV Substations	–
MV Switching Stations	–
MV Networks	–
LV Networks	–
Capital Spares	–
Water Supply Infrastructure	–
Dams and Weirs	–
Boreholes	–
Reservoirs	–
Pump Stations	–
Water Treatment Works	–
Bulk Mains	–
Distribution	–
Distribution Points	–
PRV Stations	–
Capital Spares	–

Sanitation Infrastructure		–
Pump Station		–
Reticulation		–
Waste Water Treatment Works		–
Outfall Sewers		–
Toilet Facilities		–
Capital Spares		–
Solid Waste Infrastructure		–
Landfill Sites		–
Waste Transfer Stations		–
Waste Processing Facilities		–
Waste Drop-off Points		–
Waste Separation Facilities		–
Electricity Generation Facilities		–
Capital Spares		–
Rail Infrastructure		–
Rail Lines		–
Rail Structures		–
Rail Furniture		–
Drainage Collection		–
Storm water Conveyance		–
Attenuation		–
MV Substations		–
LV Networks		–
Capital Spares		–
Coastal Infrastructure		–
Sand Pumps		–
Piers		–
Revetments		–
Promenades		–
Capital Spares		–
Information and Communication Infrastructure		–

Data Centres	–
Core Layers	–
Distribution Layers	–
Capital Spares	–
Community Assets	**16,425**
Community Facilities	7,811
Halls	3,643
Centres	3,953
Crèches	–
Clinics/Care Centres	–
Fire/Ambulance Stations	–
Testing Stations	–
Museums	–
Galleries	–
Theatres	–
Libraries	–
Cemeteries/Crematoria	–
Police	–
Parks	–
Public Open Space	–
Nature Reserves	–
Public Ablution Facilities	–
Markets	–
Stalls	214
Abattoirs	–
Airports	–
Taxi Ranks/Bus Terminals	–
Capital Spares	–

Sport and Recreation Facilities	8,614
Indoor Facilities	–
Outdoor Facilities	8,614
Capital Spares	–
Heritage assets	–
Monuments	–
Historic Buildings	–
Works of Art	–
Conservation Areas	–
Other Heritage	–
Investment properties	–
Revenue Generating	–
Improved Property	–
Unimproved Property	–
Non-revenue Generating	–
Improved Property	–
Unimproved Property	–
Other assets	–
Operational Buildings	–
Municipal Offices	–
Pay/Enquiry Points	–
Building Plan Offices	–
Workshops	–
Yards	–
Stores	–
Laboratories	–
Training Centres	–
Manufacturing Plant	–

Depots	–
Capital Spares	–
Housing	–
Staff Housing	–
Social Housing	–
Capital Spares	–
Biological or Cultivated Assets	–
Biological or Cultivated Assets	–
Intangible Assets	–
Servitudes	–
Licences and Rights	–
Water Rights	–
Effluent Licenses	–
Solid Waste Licenses	–
Computer Software and Applications	–
Load Settlement Software Applications	–
Unspecified	–
Computer Equipment	–
Computer Equipment	–
Furniture and Office Equipment	19,890
Furniture and Office Equipment	19,890
Machinery and Equipment	–
Machinery and Equipment	–
Transport Assets	–
Transport Assets	–

Land		–
Land		–
Zoo's, Marine and Non-biological Animals		–
Zoo's, Marine and Non-biological Animals		–
Living resources		**-**
Mature		-
Policing and Protection		-
Zoological plants and animals		-
Immature		-
Policing and Protection		-
Zoological plants and animals		-
Total Capital Expenditure on new assets	1	**42,598**

Appendix Capital expenditure on New Assets

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2022/23	Current Year 2022/23		
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
Community Assets		**1,700**	**–**	**–**	**–**
Community Facilities		1,700	–	–	–
Stalls		1,700	–	–	–
Total Capital Expenditure on renewal	1	**1,700**	**–**	**–**	**–**

APPENDIX N

CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

Project Description	Prior year outcomes	
	Audited Outcome 2021/22	Current Year 2022/23 Full

		Year Forecast
Municipal Building Maintenance	338	–
CORPORATE SERVICES DIRECTOR	1,238	1,245
Employee Related - Corp Serv-admin	5,690	6,802
LEASES OFFICE EQUIPMENT (PRINTERS)	439	652
Outsource Staff Uniforms	568	1,304
Postage	1	4
Printing and Stationery - Corp	201	87
Take on	640	816
Telephone - Telkom	275	522
Training & Development for employees	323	870
Substinence & Travelling	398	496
Courier & Delivery Services	–	3
Team Building/Employee Wellness & Staff Bursaries	–	43
Team Building/Employee Wellness & Staff Bursaries	–	30
Lease of Office Buidling and Parkhomes	864	435
Procurement of cleaning items	–	274
SMS PORTAL	–	26
KZN 291_STRATEGIC SESSION	1,107	–
Animal pound Services	–	435
DEPRECIATION	–	947
Take on	3,419	1,790
Security Services	11,580	11,834
GRAP ASSET REGISTER	–	313
Hiring of Plant and Equipment for beach cleaning	–	870
Procurement of 6 Rescue Boards	–	157
Blue Flag Annual Subscription	19	40
Small Tools - Parks	–	696
Employee Related Costs for PARKS & GARDENS	3,136	3,583

Protective clothing - Parks	29	174
Pauper/ Indigent Burial	362	500
Take on	129	120
Hire of Honey Sucker Truck	–	480
Installation and Maintanance of CCTV Cameras and Alarm monitoring system	92	–
COMMUNITY AND SOCIAL SERVICES DIRECTOR	1,218	1,172
EMPLOYEE RELATED COSTS SOCIAL SERVICES-MUNICIPAL STAFF	10,338	15,154
PDP FOR DRIVERS AND LICENSING OF EPWP Lifeguards	–	–
Printing and Stationery - Commun	177	–
Procurement of cleaning items	317	435
Take on	798	2,995
SUBSISTENCE AND TRAVELLING-COMM	249	428
Capacity building to encourage preventative fire and safety awareness/Forum Meeting	1	–
Procurement of PPE for EPWP beneficiaries	124	174
Fumigation	–	–
Procurement of cleaning items	360	–
Landscaping of Sundumbili Entrance	–	–
New Beach Develoment Feasibility Study & Design(Shayamoya Area)	–	–
Procurement of Play Park Equipment	–	417
Greening of open spaces and Municipal facilities	216	–
NKPA_MTID02_ EPWP Remuneration	3,423	2,553
Greening of open spaces and Municipal facilities	–	87
Grass cutting in various areas around Mandeni	1,994	2,609
Greening of open spaces and Municipal facilities	8	–
Arbor Day Celebration	10	70
Printing and Stationery_LED	20	130
PRINTING OF IDP DOCUMENT AND SUMMARIES	–	174
Arbor Day Celebration	–	10
Heritage Walk and Lecture	20	140
Strategic SMMEs Intervention Programme (Quick Wins)	–	–
Tugela Raft Race	–	43

KZN 291_STRATEGIC SESSION	70	261
PLANNING AND GIS-DIRECTOR	12	4
DIsaster Management	–	40
DIsaster Management	–	960
Disaster relief aid	78	–
Launch of Disaster Volunteers	–	–
Fire rescue services	4,041	4,174
Employee Related Costs - LED	2,639	3,133
NKPA02_MTID02_INGWENYA RESERVE REMUNERATION	65	–
PLANNING AND GIS-DIRECTOR	171	71
SMME Capacity building programmes	20	60
SUBSISTENCE AND TRAVELLING COSTS	10	50
Convene LED Forums	28	20
CATERING_IDP RF	–	30
MANDENI YEBO YES BEACH FESTIVAL	–	870
SMME Fair and exhibition	(2)	350
Strategic SMMEs Intervention Programme (Quick Wins)	688	870
EIA FOR DOKODWENI/UPGRADE	300	–
Support for Youth Enterprise Park	532	174
Support for Agricultural projects	74	–
Commissioning of Land Surveyors	30	17
NODAL PLANS (COGTA)	26	391
Estuary Management Plan: Thukela and matikulu study area	262	–
Construction of New Cemetery Area	–	–
Analysis of water Samples for Blue Flag Beaches	12	30
Municipal Building Maintenance Electrical	1,005	1,043
Electricity Reticulation	5,343	2,609
Small Tools_Fleet	397	243
315kva transformer repairs in ward 3(Gazele Place)	1,071	5,217
Streetlight maintenance	435	696
Air-conditioner Maintenance	410	696
Traffic lights maintenance	342	348

Electrification of informal trader stalls	–	2,087
EMPLOYEE RELATED COST- ELECTRICITY	3,099	3,348
ESKOM BULK PURCHASES	36,575	43,603
FREE BASIC SERVICES	1,535	–
Stormwater Take On	999	1,163
Subsistence and Travelling Electricity	–	50
ELECTRICITY INTERNAL	1,239	1,565
MANDENI NON-REVENUE ELECTRICITY	–	861
FREE BASIC SERVICES	–	1,391
Assessment Rates	–	4,664
BANK CHARGES	381	391
Bonus Provision	–	–
CHIEF FINANCIAL OFFICER- DIRECTOR	2,022	2,353
Employee Related Costs BTO	13,309	16,796
Employee Related Costs for FMG INTERNS	620	545
INDIGENT REGISTER	20,430	–
MANDENI NON-REVENUE ELECTRICITY	–	836
PLANNING AND GIS-DIRECTOR	1,069	1,100
Post retirement benefit - Medical Aid Provision	(1,143)	–
PRINTING AND STATIONERY FOR BTO	71	70
Take on	347	4,972
mSCOA	352	261
SUBSISTENCE AND TRAVELLING	6	–
Annual Review of Indigent Register	1	50
IMPLEMENTATION OF CREDIT CONTROL AND DEBT COLLECTION	2	174
Postage	92	130
GRAP AFS	166	217
mSCOA	–	–
Vat Review	2,471	2,174
GRAP ASSET REGISTER	341	435
GRAP AFS	45	43
Payday system	–	300

mSCOA	1,217	–
SCM Contract Management	–	87
TRAINING AND DEVELOPMENT	304	217
SUBSISTENCE AND TRAVELLING	140	–
PREPAID METERING SYSTEM	1,574	2,609
Plant and Equipment Maintenance	15,596	17,391
EMPLOYEE RELATED COSTS FLEET & WORKSHOP	5,371	6,269
Finance lease Payments_ Wesbank Fleet	94	–
FUEL & OIL	5,599	5,217
Payment of vehicle excess (insurance)	–	87
Renewal of Vehicle Licenses	212	–
WESBANK FLEET	56	–
Leases of Vehicle_Fleet Management	60	435
Vehicle cleaning and Washing	–	100
PROCUREMENT OF POLITICAL OFFICE BEARERS VEHICLES	52	–
COR Roadworthy Preparation for Tests X 12 Trucks	968	1,304
LICENCES	–	435
Workmens Compensation	693	522
EMPLOYEE RELATED COSTS-HR	2,647	3,467
Long Service Awards Exit Gifts	–	160
Stipen for Construction Training	–	250
Training & Development for employees	–	100
Substinence & Travelling HR	31	13
Team Building/Employee Wellness & Staff Bursaries	202	500
Gazetting By-Laws	–	261
Team Building/Employee Wellness & Staff Bursaries	97	350
EAP Launch for Staff & Councillors	–	–
New Engagements & Medical Testing	23	100
Team Building/Employee Wellness & Staff Bursaries	–	100
Security Veting of Employees	–	120
Advertising	460	435
Housing Forum	16	20

IT MANTAINANCE	373	–
IT MANTAINANCE	11,637	2,435
IT Project Management	–	2,783
HARDWARE EQUIPMENT AND NETWORK UPGRADE	95	–
Network Connectivity and Infrastructure	757	1,043
EMPLOYEE RELATED COSTS-IT	1,222	1,441
Implementation of ICT Projects 23/24	–	575
IT Project Management	–	1,913
IT Security Workshop	–	100
Renewal of Microsoft Licenses (ALL Licences)	3,004	4,348
Take on	655	843
Telephone - Telkom	2,136	1,739
IMPLEMENTATION OF MASTER SYSTEM PLAN AND ICT STRATEGY	–	–
Implementation of workflow management system	–	261
Hosting of the municipal website	68	217
Upgrade of servers	–	–
Municipal Building Maintenance-Library	676	–
Municipal Building Maintenance-Library	–	280
EMPLOYEE RELATED COSTS LIBRARY	959	1,333
Employee Related for cybercadets and library staff	2,718	3,095
LIBRARY SOFTWARE LICENCES	170	–
Printing and Stationery - Library	40	50
Printing Catridges and stationery	167	44
Subsistence and Travelling	5	154
Author's Workshop	59	380
Library Materials	–	40
Payment of LIASA membership	3	6
Career expo	53	90
DSTV monthly subscription	12	14
Procurement of library PPE	233	30
LIBRARY COMMUNITY OUTREACH	41	90
Small Tools_Municipal Buildings	79	261

Chief Whip Allowance	374	490
CORPORATE SIGNAGE AND TAGS (BANNERS)	156	200
Deputy Mayor Allowance	729	836
EMPLOYEE RELATED COSTS OFFICE OF THE MAYOR	551	4,094
Executive Committe Allowance	2,458	2,513
Mayors Allowance	901	1,033
SALGA LEVIES	1,216	–
Speakers Allowance	729	836
Take on	(947)	–
Total Other Councillors Allowance	8,606	9,753
Training of Ward Committes	–	200
SUBSISTENCE AND TRAVELLING FOR POLITICAL OFFICE	224	350
SUBSISTENCE AND TRAVELLING FOR POLITICAL OFFICE	22	70
Workshop of Councillors on Fraud	–	–
OPERATION SUKUMA SAKHE	35	80
Mens Programme	–	65
AMAKHOSI Cultural Development Programms	–	330
PROCUREMENT OF MEDIA SLOTS	655	400
CORPORATE SIGNAGE AND TAGS (BANNERS)	–	300
PROCUREMENT OF DAIRIES AND CALENDERS	140	150
MAYORAL IMBIZOS AND STRATEGIC ENGAGEMENTS ROADSHOWS	50	–
REFRESHMENTS FOR THE POLITICAL OFFICES (MAYOR, DEPUTY MAYOR AND SPEAKER'S OFFICE)	101	60
Mandeni Healthy Lifestyle Race	79	110
Mandeni Healthy Lifestyle Race	39	50
COMMUNITY CONSULTATION MEETING	429	1,200
MAYORAL IMBIZOS AND STRATEGIC ENGAGEMENTS ROADSHOWS	666	400
MORAL REGENERATION MOVEMENT	8	–
ECD CULTURAL DAY	66	245
ALBINISM AWARENESS CAMPAIGN	–	5
Women's day celebration	–	50
Multi Purpose Women's Caucus	326	695
Symposium on young womes & sexuality	–	370

Disability Programme	31	140
Bursary and Scholarship Awards	284	495
Bursary and Scholarship Awards	34	45
16 Days of Activism against Women and Child Abuses	9	20
HIV/AIDS AND SOCIAL ILLS CAMPAIGN	3	110
Christmas Party for the Elderly	–	10
Golden Games	–	45
Christmas Party for the Elderly	12	60
Christmas Party for the Elderly	1	20
16 Days of Activism against Women and Child Abuses	15	60
Women's day celebration	32	80
MORAL REGENERATION MOVEMENT	9	80
INKUNZI ISEMATHOLENI & KIDS PROTECTION WEEK	–	65
Women's day celebration	52	195
MORAL REGENERATION MOVEMENT	–	20
WOMENS SUMMIT	–	400
Youth Driver Education	540	450
TOP ACHIEVERS AWARDS	11	65
Youth Top Achievers Awards	6	70
YOUTH CAREER EXPO & ENTREPRENUER WORKSHOP	195	200
ARTIST DEVELOPMENT PROGRAMME	10	200
Mayoral Cup Games/ Awards	117	260
Support for Mandeni Youth Council	5	40
Siyaya eMhlangeni(District and eNyokeni)	64	100
Support for Mandeni Youth Council	31	55
HIV/AIDS AND SOCIAL ILLS CAMPAIGN	31	150
Youth Summit	211	265
Inauguration Event	85	–
ALBINISM AWARENESS CAMPAIGN	12	45
Exco Retreat and Council Retreat	–	40
CHRISTMAS PARTY FOR ELDERLY, PWD & CHILDREN WITH HIV/AIDS	–	70
Umkhosi welembe	13	90

Mandeni Youth Heritage Parade and Fashion Exhibition	121	150
Youth Month Celebration	32	115
Mandeni Art Talent search	250	800
QUICK WINS	–	150
ARTIST DEVELOPMENT PROGRAMME	12	200
Mayoral Cup Games/ Awards	426	840
SALGA KZN DSR GAMES	24	230
Club and League Development	–	60
Golden Games	40	180
SALGA KZN DSR GAMES	278	915
SPORT DEVELOPMENT PROGRAMME	–	50
Exco Retreat and Council Retreat	–	50
OPERATION SUKUMA SAKHE	78	670
IGR MUNIMEC	39	–
Amakhosi Sitting Allowance	10	50
WARD COMMITTEE TRAINING	96	160
Ward Committee Coordination for Public Participation	2,091	2,800
Employee Related Costs for FMG INTERNS	560	986
Employee Related Costs for MM Admin	9,271	10,749
Grant in Aid	2	20
Printing Annual Report	–	87
PRINTING AND STATIONERY-MM	59	130
SENIOR MANAGER_MUNICIPAL MANAGER SALARY	1,545	1,491
Training PMS Automated System	–	870
Subscription _MM	–	1,391
Convene Quarterly MPAC Meetings	6	40
Municipal Newsletter.	–	87
Know your Council Campaign	20	–
FEES FOR DISCIPLINARY BOARD	–	130
INSURANCE	1,689	3,043
ILEMBE WATER	577	391
Payment of Audit Committee Members for Attendance of Meetings	195	428

Compile and submit quarterly Internal Audit Reports to the Audit Committee	–	–
Hotline	–	50
Fraud Awareness	–	60
SUBSTANCE AND TRAVEL CLAIMS FOR OMM	175	304
LEGAL AND PROFESSIONAL COSTS	2,944	2,174
Audit Fees	1,692	2,435
Compile and submit quarterly Internal Audit Reports to the Audit Committee	1,368	1,304
SUBSTANCE AND TRAVEL CLAIMS FOR OMM	24	100
Attendance fees for risk committee chairperson	45	100
Strategic Fraud Risk Assessment	–	15
Convene Quarterly Risk Committee Meetings	–	10
Maintanance of Automated Number Plate Recognition System	–	870
Lightning conductors	173	261
Traffman System License	92	235
Calibration of Speed Enforcement Camera	–	10
Uniform for traffic officers and disaster management officer	135	500
Employee Related Costs-Technical Admin	2,461	2,267
PMU - Salaries	132	1,796
PPE PMU	–	–
Printing and Stationery - Technical	26	–
PMU - Training Costs	80	43
Subsistence and Travelling Technical	–	–
Subsistence and Travelling Technical	–	87
Infrastructure Master plan	–	522
Take on	784	708
IMPLEMENTATION OF MPRA	447	1,826
EMPLOYEE RELATED COSTS SWIMMING	3,234	2,441
Take on	1,880	–
Procurement of Coastal management equipment	40	–
Payment of wages for Ingwenya Nature Reserves	–	50
Historical tourism research	–	130

Agriculture Development Strategy	–	–
Human Settlement Sector Plan	–	–
Enterpreneur Support Programme	167	–
Business profiling & business satisfaction for business at Isithebe Ind Park	–	–
EMPLOYEE RELATED COSTS PUBLIC SAFETY	9,647	12,411
Driving License Cards	(0)	450
Shooting Practise,Firearms,cleaning kit and ammunitions	44	60
Urban Road Maintenance (Hot mix asphalt for big potholes)	3,739	1,739
New borrow pits	–	1,739
Urban Road Maintanence (Kerbs and concrete channels)	–	870
Urban Road Maintenance (Construction of gabion walls) / Msomuhle Road Rehabilitation	111	696
Stormwater Maintenance	1,170	2,087
80 road signs to be replaced by 30 June 2019	654	1,043
Concrete stones rural gravel road maintenance	200	1,217
Hire : Plant and Equipment	12,421	13,913
Urban road maintanance (Cold mix asphalt bags)	1,830	1,739
Procurement of MSP 1 Prime Coat Drums	10	174
Small Tools - Roads	339	348
Common bricks rural gravel road maintenance	–	348
Procurement of Heavy duty Manhole covers to replace broken manhole cover	–	522
DEPRECIATION	–	1,045
EMPLOYEE RELATED COSTS ROADS	7,669	8,361
Office Teas	–	–
Roads Infrastr Take on	22,579	22,279
Take on	–	70
TECHNICAL SERVICES DIRECTOR	1,293	1,387
Subsistence and Travelling Technical	57	17
Subsistence and Travelling Technical	–	17
Local Intergrated Transport Plan	–	435
Subscription - Registration to Professional Bodies	26	–

Pothole Patching	–	2,609
Awareness Campaigns	4	20
Awareness Campaigns	3	20
Procurement of 50 picking tools	10	–
Procurement of the Waste staff Tools	5	–
Procurement of Waste Staff PPE	19	50
Refuse Bags Contractor	4,782	5,217
Landfill site contract	5,746	5,565
Domestic Refuse-Waste MAnagement	–	2,000
EMPLOYEE REALATED COSTS CEMETERY	283	200
EMPLOYEE RELATED COST-SOLID WASTE	3,562	6,260
NKPA_MTID02_FOOD FOR WASTE REMUNERATION	1,464	1,000
Lease of compactor truck and bakkie	1,874	–
Hiring of Tipper Truck for 10 days (Illegal Dumps)	–	30
Cleaning Campaigns	–	10
Cleaning Campaigns	–	200
Procurement of 50 Wheelie bins	356	261
Procurement of 30 no dumping signs/Road signs and Notice Board	70	–
Procurement of 80 concrete Bins	–	130
SPORTS FIELD/STADIUM, COMMUNITY HALL AND COMMUNITY PARK MAINTENANCE	3,414	3,478
Re-grassing of Ncedomhlophe Stadium	–	–
SPORT DEVELOPMENT PROGRAMME	–	295
Stormwater Take On	–	2,948
Tugela Raft Race	–	50
EMPLOYEE RELATED COSTS MUNICIPAL BUILDING	1,477	2,021
Employee Related Costs-Planning and GIS	6,216	8,351
SUBSISTENCE AND TRAVELLING COSTS	–	17
Development Planning Shared Services	229	–
Registration with Professional Bodies	9	–
EIA FOR DOKODWENI/UPGRADE	11	–

APPENDIX O

PROJECTS STATUS QUO / PROGRESS REPORT AS AT 31 OCTOBER 2023 – MIG FUNDED PROJECTS

2020/2021 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS (MIG)

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
01	Upgrade of Link Road between Masomonce	10/12	This project entails the construction of the new scope of work to prioritize the Storm-water, retaining wall, sidewalk and fixing	**Consultant** Iqhina Consulting Engineers	R2 000 000.00	Planning stage	**TBA**	The new Consultant Iqhina consulting Engineers has been appointed to deal with

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	Bus Route (Ward 10) and Enembe/Isithebe Link Road (Ward 12)		the damage sections of the road.	**Contractor** **TBA**				the finishing of the project since the previous Consultant Leletu Consulting Engineers pulled out of the project.
2022/2023 FINANCIAL YEAR CAPITAL PROJECTS (MIG)								
02	Khenana and Hlomendlini High Mast Lights	4, 10, 16, 17 and 18	7 x new high mast lighting including the following: - 40A single phase supply kiosk per mast. - Electrical cable reticulation including all trenches, sleeves, joints, and terminations as detailed in the electrical bill of quantities. - 25m high-mast pole including concrete base as detailed in the electrical bill of quantities. - 8 x 400w LED luminaires per mast using an 8-way spigot.	**Consultant:** BVI Consulting **Contractor:** Yakhalungisa Engineering Services	R5,924,861.03	The project is complete.	July 2023	All seven high mast lights have been energized.
11	Construction of	4	Site Establishment. Setting out of works. Bulk earthworks to the	**Consultant:** SRK Consulting	R8,041,369.71	Project is 49% complete	October 2023	There were delays with the contractor meeting

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	Hlomendlini Sportfield, Ward 4		various elements of infrastructure on side. Construction of a soccer field (110m x 75m). Construction of a combi court (38m x 19.5m). Construction of an ablution facility (10 toilet units), with change rooms (4 toilet units), public toilets (6 toilet units) and office/first aid room including water, sewage, and electrical supply. Construction of a grandstand with a minimum of 5 rows of seats (length of 25m). Installation of fencing including gate house (pedestrian and vehicle gates). Construction of an unpaved parking area.	**Contractor:** Zithinzuzo Trading Enterprise cc				contractual obligations, appointment of the ECO who ensures that the WULA conditions are adhered to on site. Inclement weather conditions have resulted in numerous delays due too wet conditions on site. Boulders has been encountered on site along with double handling of material. The guardhouse and ablution have been put on hold as a result of the Access to the site not being in full compliance with the Town Planning regulations, a meeting to conclude on this matter has been proposed for Tuesday,

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
								17th October 2023.
12	Installation of High Mast Lights in Mandeni, Phase 2	3,5,9, 11 and 12	Supply and Install of 6 x 30m high mast lighting. Installation and Commissioning of street and high mast lighting. Certifying all the installations for compliance. Submitting project report, designs/drawings and quality stacks on project handover.	**Consultant:** Africoast JBFE Project Manager **Contractor:** R Busisiwe (Pty) LTD	R5,046,311.80	Project is 90% complete.	May 2023	All overhead support infrastructure and underground infrastructure has been installed. All 6 High masts have been erected, only awaiting installation of light fittings and energizing. Light fittings have been delivered and installation is currently underway.
13	Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 1	13	Site establishment. Site clearance. Mass Earthworks. Road Bed Preparation. Clearing Existing Stormwater Infrastructure. New Stormwater Infrastructure. New Pavement Layerworks. Road Surfacing. Kerbs and Channels. Road Restraint Systems. Road Signs. Road Marking. Finishing of road reserve.	**Consultant:** DLV Project Managers & Engineers (Pty) Ltd **Contractor:** Bheka Phezulu Investments and Sales	R12,748,334.78	Project awarded 9 October 2023.		Project launch took place on the 17th of October 2023, the contractor will commence with site establishment upon meeting all contractual obligations.

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
14	Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 2 and Ward 14 White City Section		Milling of existing asphalt. Removal of existing layerworks and box cut to 340mm. 300mm undercut to spoil and replace with G7 backfill at unsuitable founding conditions. Rip and compact Roadbed. Construct 150mm Gravel Subgrade: with in-situ material. Construct 150mm Subbase: G5 with material from commercial sources. Construct 150mm Base G2 with material from commercial sources. Construct 40mm Asphalt (Mix D). Construction of Concrete V-Drains & Kerbing. Construction of Stormwater pipelines utilising 600mmØ and 450mmØ Concrete Pipes.	**Consultant:** Singh Govender Associates **Contractor:** MVI-SSSS Trading Enterprise	R16,257,859.82	Project is 27% complete.		Delay in the commencement of works due to Contractor meeting Contractual Obligations. An Award Adjustment Application has been submitted to COGTA for approval as the project was appointed for an of R 5 479 308.70 incl vat more than the amount approved by COGTA i.e. Notification of Registration Amount (NOR).
15	Rehabilitation of Internal Roads and Upgrade of		Establishment on site. Clearing & grubbing. Traffic accommodation facilities. Milling and stockpiling of existing surface on strategic	**Consultant:** Libeko (Pty) Ltd **Contractor:**	R10,555,885.48	Project is 27% complete.		Delay in the commencement of works due to Contractor meeting

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
	Associated Stormwater in Sundumbili, Ward 15		sections with minimal degree of surface failure. Insitu recycling (BSM2) on strategic sections with severe degree of surface failures. Patching. Heavy Rehabilitation. Construction of stormwater infrastructure. Replace with 40mm thick medium mix asphalt for the entire length of the road. Erection of Kerbing and Channel along either side of the road. Clearing of road reserve.	Nangu-u-Mzamo Retailers				Contractual Obligations. An Award Adjustment Application has been submitted to COGTA for approval as the project was appointed for an of R 1 041 525.73 incl vat more than the amount approved by COGTA i.e Notification of Registration Amount (NOR).

2022/2023 FINANCIAL YEAR CAPITAL ROLL OVER PROJECTS (INEP)

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
16	Completion of Okhovothi Electrification Project	12	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	**Consultant:** BVI Engineers **Contractor:** Onombuthu Pty LTD	R1,152,933.57	The project is 98% complete.	August 2023	Delays are due to inexperience of the contractor and the negligence of consultant, not ordering material on time.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
17	Dendethu / Wetane Electrification Project	5 & 15	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 170 households' connections	**Consultant:** Veritas Engineers **Contractor:** Afrilectrical Consulting Engineers	R2,034,054.94	The project is 99% complete.	February 2023	Contractor not cooperating with the clients/consultant, contractor not on site to remove the illegal connections. This project is experiencing delays due to the inefficiency and unwillingness to comply and perform duties effectively by the contractor.
18	Emhlangeni Electrification	5	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 100 households' connections	**Consultant:** PSMT Consulting Engineers **Contractor:** R Busisiwe (Pty) LTD	R2,908,456.61	Project is 80% complete.	July 2023	The project has a dependency as per Eskom's Network Planning Report, which is a line upgrade from MV Oak line to MV Chickadee line. This upgrade calls for break-and-build in the same servitude because of space constraints. The

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved INEP Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
								break-and-build requires the line to be dead, this then necessitates the booking of outages from the commencement of the project to do the upgrade as there are no connections to be added in the network before the line has been upgraded.

2022/2023 FINANCIAL YEAR INTERNALLY FUNDED CAPITAL PROJECTS								
No.	**Project Name**	**Ward**	**Brief Description**	**Consultant & Consultant**	**Approved Internal Funding**	**Status/Progress**	**Anticipated Completion Date**	**Challenges / Comments**
19	Construction of DLTC and DMC Administration Offices - Phase 1	3	Construction of a Drivers Licence Testing centre administration offices and Testing Ground	**Consultant:** Nzamakhuze Holdings **Contractor:** Mlombomvu	R14,017,239.00	Project is 78% Complete.	July 2023 EOT - September 2023	The contractor did not finish work after they were granted extension of time ending 26 September 2023 due to other challenges they

				Projects CC				met during stormwater pipe trench excavation. They came across the hard rock that required extra effort to remove thus increasing the duration period to complete the laying of stormwater pipes. Due to these challenges the contractor has indicated that they intend to submit another extension of time application.
20	Repair and Renovation of Civic Centre and Roof Replacement	3	Replacement of Existing roof. Replacing existing ceiling. Treatment of Rising damp by Specialists. Installation of Energy saving Components and the replacement of all existing Electrical Components and Wiring. Upon Replacement of	**Consultant:** LZM Africa Holdings **Contractor:** Uhlanga Trading Enterprise	R10,993,497.45	Project is 74% complete	July 2023	Anticipated delay with regards to the commencement of Phase 2 due to the Relocation of the Mandeni Library service. Further delays have been encountered as a result of a re-design of the Electrical Works along with the IT Services portion. We anticipate the commencement of

			Existing Roofs, The networking and Security cabling will be exposed to damages therefore re-routing and the installation of cable trays is recommendable. Damaged Walls with visible rising damp has to restored and re-painted.					relocation of phase 2 at the end of October 2023.
21	Construction of Mechanical Workshop	3	Demolition of existing pavement and structures, earthworks, construction of a Mechanical workshop, construction of a new office block, paving front of the workshop, construction of a drainage channel, installation of water and sewer, installation	**Consultant:** Ukwakha Consulting Engineers **Contractor:** Bheka Phezulu Investments and Sales	R14,590,742.56	Project is 35% complete		The existing ablution block was found to be in an unstable condition, the walls are showing big cracks after the removal of the old roofing and windows which is the result of non-reinforcement on the walls done by the previous contractor. The consultant instructed the contractor to demolish the walls for the old

			of electrical, mechanical and associated works. The site comprises an abundant building that will be demolished and an area to be used for the construction of the new office block.					ablution block due to them not being stable and build the new brick wall. The contractor is slightly behind the programme.

2022/2023 FINANCIAL YEAR CAPITAL PROJECTS (MASSIFICATION)

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
22	Khenana Electrification Phase 5	10	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 100 households' connections	**Consultant:** Veritas Engineers **Contractor:** Godide Engineering Services (Pty)	R1,783,633.26	Project is 95% complete.	October 2023	Construction on site have been completed, meter delivery delayed by 6 weeks. Only awaiting installation of meters and energizing. Meters to be delivered mid-month of October as per the supplier commitment.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
23	Mantshangula/ Mhlubulweni Electrification	2 and 9	Supply, delivery, installation and commissioning of a new MV and LV infrastructure to electricity to 105 households' connections	**Consultant:** PSMT Consulting Engineers **Contractor:** R Busisiwe (PTY) LTD	R 3,906,727.96	Awarded 27 September 2023	March 2024	Appointment letter has been signed by the appointed contractor, kick-off meeting was held on the 10th of October 2023. Project launch was held on the 20th of October 2023. Expected start date for physical construction is the 6th of November 2023 and the anticipated completion date is the 6 of March 2024.

2023/2024 FINANCIAL YEAR CAPITAL PROJECTS (DISASTER RECOVERY GRANT)

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
24	Gravelling of Novas Farm 2 (Ward 04)	4	(a) Establishment on site. (b) Clearing & grubbing.	**Consultant: Libeko (Pty) Ltd**	R4,218,420.00		**TBA**	The Contractor for this project will be sourced from the panel. The contractor will be

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(c) Site clearance: removal of topsoil, cutting of trees and bushes, where required. (d) Overhaul: Hauling of gravel selected layer material from commercial source. (e) Purchase of G5 Material: from the Commercial Source. (f) Bulk Earthworks: Cut to fill, cut to spoil, etc. (g) Preparation of Roadbed and removal of unsuitable material. (h) Gravel selected layer: Preparation and process G7 material. (i) Gravel wearing coarse: Preparation and process G5	**Contractor: TBA**				appointed by the end of October 2023 and will be expected to resume the work in mid November 2023 after there has been no objections from other tenderers.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			material (j) Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls (k) Installation of subsoil (l) Installation of signages (m) Cleaning of road reserve					
25	The Rehabilitation of D2022 Road (Ward 14)	14	(a) Establishment on site. (b) Clearing & grubbing. (c) Site clearance: removal of topsoil, cutting of trees and bushes, where required. (d) Overhaul: Hauling of gravel selected layer material from	**Consultant:** Libeko (Pty) Ltd **Contractor: TBA**	R2,994,366.00		**TBA**	The Contractor for this project will be sourced from the panel. The contractor will be appointed by the end of October 2023 and will be expected to resume the work in mid November 2023 after there has been no objections from other tenderers.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			commercial source. (e) Purchase of G5 Material: from the Commercial Source. (f) Bulk Earthworks: Cut to fill, cut to spoil, etc. (g) Preparation of Roadbed and removal of unsuitable material. (h) Gravel selected layer: Preparation and process G7 material. (i) Chemical stabilization: Preparation and process (j) Installation of kerbing and channelling (k) Crushed Stone Base: Preparation and process G2 material (l) Prime Coat:					

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			preparation and application. (m) 40mm Asphalt Wearing coarse (n) Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls (o) Installation of subsoil (p) Road Marking (q) Installation of signages (r) Cleaning of road reserve					
26	Gravelling of Efalethu Road (Ward 3)	3	(a) Establishment on site. (b) Clearing & grubbing. (c) Site clearance: removal of topsoil, cutting of trees and bushes, where	**Consultant:** Libeko (Pty) Ltd **Contractor: TBA**	R4,511,649.00		**TBA**	The Contractor for this project will be sourced from the panel. The contractor will be appointed by the end of October 2023 and will be expected to resume the work in mid

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			required. (d) Overhaul: Hauling of gravel selected layer material from commercial source. (e) Purchase of G5 Material: from the Commercial Source. (f) Bulk Earthworks: Cut to fill, cut to spoil, etc. (g) Preparation of Roadbed and removal of unsuitable material. (h) Gravel selected layer: Preparation and process G7 material. (i) Gravel Wearing coarse: Preparation and process G5 material (j) Installation of Gabions (k) Excavation and					November 2023 after there has been no objections from other tenderers.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			preparation of side drains (l) Installation of subsoil (m) Prefabricated Culverts: Laying of prefabricated culverts with associated catch pits and headwalls (0) Installation of signages (p) Cleaning of road reserve					
27	Gravelling of D1293 Road (Ward 12)	12	(a) Establishment on site. (b) Clearing & grubbing. (c) Site clearance: removal of topsoil, cutting of trees and bushes, where required. (d) Overhaul: Hauling	**Consultant:** Libeko (Pty) Ltd **Contractor: TBA**	R5,298,565.00		**TBA**	The Contractor for this project will be sourced from the panel. The contractor will be appointed by the end of October 2023 and will be expected to resume the work in mid November 2023 after there has been no

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			of gravel selected layer material from commercial source. (e) Purchase of G5 Material: from the Commercial Source. (f) Bulk Earthworks: Cut to fill, cut to spoil, etc. (g) Preparation of Roadbed and removal of unsuitable material. (h) Gravel Wearing coarse: Preparation and process G5 material. (i) Gravel Subbase coarse: Preparation and process G7 material (j) Side Drainage: Excavation and preparation of side drains.					objections from other tenderers.

No.	Project Name	Ward	Brief Description	Consultant & Contractor	Approved Massification Funding	Status/Progress	Anticipated Completion Date	Challenges / Comments
			(k) Construction of stone pitching. (l) Installation of gabion wall and mattresses on stormwater inlet/outlet infrastructure (m) Cross drains: Laying of prefabricated culverts with associated catch pits and headwalls (n) Installation of subsoil (o) Installation of signages (p) Cleaning of road reserve					

APPENDIX P

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

A] SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

The service that we provide as a municipality is **waste collection**

- ✓ Here we have a routinely weekly plan, that accommodates all these entities, which is consistently delivered accordingly
- ✓ We even provide wheelie bins for these entities

Hence, we do not have backlogs.

B] THE Q SECTION – BACKLOGS BY OTHER DEPARTMENTS

Mandeni has the following clinics

- Ndulinde
- Isithebe
- Sundumbli
- Hlomendlini
- Mandeni, and
- Ohwebede

All these are serviced by Eskom for electricity, and Ilembe District

Pertaining to schools, Mandeni has two **circuits, namely Gingindlovu Circuit and Gingindlovu Circuit, and part of Phambela Circuit (in ward 3 & 4)**

About 18 of the rural schools do have access to water, and these schools are situated in ward 06 , ward 1, 2,8, 5 & 9

APPENDIX Q

Service backlogs experienced by the community where another sphere of government is responsible for service provision

There is still a major challenge to sort of government departments that lack to render the anticipated services to the community. There are backlogs in the department of home affairs, where a number of community members did not get the proper services in terms of acquiring the proper documents such

as identity documents, birth certificates, passports, etc. Most of the Home Affairs Offices have a challenge of encountering technical glitches such as internet.

The Department of Transport also has a backlog. The services are very poor if you assess both the local, provincial and national roads, there are multiple potholes that damage motor vehicles. In certain rural areas, communities suffer due to absence of bridges, walk-overs that interconnect to areas. Some areas have community members, specifically children who have a difficult time getting to school when it rains as proper bridges aren't built.

The Department of Health has a major challenge as some hospitals have patients sleeping on the floor due to a shortage of beds. Proper machinery and technology are also not supplied to the hospitals.

It is clear that there is still a lack of implementing Batho Pele Principles in some government departments, hence there is a service backlogs experienced by the community.

APPENDIX R

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

There are no loans made by the municipality as the municipality is sustained by their reserves and investments.

APPENDIX S

DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71

The municipal financial departments managed to submit all 12 section 71 reports. This means that deadlines were met, therefore there are no 71 reports submitted to the relevant stakeholders. Under compliance measures are met and prioritized by the municipality

APPENDIX T

NATIONAL AND PROVINCIAL OUTCOME BY LOCAL GOVERNMENT

The Municipal Assessment Tool, Circular 88 Reporting template were submitted. The municipality is still complying with COGTA both nationally and provincially in terms of submissions. Various COGTA Assessment documents that include C88 Reporting Template, Mandeni Municipal Assessment Tool, PMS questionnaire, PMS Status Reports. These templates play an imperative tool in order to assess the municipality in various sectors so that we can render the anticipated service delivery. Other KPI's, assess that certain deadlines are met to show that the municipality reaches certain targets according to dates, targets and percentages. Therefore, this shows that the municipality is functional in terms of COGTA Assessments. Thus far, all information required has been submitted by the municipality.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Mandeni Municipality Annual Financial Statements
for the year ended 30 June 2023

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (electricity and refuse) to communities in a sustainable manner to promote social and economic development, and to promote a safe and a healthy environment.

MEMBERS OF EXECUTIVE COUNCIL

Mayor and Chairman of the Executive Committee	Cllr TP Mdlalose
Deputy Mayor	Cllr BL Magwaza
Speaker (Ex-Officio)	Cllr PM Sishi
Members of the Executive Committee	Cllr SZ Mdletshe
	Cllr ST Magwaza
	Cllr MS Mdunge
	Cllr M Shelembe
	Cllr M Mthembu
Other councillors	Cllr NO Dladla
	Cllr SF Gina
	Cllr BA Khumalo
	Cllr NH Khuzwayo
	Cllr SA Mabhida
	Cllr SJ Mathonsi
	Cllr XH Mathonsi
	Cllr S Mathonsi
	Cllr MC Mkhaliphi
	Cllr BA Mchunu
	Cllr ST Thwala
	Cllr SS Mdunge
	Cllr CT Mhlongo
	Cllr CL Mthembu
	Cllr DGP Mthembu
	Cllr LS Mthembu
	Cllr LS Zungu
	Cllr SP Naicker
	Cllr MT Ncanana
	Cllr NS Ncube
	Cllr MB Ngidi
	Cllr S Nkwanyana
	Cllr PP Nsele
	Cllr S Ntuli
	Cllr NR Dludla
	Cllr ZM Nxumalo
	Cllr SW Shandu

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

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COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
LGSETA	Local Government Sector Education and Training Authority
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	Supply Chain Management
MIG	Municipal Infrastructure Grant
MEC	Member of Executive Committee

Accounting Officer's Responsibilities and Approval

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

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

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 33 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance and Traditional Affairs' determination in accordance with this Act.

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on pages 7 to 95, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed by:

SG Khuzwayo
Accounting Officer

31 August 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

1. Going concern

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

2. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year.

3. Accounting policies

The annual financial statements are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

4. Non-current assets

There were no changes in the policy relating to the use of non-current assets.

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	42,751,851	46,807,121
Receivables from exchange transactions	4	22,594,046	11,966,770
Receivables from non-exchange transactions	5	3,669,055	3,055,781
Statutory receivables	6	25,531,019	19,026,490
VAT receivable	7	3,542,099	1,788,995
Call and investments deposits	8	244,203,556	138,861,901
Cash and cash equivalents	9	10,321,268	4,119,614
		352,612,894	**225,626,672**
Non-Current Assets			
Investment property	10	60,544,000	42,163,500
Property, plant and equipment	11	541,873,006	484,787,955
Intangible assets	12	330,671	476,853
Call and investments deposits	8	-	65,000,000
		602,747,677	**592,428,308**
Total Assets		**955,360,571**	**818,054,980**
Liabilities			
Current Liabilities			
Finance lease obligation	13	-	13,719
Payables from exchange transactions	14	45,373,159	32,491,560
Consumer deposits	15	216,464	269,853
Employee benefit obligation	17	894,403	1,296,373
Unspent conditional grants and receipts	16	25,788,956	8,705,120
		72,272,982	**42,776,625**
Non-Current Liabilities			
Employee benefit obligation	17	21,693,073	21,498,844
Total Liabilities		**93,966,055**	**64,275,469**
Net Assets		**861,394,516**	**753,779,511**
Reserves			
Housing Development fund		1,986,085	1,878,425
Accumulated surplus	18	859,408,431	751,901,086
Total Net Assets		**861,394,516**	**753,779,511**

* See Note 60

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	61,433,607	56,776,414
Construction contracts	21	6,815,022	1,997,568
Rental of facilities and equipment	22	354,021	324,595
Interest income - Service charges	23	1,228,720	1,058,661
Licences and permits	24	547,007	791,212
Other income	25	3,586,648	1,052,961
Interest received - investment	26	20,010,444	10,694,201
Total revenue from exchange transactions		**93,975,469**	**72,695,612**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	51,761,585	43,599,893
Interest income - Property rates	28	2,627,819	2,328,532
Transfer revenue			
Government grants & subsidies	29	263,259,332	263,612,482
Fines, penalties and forfeits	30	1,001,853	1,201,534
Donated assets income	31	5,234,331	1,649,000
Total revenue from non-exchange transactions		**323,884,920**	**312,391,441**
Total revenue	19	**417,860,389**	**385,087,053**
Expenditure			
Employee related costs	32	(116,925,166)	(109,119,850)
Remuneration of councillors	33	(14,325,359)	(13,797,605)
Depreciation and amortisation	34	(30,062,529)	(31,725,852)
Finance costs	40	(3,322,630)	(2,656,611)
Lease rentals on operating lease	39	(1,175,012)	(1,450,248)
Debt impairment	38	(15,022,247)	(20,429,748)
Inventory consumed	35	(4,371,235)	(1,423,755)
Bulk purchases	36	(45,292,594)	(36,574,524)
Contracted services	41	(62,214,631)	(51,991,298)
General expenses	42	(42,537,447)	(38,219,000)
Total expenditure		**(335,248,850)**	**(307,388,491)**
Operating surplus		**82,611,539**	**77,698,562**
Loss on disposal/scrapings of assets	43	(6,079,512)	(818,869)
Fair value adjustments	44	30,180,500	3,576,500
Actuarial gains/losses	17	3,169,090	4,005,157
Impairment loss	37	(2,374,266)	(3,530,083)
		24,895,812	**3,232,705**
Surplus for the year		**107,507,351**	**80,931,267**

* See Note 60

Statement of Changes in Net Assets

Figures in Rand	Other NDR	Accumulated surplus	Total net assets
Opening balance as previously reported	1,826,842	669,713,261	671,540,103
Adjustments			
Prior year adjustments (note 60)	-	1,256,558	1,256,558
Balance at 01 July 2021 as restated*	**1,826,842**	**670,969,819**	**672,796,661**
Changes in net assets			
Surplus for the year as previously reported	-	80,559,824	80,559,824
Prior period errors (note 60)	-	371,443	371,443
Interest on reserves	51,583	-	51,583
Total changes	51,583	80,931,267	80,982,850
Balance at 01 July 2022 as restated*	**1,878,425**	**751,901,080**	**753,779,505**
Changes in net assets			
Surplus for the year	-	107,507,351	107,507,351
Interest on reserves	107,660	-	107,660
Total changes	107,660	107,507,351	107,615,011
Balance at 30 June 2023	**1,986,085**	**859,408,431**	**861,394,516**

* See Note 60

Statement of Changes in Net Assets

Figures in Rand	Other NDR	Accumulated surplus	Total net assets
Opening balance as previously reported	1,826,842	669,713,261	671,540,103
Adjustments			
Prior year adjustments (note 60)	-	1,256,558	1,256,558
Balance at 01 July 2021 as restated*	**1,826,842**	**670,969,819**	**672,796,661**
Changes in net assets			
Surplus for the year as previously reported	-	80,559,824	80,559,824
Prior period errors (note 60)	-	371,443	371,443
Interest on reserves	51,583	-	51,583
Total changes	51,583	80,931,267	80,982,850
Balance at 01 July 2022 as restated*	**1,878,425**	**751,901,080**	**753,779,505**
Changes in net assets			
Surplus for the year	-	107,507,351	107,507,351
Interest on reserves	107,660	-	107,660
Total changes	107,660	107,507,351	107,615,011
Balance at 30 June 2023	**1,986,085**	**859,408,431**	**861,394,516**

* See Note 60

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	44,327,505	-	**44,327,505**	61,433,607	**17,106,102**
Construction contracts	-	-	**-**	6,815,022	**6,815,022**
Rental of facilities and equipment	178,160	-	**178,160**	354,021	**175,861**
Interest earned on service charges	915,989	-	**915,989**	1,228,720	**312,731**
Licences and permits	691,680	-	**691,680**	547,007	**(144,673)**
Other income	744,334	1,687,868	**2,432,202**	3,586,648	**1,154,446**
Interest received - investment	5,700,000	13,500,000	**19,200,000**	20,010,444	**810,444**
Total revenue from exchange transactions	**52,557,668**	**15,187,868**	**67,745,536**	**93,975,469**	**26,229,933**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	48,880,318	-	**48,880,318**	51,761,585	**2,881,267**
Interest earned on property rates	2,831,075	-	**2,831,075**	2,627,819	**(203,256)**
Transfer revenue					
Government grants & subsidies	262,507,000	16,308,000	**278,815,000**	263,259,332	**(15,555,668)**
Fines, Penalties and Forfeits	277,720	1,200,000	**1,477,720**	1,001,853	**(475,867)**
Donated assets income	-	-	**-**	5,234,331	**5,234,331**
Total revenue from non-exchange transactions	**314,496,113**	**17,508,000**	**332,004,113**	**323,884,920**	**(8,119,193)**
Total revenue	**367,053,781**	**32,695,868**	**399,749,649**	**417,860,389**	**18,110,740**
Expenditure					
Employee related costs	(121,829,954)	-	**(121,829,954)**	(116,925,166)	**4,904,788**
Remuneration of councillors	(14,681,872)	-	**(14,681,872)**	(14,325,359)	**356,513**
Depreciation and amortisation	(33,746,817)	-	**(33,746,817)**	(30,062,529)	**3,684,288**
Finance costs	(3,407,870)	-	**(3,407,870)**	(3,322,630)	**85,240**
Lease rentals on operating lease	(1,364,078)	-	**(1,364,078)**	(1,175,012)	**189,066**
Debt Impairment	(35,797,595)	-	**(35,797,595)**	(15,022,247)	**20,775,348**
Bad debts written off	(6,750,000)	-	**(6,750,000)**	-	**6,750,000**
Inventory consumed	(3,987,455)	(1,105,999)	**(5,093,454)**	(4,371,235)	**722,219**
Bulk purchases	(33,950,012)	(5,100,000)	**(39,050,012)**	(45,292,594)	**(6,242,582)**
Contracted Services	(63,868,385)	(718,400)	**(64,586,785)**	(62,214,631)	**2,372,154**
General expenses	(42,340,665)	(2,104,019)	**(44,444,684)**	(42,537,447)	**1,907,237**
Total expenditure	**(361,724,703)**	**(9,028,418)**	**(370,753,121)**	**(335,248,850)**	**35,504,271**
Operating surplus	**5,329,078**	**23,667,450**	**28,996,528**	**82,611,539**	**53,615,011**
Loss on disposal/scrappings of assets	-	(1,000,000)	**(1,000,000)**	(6,079,512)	**(5,079,512)**
Fair value adjustments	-	-	**-**	30,180,500	**30,180,500**
Actuarial gains/losses	-	-	**-**	3,169,090	**3,169,090**
Impairment loss/ Reversal of impairments	-	-	**-**	(2,374,266)	**(2,374,266)**
	-	**(1,000,000)**	**(1,000,000)**	**24,895,812**	**25,895,812**
Surplus before taxation	**5,329,078**	**22,667,450**	**27,996,528**	**107,507,351**	**79,510,823**
Actual Amount on Comparable Basis as Presented	**5,329,078**	**22,667,450**	**27,996,528**	**107,507,351**	**79,510,823**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual

Material budget differences are disclosed in note 56 - budget variances.

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
2023											
Financial Performance											
Property rates	48,880,318	-	48,880,318	-		48,880,318	51,761,585		2,881,267	106 %	106 %
Service charges	44,327,505	-	44,327,505	-		44,327,505	61,433,607		17,106,102	139 %	139 %
Investment revenue	5,700,000	13,500,000	19,200,000	-		19,200,000	20,010,444		810,444	104 %	351 %
Transfers recognised - operational	224,045,200	(656,000)	223,389,200	-		223,389,200	221,749,301		(1,639,899)	99 %	99 %
Other own revenue	5,638,958	2,887,868	8,526,826	-		8,526,826	21,394,552		12,867,726	251 %	379 %
Total revenue (excluding capital transfers and contributions)	**328,591,981**	**15,731,868**	**344,323,849**	**-**		**344,323,849**	**376,349,489**		**32,025,640**	**109 %**	**115 %**
Employee related costs	(121,829,954)	-	(121,829,954)	-	-	(121,829,954)	(116,925,166)	-	4,904,788	96 %	96 %
Remuneration of councillors	(14,681,872)	-	(14,681,872)	-	-	(14,681,872)	(14,325,359)	-	356,513	98 %	98 %
Depreciation and asset impairment	(33,746,817)	-	(33,746,817)			(33,746,817)	(32,535,204)	-	1,211,613	96 %	96 %
Finance charges	(3,407,870)	-	(3,407,870)	-	-	(3,407,870)	(3,322,630)	-	85,240	97 %	97 %
Bulk purchases	(33,950,012)	(5,100,000)	(39,050,012)	-	-	(39,050,012)	(45,292,594)	-	(6,242,582)	116 %	133 %
Inventory consumed	(3,987,455)	(1,105,999)	(5,093,454)	-	-	(5,093,454)	(4,371,235)	-	722,219	86 %	110 %
Other expenditure	(150,120,723)	(3,822,419)	(153,943,142)	-	-	(153,943,142)	(93,580,850)	-	60,362,292	61 %	62 %
Total expenditure	**(361,724,703)**	**(10,028,418)**	**(371,753,121)**	**-**	**-**	**(371,753,121)**	**(310,353,038)**	**-**	**61,400,083**	**83 %**	**86 %**
Surplus/(Deficit)	**(33,132,722)**	**5,703,450**	**(27,429,272)**	**-**		**(27,429,272)**	**65,996,451**		**93,425,723**	**(241)%**	**(199)%**

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
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	38,461,800	16,964,000	55,425,800	-		55,425,800	41,510,900		(13,914,900)	75 %	108 %
Surplus (Deficit) after capital transfers and contributions	**5,329,078**	**22,667,450**	**27,996,528**	**-**		**27,996,528**	**107,507,351**		**79,510,823**	**384 %**	**2,017 %**
Surplus/(Deficit) for the year	**5,329,078**	**22,667,450**	**27,996,528**	**-**		**27,996,528**	**107,507,351**		**79,510,823**	**384 %**	**2,017 %**
Capital expenditure and funds sources											
Total capital expenditure	(78,311,180)	(8,354,751)	(86,665,931)	-		(86,665,931)	(75,545,053)		11,120,878	87 %	96 %
Sources of capital funds											
Transfers recognised - capital	(32,692,530)	(1,287,654)	(33,980,184)	-		(33,980,184)	(33,980,184)		-	100 %	104 %
Internally generated funds	(45,618,650)	(7,067,097)	(52,685,747)	-		(52,685,747)	(41,564,869)		11,120,878	79 %	91 %
Total sources of capital funds	**(78,311,180)**	**(8,354,751)**	**(86,665,931)**	**-**		**(86,665,931)**	**(75,545,053)**		**11,120,878**	**87 %**	**96 %**

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
Cash flows											
Net cash from (used) operating	108,590,023	3,214,622	111,804,645	-		111,804,645	120,907,554		9,102,909	108 %	111 %
Net cash from (used) investing	(72,359,377)	(30,208,555)	(102,567,932)	-		(102,567,932)	(74,458,186)		28,109,746	73 %	103 %
Net cash from (used) financing	(550,000)	180,000	(370,000)	-		(370,000)	93,941		463,941	(25)%	(17)%
Net increase/(decrease) in cash and cash equivalents	**35,680,646**	**(26,813,933)**	**8,866,713**	**-**		**8,866,713**	**46,543,309**		**37,676,596**	**525 %**	**130 %**
Cash and cash equivalents at the beginning of the year	158,436,156	49,545,359	207,981,515	-		207,981,515	207,981,515		-	100 %	131 %
Cash and cash equivalents at year end	**194,116,802**	**22,731,426**	**216,848,228**	**-**		**216,848,228**	**254,524,824**		**(37,676,596)**	**117 %**	**131 %**

Accounting Policies

1. Presentation of Annual Financial Statements

1.1 Basis of preparation

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

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

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

These accounting policies are consistent with the previous period.

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Impairment testing

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

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

Provisions

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

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

Allowance for debt impairment

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

1.3 Going concern - assumption

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

1.4 Investment property

Investment property is property (land or a building - or part of a building) 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.

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 municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

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.

Accounting Policies

1.4 Investment property (continued)

Subsequent measurement - Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

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

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

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

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

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

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. The cost also includes necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Subsequent measurement - cost model (land and buildings)

Subsequent to initial recognition, land and buildings are carried at cost less any subsequent accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Where the municipality replaces part of an asset, it derecognises the part of an asset being replaced and capitalises the new component. Subsequent expenditure incurred on a asset is capitalised when it increases the capacity or the future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on a depreciable amount, using the straight-line basis over the estimated useful life of items of property, plant and equipment unless depreciation of certain assets is being determined using a method other that the estimated useful life.

Components of assets that are significant in relation to the whole asset and have different useful lives are depreciated separately.

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

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

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

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment and have been assessed as follows:

Item	Depreciation method	Average useful life in years
Buildings	Straight-line	30 years
Infrastructure	Straight-line	30 years
Community	Straight-line	30 years
Other property, plant and equipment	Straight-line	5 to 10 years

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimate, the change is accounted for as a change in accounting estimate. In determining the depreciation change for the current year, the residual value for all assets have been taken into account.

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

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

Derecognition

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

1.6 Intangible assets

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

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

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

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 of acquisition.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software	3 years

1.6 Intangible assets (continued)

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

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 as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

Derecognition

Intangible assets are derecognised when the asset is disposed off or when there are no further economic benefits 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 net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

1.7 Financial instruments

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

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non- exchange transactions	Financial asset measured at amortised cost
Other receivables	Financial asset measured at fair value

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

Accounting Policies

1.7 Financial instruments (continued)

Initial and subsequent measurement

Financial assets

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial assets are recognised on the date they originated for loans and receivables and deposits and for other financial assets, initially on the trade date at which the municipality becomes a party to the contractual provision of the instrument.

Financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of financial assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Initially accounts receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer debtors are stated at cost less a provision for bad debts. The provision is made in accordance with GRAP 104 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

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 through the Statement of Financial Performance to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

Accounting Policies

1.7 Financial instruments (continued)

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

1.8 Statutory receivables

Identification

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

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

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

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

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

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

Accrued interest

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

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

Accounting Policies

1.7 Financial instruments (continued)

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

1.8 Statutory receivables

Identification

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

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

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

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

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

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

Accrued interest

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

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

Accounting Policies

1.9 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

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

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs 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 shorted of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Operating leases - lessee

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

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Accounting Policies

1.10 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Redundant and obsolete inventories identified and written down from cost to net realisable value with regards to their estimated economic or realisable values. Consumables are written down with regards to their age, condition and utility.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. 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.

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Identification

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

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

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

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Cash-generating units

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

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

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

Reversal of impairment loss

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

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

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

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

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

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.

Accounting Policies

1.12 Employee benefits

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

Short-term employee benefits

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

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

When an employee has rendered service to the entity during a reporting period, the entity 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 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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits

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

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

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

Accounting Policies

1.12 Employee benefits (continued)

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects 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 obligation.

1.12 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which 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.

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.

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 entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

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 amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Accounting Policies

1.12 Employee benefits (continued)

The 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 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. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

1.12 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Long-term service awards

The municipality has an obligation to provide long-term service awards to all if its employees who have been in service of the municipality for a certain period of time. According to the rules of the long-term service allowance scheme, which the municipality has instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5,10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits 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.

The entity shall recognise the net total of the following amounts as expense or revenue, 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 right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Accounting Policies

1.12 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.13 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating expenditure.

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

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the municipality:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 48 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

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 1.11.

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

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

1.13 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:
- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.14 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.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Measurement

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

Sale of goods

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

Accounting Policies

1.14 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

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

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

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest

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

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

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

1.15 Revenue from non-exchange transactions

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

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

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

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

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

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

1.15 Revenue from non-exchange transactions (continued)

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

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

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

Recognition

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

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

Measurement

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

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

Taxes

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

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

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

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

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

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

Transfers

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

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

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Fines

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

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

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

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. 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 cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Fines

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

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

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

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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 cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Accounting Policies

1.21 Accumulated surplus

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- the cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- the CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- if a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash- backed, and invested in accordance with the investment policy of the municipality.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

Accounting Policies

1.21 Accumulated surplus (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.22 Budget information

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

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

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The annual financial statements and the budget are on the same basis of accounting.

1.23 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.

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

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

The municipality 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 municipality 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.

Accounting Policies

1.23 Related parties (continued)

Where the municipality is exempt from the disclosures in accordance with the above, the municipality 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 annual financial statements.

1.24 Events after the reporting date

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non-adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial position date are adjusted for such events. Non-adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

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

1.25 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.26 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.27 Borrowing costs

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

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

Accounting Policies

1.28 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

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

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

Recognition

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

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

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

Accounting Policies

1.29 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.30 Transfers and subsidies

Transfers and subsidies include all unrequited payments made by the municipality. A payment is unrequited provided that the municipality does not receive anything of similar value directly in return for the transfer to the other party.

Transfers and subsidies are recognised in the Statement of Financial Performance as expenses in the period in which the events giving rise to the transfer occurred.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has not adopted any standards and interpretations that are effective for the current financial year and that are relevant to its operations.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	No effective date set	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	No effective date set	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2023	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Inventories

Land	42,038,000	46,000,000
Consumable stores	572,495	566,658
Maintenance materials	141,356	240,463
	42,751,851	**46,807,121**

Consumable stores		
Opening balance	566,658	665,866
Additions	1,000,821	618,941
Issued/(expensed)	(994,984)	(718,149)
	572,495	**566,658**

Maintenance materials		
Opening balance	240,463	197,895
Additions	111,887	374,886
Issued/(expensed)	(210,994)	(332,318)
	141,356	**240,463**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

4. Receivables from exchange transactions

Gross balances		
Electricity	8,939,077	9,856,137
Refuse	58,977,145	52,636,492
Prepayments	2,529,593	1,628,001
Accrued investment income	9,753,164	3,721,082
	80,198,979	**67,841,712**
Less: Allowance for impairment		
Electricity	(3,682,694)	(5,608,571)
Refuse	(53,922,239)	(50,266,371)
	(57,604,933)	**(55,874,942)**
Net balance		
Electricity	5,256,383	4,247,566
Refuse	5,054,906	2,370,121
Prepayments	2,529,593	1,628,001
Accrued investment income	9,753,164	3,721,082
	22,594,046	**11,966,770**
Electricity		
Current (0 -30 days)	4,393,445	3,817,774
31 - 60 days	686,539	700,211
61 - 90 days	1,168,834	185,060
91 - 120 days	172,723	1,753,544
121 - 365 days	488,648	474,685
> 365 days	2,028,889	2,924,863
Impairment	(3,682,693)	(5,608,571)
	5,256,385	**4,247,566**
Refuse		
Current (0 -30 days)	1,892,897	959,121
31 - 60 days	898,404	832,051
61 - 90 days	908,925	800,839
91 - 120 days	1,701,590	788,829
121 - 365 days	5,738,897	1,558,519
> 365 days	47,836,433	47,697,133
Impairment	(53,922,239)	(50,266,371)
	5,054,907	**2,370,121**
Prepayments		
Current (0 -30 days)	2,529,593	1,628,001
Accrued investment income		
Current (0 -30 days)	9,753,164	3,721,082

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

5. Receivables from non-exchange transactions

Gross balances		
Interest	38,041,102	35,695,742
Other receivables from non-exchange transactions (not aged)	1,023,517	928,258
	39,064,619	**36,624,000**
Other receivables from non-exchange transactions (not aged) comprises of:		
Other receivables	777,947	682,688
Postage deposit	10,000	10,000
Rental deposits	235,570	235,570
	1,023,517	**928,258**
Less: Non-exchange transactions impairment		
Interest	(34,973,136)	(33,145,791)
Other	(422,428)	(422,428)
	(35,395,564)	**(33,568,219)**
Net balances		
Interest	3,067,966	2,549,951
Other	601,089	505,830
	3,669,055	**3,055,781**
Interest		
Current (0 -30 days)	666,348	295,381
31 - 60 days	316,895	283,428
61 - 90 days	319,520	285,951
91 - 120 days	631,688	285,743
121 - 365 days	2,061,756	563,479
> 365 days	34,044,899	33,981,765
Less: Impairment	(34,973,136)	(33,145,791)
	3,067,970	**2,549,956**
Other		
Receivables not aged	1,023,517	928,258
Less: Impairment	(422,428)	(422,428)
	601,089	**505,830**
Total		
Current (0 -30 days)	1,689,865	1,223,639
31 - 60 days	316,895	283,428
61 - 90 days	319,520	285,951
91 - 120 days	631,688	285,743
121 - 365 days	2,061,756	563,480
> 365 days	34,044,899	33,981,764
	39,064,623	36,624,005
Less: Impairment	(35,395,564)	(33,568,219)
	3,669,059	**3,055,786**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

5. Receivables from non-exchange transactions (continued)

Households		
Current (0 -30 days)	3,878,617	3,748,016
31 - 60 days	2,295,678	(16,454)
61 - 90 days	2,991,561	1,701,561
91 - 120 days	3,603,879	1,698,962
121 - 365 days	11,523,180	13,904,857
> 365 days	122,444,323	111,600,717
Less: Impairment	(131,971,395)	(126,872,601)
	14,765,843	**5,765,058**
Industrial/Commercial		
Current (0 -30 days)	4,680,956	4,240,190
31 - 60 days	828,275	(1,628)
61 - 90 days	807,184	619,904
91 - 120 days	937,581	1,964,097
121 - 365 days	10,283,015	5,175,633
> 365 days	17,743,474	15,765,270
Less: Impairment	(22,835,903)	(21,421,078)
	12,444,582	**6,342,388**
National/Provincial Government		
Current (0 -30 days)	409,428	14,958
31 - 60 days	253,295	(567,918)
61 - 90 days	350,830	172,196
91 - 120 days	621,683	266,453
121 - 365 days	6,008,049	5,914,200
> 365 days	16,168,217	15,149,268
Less: Impairment	(12,979,829)	(7,478,243)
	10,831,673	**13,470,914**
Provision for Impairment		
Current (0 -30 days)	(4,109,655)	(1,812,228)
31 - 60 days	(105,068)	(98,233)
61 - 90 days	(875,352)	(818,406)
91 - 120 days	(906,392)	(847,427)
121 - 365 days	(20,591,909)	(2,890,766)
> 365 days	(143,630,387)	(150,648,127)
	(170,218,763)	**(157,115,187)**

Reconciliation of allowance for impairment for receivables

Opening balance	(157,115,187)	(139,813,418)
Contribution for bad debt	(13,103,575)	(17,301,769)
	(170,218,762)	**(157,115,187)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

6. Statutory receivables

Statutory receivables general information

Gross balances		
Rates	99,871,418	84,690,309
Fines	2,877,871	2,009,208
	102,749,289	**86,699,517**
Less: Allowance for impairment		
Rates	(75,209,062)	(66,752,189)
Fines	(2,009,208)	(920,838)
	(77,218,270)	**(67,673,027)**
Net balances		
Rates	24,662,356	17,938,120
Fines	868,663	1,088,370
	25,531,019	**19,026,490**
Rates		
Current (0 -30 days)	2,016,312	662,182
31 - 60 days	1,475,410	865,663
61 - 90 days	1,752,297	1,302,151
91 - 120 days	2,657,141	1,161,350
121 - 365 days	19,524,944	2,051,708
> 365 days	72,445,792	78,647,255
Less: Impairment	(75,209,062)	(66,752,189)
	24,662,834	**17,938,120**
Fines		
Not aged	2,877,871	2,009,208
Less: Impairment	(2,009,208)	(920,838)
	868,663	**1,088,370**
Total		
Current (0 -30 days)	4,894,183	2,672,090
31 - 60 days	1,475,410	865,663
61 - 90 days	1,752,297	1,302,151
91 - 120 days	2,657,141	1,161,350
121 - 365 days	19,524,944	2,051,708
> 365 days	72,445,792	78,646,555
Less: Impairment	(77,218,266)	(67,673,027)
	25,531,501	**19,026,490**

Figures in Rand	2023	2022

6. Statutory receivables (continued)

Transactions arising from statute

The following prescripts authorise the municipality to charge and collect funds to fund its mandate. The resulting receivables are therefore classified as statutory receivables and are disclosed as such as per GRAP 108 Statutory Receivables:

- Section 229(1) of the Constitution of the Republic of South Africa;
- Municipal Properties Rates Act; and
- Administrative Adjudication of Road Traffic Offences Act.

Determination of transaction amount

The municipality initially measures statutory receivables at their transaction amount. The transaction amount for the purposes of GRAP 108 Statutory Receivables means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Interest charged

Interest is accrued on the outstanding balance of statutory receivables. The municipality adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest on property rates is calculated at the rate of 2% per annum.

Interest charged on property rates is recognised in the statement of financial performance as follows:

Interest income - Property rates	2,627,819	2,328,532

7. VAT receivable

VAT	3,542,099	1,788,995

The municipality is registered for VAT with SARS on payment basis. This means that the municipality can only claim input or declare output VAT from SARS (depending on the type of supply) based on the payments made to creditors and actual cash receipts/collections from debtors respectively. However, for financial reporting purposes the municipality reports on accrual basis of accounting. VAT receivable balance as per these Annual Financial Statements reflects actual VAT receivable from SARS statement of account and, deferred tax asset and liabilities on outstanding payments to creditors and outstanding collections from debtors as at reporting date, respectively.

VAT Receivable [Payment basis]	2,395,937	3,559,174
Add: Deferred VAT on liabilities	3,115,012	1,128,173
Less: Deferred VAT on receivables	(1,968,850)	(2,898,352)
	3,542,099	**1,788,995**

VAT Receivable is VAT receivable from SARS as at reporting date.

Deferred VAT asset and liability disclosed is VAT not yet claimable and payable to SARS as at reporting date. These balances arise from input and output VAT transactions on outstanding creditors and debtors as at reporting date, respectively.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Call and investments deposits

Call investment deposits consist of deposits and conditional grants that are ring-fenced to be cash backed.

Nedbank - Mandeni branch		
Call investment deposits		
Account number - 037881155450 000020		
Cash book balance	65,000,000	65,000,000
Bank statement balance	65,000,000	65,000,000
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C061294217372		
Cash book balance	101,653,216	14,084,602
Bank statement balance	101,653,216	14,084,602
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062028673219		
Cash book balance	1,985,234	1,877,573
Bank statement balance	1,985,233	1,877,573
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062812286400		
Cash book balance	201,670	(152,378)
Bank statement balance	201,680	24,080
Nedbank - Mandeni branch -		
Call investment deposits		
Account number - 037881155450 000025		
Cash book balance	50,000,000	-
Bank statement balance	50,000,000	-
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062113325882		
Cash book balance	390,196	280,655
Bank statement balance	390,197	280,655
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062527527462		
Cash book balance	869,183	2,874,430
Bank statement balance	1,635,942	2,874,430
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062538203449		
Cash book balance	2,898,721	3,715,886
Bank statement balance	2,898,721	3,715,886
Nedbank - Mandeni branch		
Call investment deposits		
Account number - 037881155450 000018		
Cash book balance	-	50,000,000
Bank statement balance	-	50,000,000

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
8. Call and investments deposits (continued)		
First National Bank - Mandeni branch		
Call investment deposits -		
Account number - C062812286963		
Cash book balance	5,552,784	6,181,133
Bank statement balance	5,552,784	6,285,161
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C63048438097		
Cash book balance	15,652,552	-
Bank statement balance	15,652,552	-
Nedbank - Mandeni branch - Call Investment deposit		
Account number - 037881155450 000015		
Cash book balance	-	30,000,000
Bank statement balance	-	30,000,000
Nedbank - Mandeni branch - Call Investment deposit		
Account number - 037881155450 000019		
Cash book balance	-	30,000,000
Bank statement balance	-	30,000,000
Cash book balance	**244,203,556**	**203,861,901**
Split between current and non-current portions		
Current assets	244,203,556	138,861,901
Non-current assets	-	65,000,000
	244,203,556	**203,861,901**

8. Call and investments deposits (continued)

The following call investment deposits have no restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C061294217372
- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062113325882
- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062538203449
- Nedbank - Mandeni branch - Call investment deposits
  Account number - 037881155450 015.
- Nedbank - Mandeni branch - Call investment deposits
  Account number - 037881155450 019.
- Nedbank - Mandeni branch - Call investment deposits
  Account number - 037881155450 018
- Nedbank - Mandeni branch - Call investment deposits
  Account number - 037881155450 020
- Nedbank - Mandeni branch - Call investment deposits
  Account number - 037881155450 025

8. Call and investments deposits (continued)

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062028673219:
  This account may only be used for housing related expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062812286400:
  This account may only be used for MIG expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062252919471:
  This account may only be used for Neighbourhood Development Program expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062812286963
  This account may only be used for housing title deeds.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062527527462
  This account may only be used for electrification programmes.

Included in the amounts above are capital grants. See note 16 for additional information.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,233	1,233
Bank balances	10,320,035	4,118,381
	10,321,268	**4,119,614**

10. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	60,544,000	-	60,544,000	42,163,500	-	42,163,500

Reconciliation of investment property - 2023

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Investment property	42,163,500	-	-	(11,800,000)	30,180,500	60,544,000

Reconciliation of investment property - 2022

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Investment property	84,587,000	-	-	(46,000,000)	3,576,500	42,163,500

Figures in Rand	2023	2022

10. Investment property (continued)

Pledged as security

No items of investment property have been pledged as security.

Details of valuation

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.

Fair value of investment properties		
Portion 6 of Farm Lot 5 Ca No. 8440	15,000	30,000
Lot 56 of Padianager	127,000	60,000
Lot 1203 of Mandeni - Aloe Road	60,000	49,000
Lot 571 of Mandeni - Anderson Road	260,000	250,000
Lot 504 of Mandeni - Matthews Road	1,760,000	1,730,000
Lot 327 of Mandeni - Greig Road	650,000	620,000
Lot 1466 of Mandeni - Aloe Road	210,000	302,000
Portion 4 of Farm Lot 13 Tugela No. 13862	736,000	780,000
The Farm Lot 5 Ca No. 8440	3,330,000	1,450,000
Remainder of Farm Lot 30 Inyoni No. 13890	-	9,400,000
Lot 1340 of Mandeni	60,000	43,500
Lot 1018 of Mandeni	240,000	220,000
Lot 175 of Padianagar	250,000	140,000
Lot 48 Tugela Mouth	330,000	280,000
Portion 6 Lot 9901 Newark no. 2621	5,790,000	1,300,000
Various lots Padianagar	21,287,000	4,102,500
Various lots Tugela	540,000	458,000
Various lots Tugela Ext 3	2,147,000	1,564,000
Various lots Tugela Ext 7	338,000	330,000
Various lots Tugela Ext 8	22,414,000	19,054,500
	60,544,000	**42,163,500**

Figures in Rand	2023	2022

10. Investment property (continued)

Investment properties transferred

The following investment properties were transferred by the municipality from investment property to property, plant and equipment.

The Remainder of Farm Lot Inyoni no. 13890 now registered as ERF 412 Isithebe Industrial Estate was transferred to Land under Property Plant and Equipment (PPE) for an amount of R11 800 000 as per the Property Valuation for the year ended 30 June 2023. This is due to new Township registration of Portion 1, 2 & 3 of ERF 412 that took place during the 2022-23 Financial Year.

Remainder of Farm Lot 30 Inyoni No. 13890 (ERF 412, Isithebe Industrial Estate)	11,800,000	-
ERF 412, Isithebe Industrial Estate - Residential Units Transferred to Inventory	-	46,000,000
	11,800,000	**46,000,000**

The breakdown of the investment property transferred to PPE is as follows;		
RDP Housing Estate - Now Unreg ERF 412 Isithebe - Value split according to use	57,800,000	-
Residential Land - No 3020 plots - Average extent per site 348m2 - Approx. R 15000 per plot	(46,000,000)	-
	11,800,000	**-**

The investment property transferred to PPE is categorised as follows:		
Commercial land	740,000	-
School, administration, community facilities etc. land	5,400,000	-
Infrastructure land (roads, rail & reservoirs)	3,760,000	-
Conservation & passive open space	1,900,000	-
	11,800,000	**-**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	31,983,320	-	31,983,320	19,890,000	-	19,890,000
Buildings	45,587,738	(4,308,304)	41,279,434	35,327,302	(3,554,299)	31,773,003
Infrastructure	528,306,305	(206,904,964)	321,401,341	511,243,381	(191,025,834)	320,217,547
Community	117,352,785	(28,549,833)	88,802,952	98,822,147	(25,574,902)	73,247,245
Other property, plant and equipment	84,294,406	(25,888,447)	58,405,959	62,804,862	(23,144,702)	39,660,160
Total	**807,524,554**	**(265,651,548)**	**541,873,006**	**728,087,692**	**(243,299,737)**	**484,787,955**

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	WIP Transferred	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	19,890,000	379,320	-	(86,000)	11,800,000	-	-	31,983,320
Buildings	31,773,003	10,591,478	-	(195,848)	-	(889,199)	-	41,279,434
Infrastructure	320,217,547	34,789,692	(11,438,129)	(45,293)	-	(19,962,442)	(2,160,034)	321,401,341
Community	73,247,245	39,267,813	(19,498,155)	(407,343)	-	(3,592,376)	(214,232)	88,802,952
Other property, plant and equipment	39,660,160	26,687,409	-	(2,360,161)	-	(5,581,449)	-	58,405,959
	484,787,955	**111,715,712**	**(30,936,284)**	**(3,094,645)**	**11,800,000**	**(30,025,466)**	**(2,374,266)**	**541,873,006**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	WIP Transferred	Disposals	Depreciation	Impairment loss	Total
Land	19,890,000	-	-	-	-	-	19,890,000
Buildings	26,836,767	9,010,450	(3,252,088)	-	(822,126)	-	31,773,003
Infrastructure	313,331,096	69,463,682	(35,462,828)	-	(23,584,320)	(3,530,083)	320,217,547
Community	66,530,538	15,857,135	(6,036,158)	-	(3,104,270)	-	73,247,245
Other property, plant and equipment	28,882,253	15,614,639	-	(731,912)	(4,104,820)	-	39,660,160
	455,470,654	**109,945,906**	**(44,751,074)**	**(731,912)**	**(31,615,536)**	**(3,530,083)**	**484,787,955**

Pledged as security

No items of property, plant and equipment were pledged as security.

Figures in Rand	2023	2022

11. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Re-alignment of Thokoza Road to P415 - Street lighting Project was partially commissioned in 2018/19. Only the streetlights were not commissioned as they were not complete at the time. This project is planned to be commissioned during the 2022-2023 Financial Year	-	2,160,034
Nyoni Phase 4 Taxi Routes DWS has issued the WULA and PSP has been appointed by the Municipality to oversee the implementation of Nyoni Phase 4 Taxi Routes on the 17th of August 2022. The project will go out on tender upon the approval of the detail designs by the Technical Department.	-	3,853,905
Nyoni Phase 3A - Underpass & Intersection The project is 90% complete as at 30 June 2023. The underpass requires lighting, stormwater, palisade fencing, handrails and kerbing.	6,283,246	6,283,246
	6,283,246	**12,297,185**

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	29,101,164	12,765,670	7,795,424	49,662,258
Additions/capital expenditure	22,450,138	14,130,327	10,591,436	47,171,901
WIP impaired	(2,160,034)	(214,232)	-	(2,374,266)
Transferred to completed items	(11,438,129)	(19,498,155)	-	(30,936,284)
	37,953,139	**7,183,610**	**18,386,860**	**63,523,609**

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	33,426,458	10,634,701	5,227,270	49,288,429
Transfers	1,225,342	(1,225,342)	-	-
Additions/capital expenditure	31,932,974	9,392,469	5,820,242	47,145,685
WIP impaired	(2,020,782)	-	-	(2,020,782)
Transferred to completed items	(35,462,828)	(6,036,158)	(3,252,088)	(44,751,074)
	29,101,164	**12,765,670**	**7,795,424**	**49,662,258**

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		
Buildings	191,538	332,252
Infrastructure	9,083,517	7,199,106
Community	881,425	692,340
Other property, plant and equipment	3,751,627	3,984,594
	13,908,107	**12,208,292**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,133,009	(802,338)	330,671	1,678,382	(1,201,529)	476,853

Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Amortisation	Total
Computer software	476,853	(109,075)	(37,107)	330,671

Reconciliation of intangible assets - 2022

	Opening balance	Disposals	Amortisation	Total
Computer software	674,125	(86,956)	(110,316)	476,853

Pledged as security

No items of intangible assets were pledged as security.

13. Finance lease obligation

Minimum lease payments due		
- within one year	-	236
Present value of minimum lease payments due		
- within one year	-	13,719
- in second to fifth year inclusive	-	-
	-	**13,719**

The average lease term is 3 years and the average effective borrowing rate is 10.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

In May 2017, the municipality entered into a 60 months instalment sale agreement with Wesbank for 10 vehicles, the contract term ended in May 2022. Further to that in September 2017, the municipality entered into another 60 months instalment sale agreement with Westbank for 2 additional vehicles, the contract ended in September 2022.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Payables from exchange transactions

Trade payables	17,817,923	7,334,010
Retention	7,315,639	7,459,054
Other payables	3,210,216	1,629,378
Unallocated deposits	1,975,493	2,022,917
Leave accrual	12,220,751	11,951,569
Bonus accrual	2,921,073	2,280,017
	45,461,095	32,676,947
Cashier's collections	(87,936)	(185,387)
	45,373,159	**32,491,560**

15. Consumer deposits

Electricity	216,464	269,853

No guarantees are held in lieu of Electricity Deposits.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Library KZNPA grant	119	119
Sport and recreation grant	57,961	57,961
Housing Title Deed grant	4,789,797	5,772,607
Massification Grant	4,760,653	-
INEP grant	624,326	2,874,433
Municipal Disaster Relief grant	15,556,100	-
	25,788,956	**8,705,120**

Movement during the year

Balance at the beginning of the year	8,705,120	30,079,407
Additions during the year	281,103,240	242,105,798
Income recognition during the year	(264,019,404)	(263,480,085)
	25,788,956	**8,705,120**

See note 29 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 8 for additional information.

Figures in Rand	2023	2022

17. Employee benefit obligations

Post-retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, SAMWU, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by 1Pangaea Expertise Solutions. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Multi-employer pension funds

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	(22,587,476)	(22,795,217)
Non-current liabilities	(21,693,073)	(21,498,844)
Current liabilities	(894,403)	(1,296,373)
	(22,587,476)	**(22,795,217)**

Figures in Rand	2023	2022

17. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	18,002,747	18,696,772
Net expense recognised in the statement of financial performance	386,365	(694,025)
	18,389,112	**18,002,747**

Net expense recognised in the statement of financial performance

Current service cost	1,139,027	1,211,001
Interest cost	2,544,533	2,201,962
Benefits paid	(688,870)	(509,766)
Actuarial (gains) losses	(2,608,325)	(3,597,222)
	386,365	**(694,025)**

Key assumptions used

Assumptions used at the reporting date:

Expected retirement age	63	63
Discount rates used	14.09 %	12.27 %
Medical cost trend rates	10.05 %	9.28 %
Consumer price inflation	8.55 %	7.78 %
Net effective discount rate	3.68 %	2.74 %

Percentage of in-service members withdrawing before retirement

	Female	**Male**
Age 20 - 24	16.0 %	24.0 %
Age 25 - 29	12.0 %	18.0 %
Age 30 - 34	10.0 %	15.0 %
Age 35 - 40	8.0 %	10.0 %
Age 40 - 44	6.0 %	6.0 %
Age 45 - 49	4.0 %	4.0 %
Age 50 - 54	2.0 %	2.0 %
Age 55 - 59	1.0 %	1.0 %
Age 60+	- %	- %

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate at 30 June 2023 is 14.09% which represents the average yield from the zero-coupon government bond curve over a 15 to 20 year term.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

General Salary Inflation: This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 8.55% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long-term government bonds with a duration of 15 to 20 years, adjusting for an inflation risk premium of 1% per annum.

Figures in Rand	2023	2022

17. Employee benefit obligations (continued)

It has been assumed that the next salary increase will take place on 1 July 2023.

The next contribution increase was assumed to occur with effect from 1 January 2024.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Long service awards and retirement gifts

The independent valuers, 1Pangaea Expertise Solutions, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	11.11 %	10.93 %
General salary inflation (long-term)	7.08 %	8.24 %
Net effective discount rate	3.76 %	2.49 %
Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment	SA 85-90	

Membership summary		
Number of members	257	250
Average age of members (years)	40.91	41.12
Average past service (years)	8.18	8.58
Average salary (annual)	301,491	286,60

Benefit Structure

Service years	Award (Number of days)	Award (Number of days)
5	5	5
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

Figures in Rand	2023	2022

17. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	4,792,470	4,897,059
Current service cost	475,124	540,870
Interest cost	453,337	396,188
Expected benefit payments	(961,802)	(633,712)
Recognised actuarial (gains) / losses	(560,765)	(407,935)
Balance at end of year	**4,198,364**	**4,792,470**

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	475,124	540,870
Interest cost	453,337	396,188
Benefit payment	(961,802)	(633,712)
Actuarial (gains) / loss	(560,765)	(407,935)
	(594,106)	**(104,589)**

In conclusion:

Statement of Financial Position obligation for		
Long service award liability	4,198,364	4,792,470
Retirement benefit liability	18,389,112	18,002,747
	22,587,476	**22,795,217**
Statement of Financial Performance obligation for		
Long service award expense	594,106	104,589
Retirement benefit expense	(386,365)	694,025
	207,741	**798,614**

Key assumptions used

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA - this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 11.11% which represents the average yield from the zero-coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

18. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
Balance at 01 July 2021	**151,731,208**	**50,941,129**	**468,867,771**	**671,540,108**
Surplus for the year	-	-	80,559,824	80,559,824
Prior year adjustments	-	-	1,628,001	1,628,001
Reserves	-	-	51,583	51,583
Balance at 01 July 2022	**151,731,208**	**50,941,129**	**551,107,179**	**753,779,516**
Surplus for the year	-	-	107,507,351	107,507,351
Reserves	-	-	107,660	107,660
Balance at 30 June 2023	**151,731,208**	**50,941,129**	**658,722,190**	**861,394,527**

19. Revenue

Service charges	61,433,607	56,776,414
Construction contracts	6,815,022	1,997,568
Rental of facilities and equipment	354,021	324,595
Interest received- external investments	1,228,720	1,058,661
Licences and permits	547,007	791,212
Other income	3,586,648	1,052,961
Interest received - external investments	20,010,444	10,694,201
Property rates	51,761,585	43,599,893
Government grants and subsidies	263,259,332	263,612,482
Fines	1,001,853	1,201,534
Donations received	5,234,331	1,649,000
	415,232,570	**382,758,521**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	61,433,607	56,776,414
Debt impairment - reversal	6,815,022	1,997,568
Rental of facilities and equipment	354,021	324,595
Interest received- External Investments	1,228,720	1,058,661
Licences and permits	547,007	791,212
Other income	3,586,648	1,052,961
Interest received - external investment	20,010,444	10,694,201
	93,975,469	**72,695,612**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	51,761,585	43,599,893
Transfer revenue		
Government grants and subsidies	263,259,332	263,612,482
Fines	1,001,853	1,201,534
Donated assets income	5,234,331	1,649,000
	321,257,101	**310,062,909**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
20. Service charges		
Sale of electricity	49,863,633	45,958,290
Refuse removal	11,569,974	10,818,124
	61,433,607	**56,776,414**
21. Construction contracts		
INEP grant	6,575,675	1,997,568
Massification grant	239,347	-
	6,815,022	**1,997,568**
22. Rental of facilities and equipment		
Premises		
Hall hire	211,703	113,655
Municipal properties	105,941	174,976
Stalls rental	36,378	35,965
	354,022	**324,596**
23. Interest income - Service charges		
Interest received on service charges	1,228,720	1,058,661
24. Licences and permits		
Drivers licences	23,412	13,043
Business licences	22,494	9,395
Learners licences	501,101	768,774
	547,007	**791,212**
25. Other income		
Building plan fees	76,467	53,902
Sundry income	1,702,196	387,070
Connection fees	95,354	75,331
Photocopier charges	73,765	56,981
Rates clearance certificates	20,133	27,342
Town planning fees	59,856	37,694
Sale of land	393,000	-
LG SETA	760,072	227,603
Escort fees	405,805	187,038
	3,586,648	**1,052,961**
26. Investment revenue		
Interest revenue		
Bank and call deposits	20,010,444	10,694,201

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

27. Property rates

Rates received

Residential	21,313,255	17,403,438
Commercial	31,750,860	26,645,475
State	13,764,014	11,194,093
Less: Rebates	(15,066,544)	(11,643,113)
	51,761,585	**43,599,893**

Valuations

Residential	1,147,644,000	1,147,644,000
Commercial	375,176,000	375,176,000
Industrial	127,837,000	127,837,000
Industrial Estate Special	855,622,000	855,622,000
Mining	15,000,000	15,000,000
Agricultural	387,217,000	387,217,000
Municipal	137,961,000	137,961,000
Public Services Infrastructure	20,343,000	20,343,000
Public Benefit Organisation	49,903,000	49,903,000
Vacant land	114,227,800	114,227,800
State Trust land	446,500,000	446,500,000
Public Services Purposes	422,300,000	422,300,000
Place of Worship	15,030,000	15,030,000
	4,114,760,800	**4,114,760,800**

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 5 years in line with the provisions of the MPRA. The last General Valuation Roll came into effect on 1 July 2018. It should be noted that a new General Valuation Roll, to be implemented over the next 5 years, was prepared during the year under review. As a result, the interim valuations could not be prepared as this will serve as a duplication hence the Market values remained unchanged for the year under review

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential	0.0155	0.0147
Commercial	0.0262	0.0250
Industrial	0.0262	0.0250
Industrial Estate Special	0.0262	0.0250
Mining	0.0262	0.0250
Agriculture	0.0039	0.0037
Public Service Infrastructure	0.0039	0.0037
State	0.0245	0.0234
Municipal	0.0245	0.0234
State Trust land	0.0195	0.0186
Vacant land	0.0245	0.0234
Place of worship	0.0245	0.0234
Public benefit organisation	0.0039	0.0234

All residential property owners are exempt from paying rates on the first R15,000 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

28. Interest income - Property rates

Interest received on service charges	2,627,819	2,328,532

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

29. Government grants and subsidies

Operating grants		
Equitable share	212,818,432	191,149,220
Finance Management Grant	1,850,000	1,850,000
Equitable share - COVID-19	-	20,015,155
EDTEA Grant	1,000,000	-
Library grant	3,708,000	4,214,000
EPWP Grant	2,372,000	2,435,000
	221,748,432	**219,663,375**
Capital grants		
Municipal Infrastructure Grant	40,044,000	43,949,107
Municipal Disaster Relief Grant	1,466,900	-
	41,510,900	**43,949,107**
	263,259,332	**263,612,482**

EPWP Grant

Current-year receipts	2,372,000	2,435,000
Conditions met - transferred to revenue	(2,372,000)	(2,435,000)
	-	-

Poverty alleviation programme.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	1,717,107
Current-year receipts	40,044,000	42,232,000
Conditions met - transferred to revenue	(40,044,000)	(43,949,107)
	-	-

This grant is used to construct roads infrastructure and related community projects.

Sports and Recreation Grant

Balance unspent at beginning of year	57,961	57,961

Conditions still to be met - remain liabilities (see note 16).

To pay salaries and facility refurbishment.

Scheme Support Grant

Balance unspent at beginning of year	-	43,035
Rolled over amounts/ Funds withheld by National Treasury	-	(43,035)
	-	-

Software for improving building plans.

Figures in Rand	2023	2022

29. Government grants and subsidies (continued)

Finance Management Grant

Current-year receipts	1,850,000	1,850,000
Conditions met - transferred to revenue	(1,850,000)	(1,850,000)
	-	-

Capacity building for the Budget and Treasury Office.

Library Grant

Balance unspent at beginning of year	119	119
Current-year receipts	3,708,000	4,214,000
Conditions met - transferred to revenue	(3,708,000)	(4,214,000)
	119	**119**

Conditions still to be met - remain liabilities (see note 16).

To build modular library.

EDTEA Grant

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

Conditions still to be met - remain liabilities (see note 16).

Municipal Employment Initiative Grant from Economic Development, Tourism and Environmental Affairs.

Municipal Disaster Relief Grant

Current-year receipts	17,023,000	-
Conditions met - transferred to revenue	(1,466,900)	-
	15,556,100	**-**

The grant is for disaster relief.

Equitable share - COVID-19

Balance unspent at beginning of year	-	20,015,145
Conditions met - transferred to revenue	-	(20,015,145)
	-	-

The grant is for disaster relief and support relating to COVID-19.

30. Fines

Library fines	553	284
Traffic fines	1,001,300	1,201,250
	1,001,853	**1,201,534**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

31. Donated assets income

Donated assets	5,234,331	1,649,000

In the current year the assets were donated by the Enterprise Ilembe (Economic Development Agency) towards the Mandeni Youth Enterprise Park. In the prior year the assets were donated by the KwaZulu-Natal Department of Arts and Culture to the Mandeni municipality's libraries.

32. Employee related costs

Basic	74,961,149	71,435,717
Bonus	6,660,702	5,151,659
Medical aid - company contributions	5,425,769	5,272,609
UIF	478,229	486,699
WCA	60,668	50,561
Leave pay accrual	2,636,154	585,164
Defined contribution plans	11,824,447	10,691,847
Overtime payments	2,387,639	1,826,171
Car allowance	4,411,949	3,802,597
Housing benefits and allowances	1,074,192	1,280,577
Cellphone allowance	530,120	451,584
Long service awards	925,281	1,440,402
	111,376,299	**102,475,587**

Remuneration of Municipal Manager

Annual Remuneration	966,085	1,112,976
Car Allowance	188,307	188,307
Contributions to UIF, Medical and Pension Funds	178	114
	1,154,570	**1,301,397**

Remuneration of Chief Finance Officer

Annual Remuneration	819,551	808,461
Car Allowance	260,082	260,082
Contributions to UIF, Medical and Pension Funds	-	28
	1,079,633	**1,068,571**

Remuneration of Director Corporate Services

Annual Remuneration	1,079,037	1,068,547
Contributions to UIF, Medical and Pension Funds	-	28
	1,079,037	**1,068,575**

Remuneration of Director Community Services

Annual Remuneration	413,577	924,288
Car Allowance	105,000	144,256
Contributions to UIF, Medical and Pension Funds	178	28
	518,755	**1,068,572**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Employee related costs (continued)

Remuneration of Director Technical Services

Annual Remuneration	678,370	842,328
Car Allowance	164,649	226,216
Contributions to UIF, Medical and Pension Funds	708	28
	843,727	**1,068,572**

Remuneration of Director EDPHS

Annual Remuneration	685,445	890,328
Car Allowance	187,520	178,215
Contributions to UIF, Medical and Pension Funds	178	28
	873,143	**1,068,571**

	116,925,166	**109,119,850**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

33. Remuneration of councillors

Mayor	963,579	900,936
Deputy Mayor	779,504	728,988
Mayoral Committee Members	2,555,844	2,458,032
Speaker	779,504	728,989
Councillors	7,657,939	7,129,597
Councillors allowances	1,588,989	1,851,063
	14,325,359	**13,797,605**

In-kind benefits

The Mayor

The Mayor has access to the office and secretarial support at the cost of Council and is provided with the following:

2 bodyguards.

1 driver.

2 Municipal vehicles purchased.

Tools of trade as Gazette 46470: Determination of upper limit on Office bearers.

The Speaker

The Speaker has access to the office and secretarial support at the cost of Council and is provided with the following:

1 driver.

1 vehicle purchased.

Tools of trade as Gazette 46470: Determination of upper limit on Office bearers.

The Deputy Mayor

The Deputy Mayor has access to the office at the cost of Council and is provided with the following:

1 driver.

1 vehicle purchased.

Tools of trade as Gazette 46470: Determination of Upper Limit of Office Bearers.

34. Depreciation and amortisation

Property, plant and equipment	29,987,034	31,615,536
Intangible assets	75,495	110,316
	30,062,529	**31,725,852**

35. Inventory consumed

Consumables and materials	4,371,235	1,423,755

36. Bulk purchases

Electricity - Eskom	45,292,594	36,574,524

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

37. Impairment loss

Impairments		
Property, plant and equipment	2,374,266	3,530,083

Impairment loss is due to the project that has been halted i.e. Construction of CBD informal trader stalls. Realignment of Thokoza road project under the NDPG Funding was also not completed due to land legal issues. Various Internal and main collectors in Sundumbili Ward 13,14 &15 and Mandeni rural were also impaired to zero and de-recognised because of the deconstruction and rehabilitation that is taking place.

38. Debt impairment

Contributions to debt impairment provision	15,022,247	20,429,748

39. Lease rentals on operating lease

Motor vehicles		
Contractual amounts	1,529	146,410
Equipment		
Contractual amounts	1,173,483	1,303,838
	1,175,012	**1,450,248**

40. Finance costs

Trade and other payables	324,524	2,581
Finance leases	236	55,880
Retirement benefit obligation	2,997,870	2,598,150
	3,322,630	**2,656,611**

41. Contracted services

Consultants and Professional Services		
Business and advisory	5,405,316	4,255,579
Legal cost	3,058,824	2,946,189
Audit committee fees	240,040	194,783
Shared services	276,749	262,000
Contractors		
Fire services	3,859,399	4,041,006
Maintenance of buildings and facilities	18,295,768	18,332,516
Construction contracts - INEP	6,575,675	1,997,568
Prepaid electricity vendors	2,487,308	1,574,097
Construction contracts - Massification grant	239,347	-
Graphic designers	293,000	-
Outsourced Services		
Internal auditors	711,169	1,367,929
Transport services	859,529	266,800
Security services	12,321,294	11,580,493
Catering services	2,147,769	1,048,163
Animal care	348,750	-
Refuse removal	3,059,214	2,632,207
Cleaning services	306,026	360,256
Valuers	936,600	421,848
Stage and Sound Crew	456,980	345,614
Burial services	335,874	364,250
	62,214,631	**51,991,298**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

42. General expenses

Advertising	1,208,178	1,288,719
Auditors remuneration	2,361,186	1,692,387
Bank charges	448,930	380,657
Consulting fees	1,964,346	2,470,762
Deed search costs	35,994	24,719
Electricity - internal	1,703,234	1,239,147
Fuel and oil	6,487,461	5,598,905
Hire charges	813,618	756,888
LED Vuthela (SECO)	150,000	300,000
IT expenses	29,164	11,610
Insurance	1,978,792	1,689,258
LED programs	-	167,266
Levies	1,024,060	989,688
Licences	4,565,181	3,065,855
Vehicle tracking expenses	190,900	70,133
Postage and courier	159,261	92,761
Printing and stationery	553,026	636,788
Free basic electricity	1,464,569	1,535,090
Roadworthy test	1,099,317	967,750
Subscriptions and membership fees	74,798	42,975
Subsistence and travelling	2,785,940	2,768,173
SALGA levies	1,215,742	1,256,557
Telephone and fax	2,429,839	2,411,231
Training	2,862,875	983,080
Transportation	312,277	1,873,661
Uniforms	1,373,548	1,129,256
Ward committees	2,685,300	2,091,200
Water	746,578	576,683
Workmens compensation	510,662	692,513
Youth programs	1,302,671	1,415,288
	42,537,447	**38,219,000**

Figures in Rand	2023	2022

43. Loss on disposal/scrappings of assets

Assets at cost	(11,234,471)	(1,833,952)
Accumulated depreciation	4,068,092	1,015,083
Carrying amount	(7,166,379)	(818,869)
Proceeds from sale of assets	1,086,867	-
Loss on disposal/scrappings of assets	**(6,079,512)**	**(818,869)**

The loss on disposal or scrapping is due to 2 mayoral vehicles that were sold and the other one written-off by the insurance company. Motor grader was also written off in the 2023 financial year.

The loss on disposal or scrapping of assets is in respect of the assets that were either broken beyond repairs, lost, scrapped, obsolete, donated and written-off by insurer. The following are the circumstances that led to the loss on disposal or scraping.

Transport Assets: 2 mayoral vehicles were auctioned and the other one written-off by the insurance company. Machinery and Equipment: Motor grader and other machinery and equipment were also written off in the 2023 financial year.

Computer Equipment: majority of computer equipment were lost during the break-in at Sundumbili library.

Land and Buildings: House No 11 Robin place in Erf 339 Mandini Ext 2 were donated to Mrs SA Khumalo by the Mandeni Council.

Community Assets: Palisade fence in Macambini sports field and Sibusisiwe Hall were replaced with Clearview during the financial g year.

Infrastructure assets: various road infrastructure was derecognised during the financial year due to them being rehabilitated or de-constructed.

Intangible assets disposed or scrapped are in respect of computer software no longer used by the municipality.

A total number of 283 properties have been transferred to beneficiaries. These properties which have been transferred to their owners will then be drecognized from the PPE based on market values which has been provided by the Municipal Valuer at R14 000 per unit/ plot.

44. Fair value adjustments

Investment property (Fair value model)	30,180,500	3,576,500

The property valuations have been carried out in terms of GRAP 16 by an Independent Professional Valuer i.e. Umhlaba Geomatics. Market value has been undertaken in accordance with standards laid down by the International Valuations Standards Council.

45. Auditors' remuneration

Fees	2,361,186	1,692,387

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

46. Cash generated from operations

Surplus	107,507,351	80,931,267
Adjustments for:		
Depreciation and amortisation	30,062,529	31,725,852
Loss on disposal/scrappings of assets	6,079,512	818,869
Fair value adjustments	(30,180,500)	(3,576,500)
Impairment loss	2,374,266	3,530,083
Debt impairment	15,022,247	20,429,748
Movements in retirement benefit assets and liabilities	(207,741)	(798,614)
Other non-cash items	(661)	-
Donated assets income (non-cash)	(5,234,331)	(1,649,000)
Changes in working capital:		
Inventories	93,270	56,640
Receivables from exchange transactions	(12,357,267)	(12,604,032)
Receivables from non-exchange transactions	(4,360,292)	(5,248,267)
Statutory receivables	(16,049,767)	(6,985,571)
Payables from exchange transactions	12,881,595	352,473
VAT	(1,753,104)	4,803,960
Unspent conditional grants and receipts	17,083,836	(21,374,287)
Consumer deposits	(53,389)	(20,195)
	120,907,554	**90,392,426**

47. Commitments

Authorised capital expenditure

Total capital commitments		
• Approved and contracted for	22,181,809	27,221,896

Total commitments

Authorised capital expenditure	22,181,809	27,221,896

Finance leases - as lessee (expense)

Minimum lease payments due		
- within one year	-	13,719
- later than five years	-	-
	-	**13,719**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	-	351,093

The municipality leases office space from MM Abrahams for two premises. The first lease for Renckens Super is effective from 1 October 2016 to 30 September 2021, with an annual escalation rate of 8%. The second lease is for Shop 12-13 and it is effective from 1 November 2017 to 31 October 2020, with an annual escalation rate of 9%.

There were no defaults or breaches and no terms or conditions were renegotiated during the reporting period.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

48. Contingencies

Contingent assets

Name of entity	Attorney	Rand value 2023	Rand value 2022	Reference
JD Biyela	Matthew Francis Inc.	30,000	30,000	48.1

48.1 A dismissed employee referred an unfair dismissal dispute to the South African Bargaining Council and lost the dispute with costs to the favour of the municipality. The award ruled that the dispute was frivolous and vexatious and therefore the applicant is held liable for costs. The matter remains pending at year end.

Contingent liabilities

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 event(s) not wholly within the control of the municipality or a present obligation that is not recognised because, the outflow of economic benefits or service potential is not probable or a real present obligation, that may not be recognised, either because the timing or because the measurement is not known.

The following were identified as contingent liabilities stemming from the interaction with municipal lawyers as they could result in possible claims against the municipality:

Name of entity	Attorney	Rand value 2023	Rand value 2022	Reference
Independent Ethiopian Church of SA	TKN Incorporated	500,000	800,000	48.2
The Rate payers Association of Tugela Mouth	TKN Incorporated	300,000	124,818	48.3
MA Mthembu	Ngubane & Associates	-	1,854,353	48.4
TD Nxumalo	TKN Incorporated	295,000	295,000	48.5
S Khoza	TKN Incorporated	124,818	124,818	48.6
Mazibuko/Transnet	TKN Incorporated	500,000	500,000	48.7
AM Sibiya	TKN Incorporated	1,000,000	1,000,000	48.8
Amalunga Nembe & Dendewethu Taxi Association & Others	TKN Incorporated	500,000	500,000	48.9
Inkosi Lindokuhle Prince Ngcobo & Others	TKN Incorporated	500,000	300,000	48.10
MA Mthembu	TKN Incorporated	6,148,212	-	48.11
B Mnyandu	Bhekisisa Goqo & Co	236,530	-	48.12
		10,104,560	**5,498,989**	

48.2 The eviction in Court has been postponed to allow for an application for registration of a servitude which is already under way and Boshoff land surveyors in Ballito have been appointed to prepare diagrams to be used for the registration of Thokoza road servitude with the Master of the High Court in Pietermaritzburg. At year end, the matter was still pending. The matter is set down for 22 November 2023.

48.3 Rate Payers Association is demanding that the municipality implements bylaws and control the influx within the Tugela Beach. An interim Court Order was granted in 2019 but the matter is yet to be heard in detail in Court for arguments. The municipality erected some boom gates in line with the Court Order but were damaged and removed by the local community members. The municipality continues to enforce access to the beach but the Ratepayers are continuously complaining and demanding the law enforcement officials to always be present at the beach. The municipality has received a new application lodged by Tugela Mouth Ratepayers association on the same matter and it is still on pleadings stage. A notice of intention to defend the matter was served and also answering affidavit was filled and served, we are awaiting their replying affidavit.

48.4 Former Manager Special Programme referred the matter to the SALGBC alleging Unfair Dismissal. The matter launched at the Labour Court. The matter was finalised during the current financial year and no contingent liability exists at year end.

48. Contingencies (continued)

48.5 Attended Court on the 15th of November 2021 at the Regional Court of Empangeni to note judgement. Our application was dismissed with reserved costs pending the finalisation of our Rule 60A application to be heard on the 14th of March 2022. Rule 60A was also dismissed. The matter was heard on 23 September 2022 where the applicant admitted to having incorrectly set the matter down and incorrectly serving the municipality a Notice of set down. Court adjourned the matter sine die (case adjourned with no specific date for resumption) and further granted the municipality wasted costs for the appearance.

47.6 Attended Court on the 15th of November 2021 at the Regional Court of Empangeni to note judgement. Our application was dismissed with reserved costs pending the finalisation of our Rule 60A application to be heard the 14th of March 2022. Rule 60A was also dismissed. The municipality has now received a Notice of set down for the 23rd of September 2022. The municipality filed its affidavit of intention to defend the matter and it remains stagnant.

48.7 Application to demolish all illegal businesses on Thokoza road servitude set down for the 23rd of January 2023. The matter was adjourned to 23 November 2023. The matter remains pending at year end.

48.8 This matter was set down in March 2022. We then received a Notice to oppose which compelled us to remove it from the roll and await their Answering affidavit. Court days have since lapsed for them to file their answering affidavit. The matter has not been set down again and remains pending at year end.

48.9 The matter is between the MEC for Transport, Mandeni and Malunga of Nembe Dendethu Taxi Association to evict illegal Taxi Association. The matter is with the Pietermaritzburg High Court. The matter is set down for an appeal on 08 September 2023.

48.10 Application to join other respondents was granted. Attended to serving the joint respondents with all Court documents. Attending to further serving all respondents with the Court order and Notice of set down. Main application set down for the 23rd of January 2023. The matter was adjourned to 23 November 2023. However, once respondents file their affidavits the municipal attorneys intend to seek a preferential date. The matter remains pending at year end.

48.11 Notice to remove has been filed because the complaint was served and filed.

48.12 The matter is at discovery stage and it is ready for pre-trial.

49. Related parties

The key management remuneration is disclosed in note 32 - Employee related costs and note - 33 Remuneration of councillors.

50. Risk management

Financial risk management

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

Liquidity risk

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

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

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	45,373,159	-	-	-
Consumer deposits	216,464	-	-	-

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	32,491,560	-	-	-
Consumer deposits	269,853	-	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality's capacity to service such debt from future earnings and allocations however the long-term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/ deficit.

Investments	244,203,556	203,861,901
Cash and cash equivalents	10,321,268	4,119,614
	254,524,824	**207,981,515**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Trade and other receivables from exchange transactions	20,064,453	11,966,770

Figures in Rand	2023	2022

51. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	613,998	-
Fruitless and wasteful expenditure current year	324,524	616,579
Condoned or written off by Council for current year	(278,028)	(2,581)
Fruitless and wasteful expenditure at year end	**660,494**	**613,998**

Fruitless and wasteful expenditure incurred by the municipality relates to interest charged by suppliers on late payments.

The amount that was written off by Council relates to the interest charged by suppliers on late payments.

52. Irregular expenditure

Opening balance as previously reported	1,624,101	150,000
Prior period adjustment	-	22,500
Opening balance as restated	**1,624,101**	**172,500**
Add: Irregular Expenditure - current	13,656,419	14,834,312
Add: Irregular Expenditure - prior period	646,102	-
Less: Amount written off - current	(12,967,876)	(13,210,211)
Less: Amount written off - prior period	(1,624,101)	(172,500)
Closing balance	**1,334,645**	**1,624,101**

The prior period adjustment on the irregular expenditure was due to Circular 68 issued by National Treasury requesting that irregular expenditure be disclosed inclusive of VAT.

All the irregular expenditure was investigated by the municipality prior to write off.

53. Unauthorised expenditure

Opening balance	-	-
Add: Expenditure identified - current	6,242,581	-
Closing balance	**6,242,581**	**-**

Unauthorised expenditure incurred of R6,242,581 is due to Bulk Purchases which is due to electricity demand by Umngeni Water.

No unauthorised expenditure was incurred in the prior year.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,215,742	1,256,557
Amount paid - current year	(1,215,742)	(1,256,557)
Balance unpaid (included in payables)	**-**	**-**

Material losses through electricity distribution

Current year subscription / fee	1,064,248	1,086,875

Audit fees

Opening balance	-	-
Current year subscription / fee	2,361,186	1,692,387
Amount paid - current year	(2,361,186)	(1,692,387)
Balance unpaid (included in payables)	**-**	**-**

PAYE and UIF

Opening balance	-	-
Current year subscription / fee	21,134,950	19,469,666
Amount paid - current year	(21,134,950)	(19,469,666)
Balance unpaid (included in payables)	**-**	**-**

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	17,230,699	15,976,214
Amount paid - current year	(17,230,699)	(15,976,214)
Balance unpaid (included in payables)	**-**	**-**

VAT

VAT receivable	3,542,099	1,788,995

54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June 2023:

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr NR Dludla	649	12,370	13,019
Cllr NS Ncube	752	14,411	15,163
Cllr LS Zungu	981	77,235	78,216
Cllr NO Dladla	195	-	195
Cllr MB Ngidi	838	49,203	50,041
Cllr BA Khumalo	1,765	12,108	13,873
Cllr BA Mchunu	1,734	30,783	32,517
Cllr LS Mthembu	195	-	195
Cllr SP Naicker	351	1,579	1,930
Cllr MT Ncanana	663	2,866	3,529
	8,123	**200,555**	**208,678**

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr N Nxumalo	403	8,337	8,740
Cllr NS Ncube	499	11,382	11,881
Cllr LS Zungu	618	73,417	74,035
Cllr NO Dladla	435	401	836
Cllr MB Ngidi	526	45,939	46,465
Cllr BA Khumalo	1,485	14,639	16,124
Cllr BA Mchunu	3,062	21,371	24,433
Cllr LS Mthembu	74	-	74
Cllr SP Naicker	334	860	1,194
Cllr MT Ncanana	444	3,574	4,018
	7,880	**179,920**	**187,800**

55. Deviation from supply chain management regulations

Contract awards made in terms of Section 36(1) of the SCM policy amounted to R1,068,359. Details of the awards are summarised in the below table:

Categories of SCM Regulations	SCM Reg reference	Number of cases	% of Total cases	Value (R)	% of Rand Value
In an emergency	36(1)(a)(i)	-	-	-	-
Services are available from a single provider	36(1)(a)(ii)	18	86	963,259	90
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	2	9	89,100	8
To ratify any minor breaches of the procurement process by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature		1	5	16,000	2
		21	**100**	**1,068,359**	**100**

Notes to the Annual Financial Statements

56. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. The changes between the approved and final budget are due to changes in the overall budget parameters.

Variances of more than 10% are considered material and are explained below:

	Budget	Actual	Variance	% Variance	References
Service charges	44,327,205	61,433,607	17,106,402	39 %	56.1
Property rates	48,880,813	51,761,585	2,880,772	6 %	
Interest earned on property rates	2,831,075	2,627,819	(203,256)	(7)%	
Interest earned on service charges	915,989	1,228,720	312,731	34 %	56.2
Investment revenue	19,200,000	20,010,444	810,444	4 %	
Transfers recognised - operational	223,289,200	221,749,301	(1,539,899)	(1)%	
Transfers recognised - capital	55,425,800	41,510,900	(13,914,900)	(25)%	56.3
Other own revenue	4,879,567	17,538,013	12,658,446	259 %	56.4
	399,749,649	**417,860,389**	**18,110,740**		
Employee related costs	(121,829,954)	(116,925,166)	4,904,788	(4)%	
Remuneration of councillors	(14,681,872)	(14,325,359)	356,513	(2)%	
Depreciation and asset impairment	(33,746,817)	(32,535,204)	1,211,613	(4)%	
Finance charges	(3,407,870)	(3,322,630)	85,240	(3)%	
Debt impairment	(35,797,595)	(15,022,247)	20,775,348	(58)%	56.5
Bulk purchases	(39,050,012)	(45,292,594)	(6,242,582)	16 %	56.6
Inventory consumed	(5,093,454)	(4,371,235)	722,219	(14)%	56.7
Other expenditure	(118,145,547)	(78,558,603)	39,586,944	(34)%	
	27,996,528	**107,507,351**	**79,510,823**		

56.1 During the year under review property usage reconciliation was performed with an intention of linking the correct tariff to a correct property and it was discovered that certain properties needed to be linked for Refuse collection as a result of subdivisions and new discoveries. This then resulted in an increase of refuse collection revenue.

56.2 The Electricity Revenue exceeded the budget due to the expansion of Umngeni Water Plant. The plant increased its water generating capacity to circumvent the Hezelmere Dam shortfalls which came as a result of the KZN April 2022 floods which resulted in a serious destruction of the Bulk Water Infrastructure particularly in Ethekwini and the Southern part of KwaDukuza. As expected, the increase in the demand for the generation and subsequent transmission resulted in a rapid increase of electricity consumption. Consequently, the Municipal Electricity Revenue then followed the same upsurge resulting in the over performance of the initially recognised budget.

56.3 The actual amount is less than the budgeted amount. This variance is due to Disaster Relief Grant that was received by the municipality in April 2023, conditions of the grant have not been met and grant will rollover to the next financial year as per agreement with transferring department.

56.4 The actual amount is more than the budgeted amount. This is due to assets that were donated to the municipality by Enterprise ILEMBE (ECD) towards Mandeni Youth Enterprise.

56.5 The actual debt impairment is less than the budgeted amount. The variance is due to the fact that less debt was written off than previously anticipated.

56.6 The Electricity Revenue exceeded the budget due to the expansion of Umngeni Water Plant. The plant increased its water generating capacity to circumvent the Hezelmere Dam shortfalls which came as a result of the KZN April 2022 floods which resulted in a serious destruction of the Bulk Water Infrastructure particularly in Ethekwini and the Southern part of KwaDukuza. As expected, the increase in the demand for the generation and subsequent transmission resulted in a rapid increase of electricity consumption. Consequently, the Municipal Electricity Revenue then followed the same upsurge resulting in the over performance of the initially recognised budget.

Notes to the Annual Financial Statements

56. Budget differences (continued)

56.7 The actual inventory consumed is less than the budgeted amount. This variance is due to less inventory being issued than anticipated.

57. MFMA disclosure on SCM Regulation 45

Supplier name	Employee name	Employee capacity	2023	2022
Sodube Sotobe	NT Sibiya	Public Participation and OSS Officer	39,300	57,893
Fana Manufacturing	N Reddy	Prosecutor - Verulam Magistrate Court	762,289	973,064
Mecom Trading Enterprise	M Msweli	Accountant - Receipting and Deposit	-	94,542
Mzimela Legacy	PZ Sibisi	LED Manager	60,300	3,850
Conlog Pty Ltd	N Moodley	Director - KZN Department of Health	2,487,308	1,574,523
Fire and Resq Zone Pty Ltd	Not stated	City of Tswane Metro	-	489,000
Adapt IT Pty Ltd	D Mbambo	Operation Maintenance Manager- SANRAL	168,466	167,736
Taurus Hydraulics and Eng Pty Ltd	T Ramlall	PMS Clerk	1,380,882	-
Tasveer Trading	S Jwalapursad	Registry Clerk	41,696	-
			4,940,241	**3,360,608**

58. Events after the reporting date

The Accounting Officer is not aware of any significant events after the reporting date.

59. Impact of COVID-19

At the end of March 2020, the COVID-19 virus was declared a pandemic by the World Health Organisation and by the South African Government. South Africa entered into lockdown on the 26th March 2020. COVID-19 had a significant impact on the amounts as disclosed on the Annual Financial Statements. The affected areas are mainly receivables, cash and cash equivalents and capital spending due to lockdown regulations and the economic impact of COVID-19.

Management has considered the impact of COVID-19 and that there have been no material changes in the use of assets that would require a change in the expected useful life of assets.

No material information has come to the attention of management to suggest that there is a going concern issue due to the pandemic. The Annual Financial Statements for the year ended 30 June 2023 have been prepared under the going concern assumption.

The information below indicates the total COVID-19 expenditure for the 2022 financial year:

National: Equitable share - COVID-19 grant	-	20,015,145

Details of COVID-19 expenditure

Summary per category		
National: Equitable share - COVID-19 grant		
Technical Services	-	17,984,476
Community Services	-	2,030,669
	-	**20,015,145**

60. Prior-year adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

Correction of errors

Construction contracts and contracted services

In the prior year, certain construction contracts income and contracted services were overstated. These income and expenditure items were not recognised correctly in the financial statements. The error was corrected retrospectively.

Receivables from exchange transactions and SALGA levies

In the previous financial years, prepayments of SALGA levies were incorrectly recognised. This resulted in prepayments being understated and SALGA levies being understated. The error was corrected retrospectively.

Receivables from exchange transactions and licences

In the previous year, prepayments relating to licences were incorrectly accounted for. This resulted in prepayments being understated and licences being overstated. The error was corrected retrospectively.

Investment propeties and inventory

The municipality has processed a transfer from investment property as there was a change in use evidenced by the commencement of development of low-cost housing with the view of transferring it to the rightful owners (the citizens), which then required the municipality to recognise the properties as inventories until they are transferred to the owners.

The Auditor General further noted that based on the C29 of 2021 Council Resolution the transfer of properties would have started in the prior years and the construction of low-cost housing started long ago. Based on this audit finding the municipality was required to recognised and process the transfer of residential bulk land to inventories in the prior year.

Reclassifications

Certain comparative figures have been reclassified.

Other income and government grants

In the previous year, LGSETA was recognised as government grants instead of other income. This amount was recognised as other income in the current year due to the nature of the income.

Interest income - Service charges, Interest income - Property rates and Property rates - penalties imposed

Interest on service charges and property rates was previously disclosed as property rates - penalties imposed. In the current year the interest is disclosed separately.

Inventory consumed and general expenses

In the previous year inventory consumed was included in general expenses. Due to the nature of the expense the inventory consumed was disclosed separately in the statement of financial performance in the current financial year.

Contracted services and general expenses

Certain general expenses were previously included in contracted services in the previous financial years. Due to the nature of such expenses, they were disclosed as part of general expenses in the current financial year.

Employee benefit obligation

In the prior year, employee benefit obligation was not split between current and non-current portions. In the current year, the reclassification between current and non-current portions was made. The reclassification was made retrospectively.

60. Prior-year adjustments (continued)

Statement of financial position

2022

	Note	As previously reported	Correction of error	Reclassification	Restated
Receivables from exchange transactions		10,338,769	1,628,001	-	11,966,770
Employee benefit obligation - Non current		22,795,217	-	1,296,373	24,091,590
Employee benefit obligation - Current		-	-	(1,296,373)	(1,296,373)
Accumulated surplus		(750,273,090)	(1,628,001)	-	(751,901,091)
		(717,139,104)	**-**	**-**	**(717,139,104)**

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Reclassification	Restated
Other income		825,358	-	227,603	1,052,961
Government grants		263,840,085	-	(227,603)	263,612,482
Construction contracts - INEP		-	1,997,568	-	1,997,568
Interest income - service charges		-	-	1,058,661	1,058,661
Interest income - property rates		-	-	2,328,532	2,328,532
Property rates - penalties imposed		3,387,193	-	(3,387,193)	-
Inventory consumed		-	-	(1,423,755)	(1,423,755)
Contracted services - INEP		(55,937,748)	(1,997,568)	5,944,018	(51,991,298)
General expenses		(34,070,180)	371,443	(4,520,263)	(38,219,000)
Surplus for the year		**178,044,708**	**371,443**	**-**	**178,416,151**

61. Change in estimate

Property, plant and equipment

In the beginning of the financial year the municipality reviewed remaining useful lives of certain items of Property, Plant and Equipment. The remaining useful lives were re-assessed based at the beginning of the financial year based on the expected useful lives of those assets. The useful lives of property plant and equipment were initially estimated between 10 and 15 years. For property plant and equipment the remaining useful lives were estimated to be between 15 and 20 years. This is considered a change in accounting estimates and the effect is treated respectively;

	Old Estimate	New Estimate	Increase /(Decrease) in Depreciation
Depreciation: Current year	4,966,722	1,214,731	(3,751,991)
Depreciation: Future years	-	3,751,991	3,751,991
	4,966,722	**4,966,722**	**-**

Intangible assets

In the beginning of the financial year the municipality reviewed remaining useful lives of certain items of Intangible Assets. The remaining useful lives were re-assessed based at the beginning of the financial year based on the expected useful lives of those assets. The useful lives of Intangible assets were initially estimated at 3 years. For the Intangible Assets the remaining useful lives were estimated to be between 3 and 6 years. This is considered a change in accounting estimates and the effect is treated respectively.

	Old Estimate	New Estimate	Increase /(Decrease) in Depreciation
Depreciation: Current year	65,681	27,292	(38,389)
Depreciation: Future years	65,681	104,070	38,389
	131,362	**131,362**	**-**

Figures in Rand	2023	2022

62. Accounting by principals and agents

The municipality is a party to principal-agent arrangements.

Details of the arrangements

Housing Title Deed grant - Title Deeds

- There is a binding agreement with The Provincial Department of Human Settlements Kwa-Zulu Natal for the title deeds restoration programme;
- Transactions are for the benefit of another entity i.e. benefits are for The Provincial Department of Human Settlements in that the title deed activities undertaken are on behalf of the Department.
- The municipality does not have the power to determine the significant terms and conditions of the transactions.
- The municipality has limited inventory risk and therefore not exposed to the variability in the results of transactions.

USDG Urban Settlement Development Grant

- There is a binding agreement with the Provincial Department of Human Settlements Kwa-Zulu Natal for the development of two rural housing projects within Mandeni for Isithebe and Macambini;
- Transactions are for the benefit of another entity i.e. benefits are for The Provincial Department of Human Settlements in that the urban settlement development undertaken are on behalf of the Department.
- The municipality does not have the power to determine the significant terms and conditions of the transactions as the municipality pays over the USDG to the contractor based on invoiced amounts for work completed by the contractor on each project.
- The municipality has limited inventory risk and therefore not exposed to the variability in the results of transactions.

Entity as agent

Grants received

The municipality does not recognise any revenue in respect of these arrangements. However, grants are provided to the municipality for the execution of the projects.

Housing Title Deed grant		
Balance unspent at beginning of year	5,772,607	6,206,810
Conditions met	(982,810)	(434,203)
Unspent grant at year end	**4,789,797**	**5,772,607**

USDG Urban Settlement Development Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	-	50,633,456
Conditions met	-	(50,633,456)
Unspent grant at year end	**-**	**-**

63. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment	Goods and/or services
Executive & Council	Provision of overall governance to other segments of the municipality
Finance & Administration	Provision of financial and administrative services to other segments of the municipality
Planning & Development	Provision of economic development activities in the municipality
Roads & Infrastructure	Construction and maintenance of roads and infrastructure owned by the municipality
Community & Social Services	Construction and maintenance of halls, cemeteries owned by the municipality
Energy Sources	Provision of energy and electrical services to the community
Waste management	Provision of waste management services to the community
Public Safety	Provision of pound services and public safety to the community

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed.

Information about geographical areas

Although the Municipality operates in a number of geographical areas (i.e.wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

Measurement of specific segment information

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

The Municipality had no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

63. Segment information (continued)

Segment surplus or deficit

2023

	Executive & Council	Finance & Administration	Planning & Development	Roads & Infrastructure	Community & Social Services	Energy Sources	Waste Management	Public Safety	Total
Revenue from exchange transactions									
Service charges	-	-	-	-	-	49,863,633	11,569,974	-	61,433,607
Rental of facilities and equipment	-	-	36,378	105,941	211,702	-	-	-	354,021
Interest income - service charges	-	-	-	-	-	104,134	1,124,586	-	1,228,720
Licences and permits	-	-	22,494	-	-	-	-	524,513	547,007
Other income	-	2,482,401	529,323	-	73,765	95,354	-	405,805	3,586,648
Interest received	-	20,010,444	-	-	-	-	-	-	20,010,444
Construction contracts	-	-	-	6,815,022	-	-	-	-	6,815,022
Other non-operating gains									
Fair value adjustments	-	-	-	-	-	-	-	-	-
Revenue from non-exchange transactions									
Property rates	-	51,761,585	-	-	-	-	-	-	51,761,585
Government grants and subsidies	7,806,000	206,862,432	1,000,000	41,510,900	6,080,000	-	-	-	263,259,332
Donations received	-	5,234,331	-	-	-	-	-	-	5,234,331
Fines	-	-	-	-	553	-	-	1,001,300	1,001,853
Interest income - property rates	-	2,627,819	-	-	-	-	-	-	2,627,819
Municipality's revenue	**7,806,000**	**288,979,012**	**1,588,195**	**48,431,863**	**6,366,020**	**50,063,121**	**12,694,560**	**1,931,618**	**417,860,389**

Notes to the Annual Financial Statements

Figures in Rand

	Executive & Council	Finance & Administration	Planning & Development	Roads & Infrastructure	Community & Social Services	Energy Sources	Waste Management	Public Safety	Total
63. Segment information (continued)									
Expenditure									
Employee costs	(17,501,830)	(29,106,516)	(10,297,198)	(19,134,232)	(23,966,250)	(2,738,223)	(5,512,878)	(8,668,039)	(116,925,166)
Remuneration of councillors	(14,325,359)	-	-	-	-	-	-	-	(14,325,359)
Depreciation and amortisation	-	(30,062,529)	-	-	-	-	-	-	(30,062,529)
Impairment losses	-	(2,374,266)	-	-	-	-	-	-	(2,374,266)
Finance costs	-	(3,322,630)	-	-	-	-	-	-	(3,322,630)
Lease rentals	-	(1,175,012)	-	-	-	-	-	-	(1,175,012)
Debt impairment	-	(15,022,247)	-	-	-	-	-	-	(15,022,247)
Contracted services	(8,926,155)	(7,874,053)	(1,807,697)	(18,873,343)	(20,453,144)	(1,186,651)	(3,093,588)	-	(62,214,631)
Inventory consumed	(388,037)	(78,204)	(2,742,002)	(14,343)	(1,148,649)	-	-	-	(4,371,235)
Operational costs	(12,766,552)	(23,790,580)	(406,695)	(1,339,567)	(845,660)	(3,194,238)	(35,284)	(158,871)	(42,537,447)
Bulk purchases	-	-	-	-	-	(45,292,594)	-	-	(45,292,594)
Loss on disposal of assets	-	(6,079,512)	-	-	-	-	-	-	(6,079,512)
Actuarial gains/losses	-	3,169,090	-	-	-	-	-	-	3,169,090
Fair value adjustments	-	30,180,500	-	-	-	-	-	-	30,180,500
Total segment expenditure	**(53,907,933)**	**(85,535,959)**	**(15,253,592)**	**(39,361,485)**	**(46,413,703)**	**(52,411,706)**	**(8,641,750)**	**(8,826,910)**	**(310,353,038)**
Total segmental surplus/(deficit)	**(46,101,933)**	**203,443,053**	**(13,665,397)**	**9,070,378**	**(40,047,683)**	**(2,348,585)**	**4,052,810**	**(6,895,292)**	**107,507,351**

63. Segment information (continued)

2022

	Executive & Council	Finance & Administration	Planning & Development	Roads & Infrastructure	Community & Social Services	Energy Sources	Waste Management	Public Safety	Total
Revenue from exchange transactions									
Service charges	-	-	-	-	-	45,958,290	10,818,124	-	56,776,414
Rental of facilities and equipment	-	174,975	35,965	-	113,655	-	-	-	324,595
Construction contracts	-	-	-	1,997,568	-	-	-	-	1,997,568
Licences and permits	-	-	9,395	-	-	-	-	781,817	791,212
Other income	-	414,412	91,596	-	56,981	75,331	-	187,038	825,358
Interest received	-	10,694,201	-	-	-	-	-	-	10,694,201
Other non-operating gains									
Actuarial gains	-	4,005,157	-	-	-	-	-	-	4,005,157
Fair value adjustments	-	3,576,500	-	-	-	-	-	-	3,576,500
Revenue from non-exchange transactions									
Property rates	-	46,987,086	-	-	-	-	-	-	46,987,086
Government grants and subsidies	7,806,000	205,435,978	-	43,949,107	6,649,000	-	-	-	263,840,085
Donations received	-	-	-	-	1,649,000	-	-	-	1,649,000
Fines	-	-	-	-	284	-	-	1,201,250	1,201,534
Municipality's revenue	**7,806,000**	**271,288,309**	**136,956**	**45,946,675**	**8,468,920**	**46,033,621**	**10,818,124**	**2,170,105**	**392,668,710**

Notes to the Annual Financial Statements

Figures in Rand

	Executive & Council	Finance & Administration	Planning & Development	Roads & Infrastructure	Community & Social Services	Energy Sources	Waste Management	Public Safety	Total
63. Segment information (continued)									
Expenditure									
Employee costs	(11,924,818)	(19,616,157)	(10,087,840)	(18,259,296)	(31,345,135)	(3,069,148)	(5,276,509)	(9,540,947)	(109,119,850)
Remuneration of councillors	(13,797,605)	-	-	-	-	-	-	-	(13,797,605)
Depreciation and amortisation	-	(31,725,852)	-	-	-	-	-	-	(31,725,852)
Impairment losses	-	(3,530,083)	-	-	-	-	-	-	(3,530,083)
Finance costs	-	(2,656,611)	-	-	-	-	-	-	(2,656,611)
Lease rentals	-	(1,450,248)	-	-	-	-	-	-	(1,450,248)
Debt impairment	-	(20,429,748)	-	-	-	-	-	-	(20,429,748)
Contracted services	(7,232,762)	(6,565,704)	(1,219,603)	(17,972,934)	(19,622,083)	(2,250,765)	(2,898,833)	(172,631)	(57,935,315)
Operational costs	(7,641,451)	(15,017,884)	(1,396,448)	(1,327,461)	(3,359,393)	(2,803,853)	(1,925,823)	(226,424)	(33,698,737)
Bulk purchases	-	-	-	-	-	(36,574,524)	-	-	(36,574,524)
Loss on disposal of assets	-	(818,869)	-	-	-	-	-	-	(818,869)
Total segment expenditure	**(40,596,636)**	**(101,811,156)**	**(12,703,891)**	**(37,559,691)**	**(54,326,611)**	**(44,698,290)**	**(10,101,165)**	**(9,940,002)**	**(311,737,442)**
Total segmental surplus/(deficit)	**(32,790,636)**	**169,477,153**	**(12,566,935)**	**8,386,984**	**(45,857,691)**	**1,335,331**	**716,959**	**(7,769,897)**	**80,931,268**

64. Going concern

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

CONCLUSION

The Mandeni wishes to reinforce its commitment and dedication in ensuring the service delivery and changing the lives of the people within our municipality. This report clearly demonstrates the commitment of the municipality to ensure that the local community have access to their basic needs.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report to Council and the local community demonstrates the ability

of them Mandeni Municipality to adapt to the ever-changing social needs of the local community. The above the norm budget spent of 100% on capital infrastructure clearly indicates that the municipality has solid and establishment project management systems in place. Improving on those, will be the focus from now on.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy Indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic Municipal Service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.

Budget Year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost Indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution Indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its

	plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also

	be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a “vote” as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*