



UMZIMVUBU
LOCAL MUNICIPALITY

**UMZIMVUBU LOCAL
MUNICIPALITY – EC 442**

**ANNUAL REPORT FOR
2018/2019 FINANCIAL
YEAR**

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Chapter 1: Mayor's Foreword and Executive Summary

Component A:

Introduction

According to Section 127(2) 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.

Section 129 (1) stipulates that the Council of the municipality must consider the annual report of the municipality and by no later than two months from the date on which the annual report was table in the Council in terms of section 127, adopt an oversight report containing the Council's comments of the annual report.

The Annual Performance Information Report was submitted to the Office of the Auditor General of South Africa by end August 2019 with the submission of the Annual Financial Statements for the financial year ending June 2019 audit purposes.

The Office of the Auditor General is finalizing the audit and will issue a report in their opinion regarding their audit of Annual Financial Statements and Performance information.

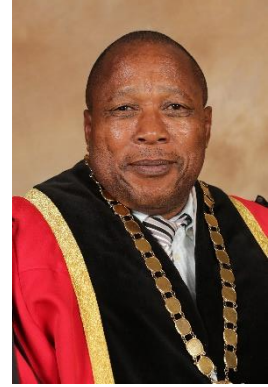
The Annual Report is consolidated and will be presented to Council by end January 2020, after-which it shall be considered by the Municipal Public Accounts Committee which is vested with the power to play oversight responsibility on behalf of Council. The Oversight Report on the annual report will be presented to Council by end March 2020 in line with Section 129 of the MFMA.

The Annual Report will be made public for comments within stipulated timeframes. Local community will be invited to submit representations regarding the annual report. The report will be submitted to the Office of the Auditor General, Treasury and Department of Local Government and Traditional Affairs.

The Annual Report is a tool for monitoring, evaluation and assessment of the services rendered by the municipality. It serves as a yardstick to evaluate its performance against Pre-determined Objectives. The Council is able to monitor and evaluate whether it is likely to achieve the objectives it has set its self in the IDP over a period of 5 years.

The Annual Report is legislated by law governing local government and as such, Umzimvubu complies with the legislation governing local government in terms of accountability which has a positive effect on service delivery and boosting the morale of the citizens of the municipality.

Mayor's Foreword



Allow me on behalf of the municipal council, to present the community and all stakeholders of Umzimvubu Local Municipality, with the 2018/2019 Annual Report, which captures the recorded achievements and challenges experienced in implementing the Integrated Development Plan (IDP) aligned to the Eastern Cape Provincial Growth and Development Plan as presented by the Honourable Premier during his State Of The Province Address. This further provides us with an ideal opportunity to reflect on the impact of our interventions in pursuing our strategic objectives encapsulated in our IDP that was informed by rigorous public participation strides such as Mayoral Imbizos, Executive Committee IDP Roadshows, Intergovernmental Relations Forum meetings and IDP Representative Forum meetings to mention but a few. This was done to entrench community engagements that culminated in Ward-Based Plans that informed Umzimvubu Local Municipality's Integrated Development Plan for the preceding 2018/2019 financial year.

All communities should have access to at least a minimum level of services. This is not a goal, but a constitutional obligation. The many imbalances that still exist regarding equal access to services will be addressed through the development of new infrastructure and the rehabilitation and upgrading of existing infrastructure. It is pleasing to note that out of the historic backlog of 65 340 households to be electrified in Umzimvubu, the municipality together with Eskom have managed to electrify at least 48 904 (75%) households. The remaining backlog currently sits on 16 436 (25%). During the financial year under review, 2480 households were electrified at an invested amount of R42 199 634. The following areas benefited from the electrification programme: Lutateni, Mgungundlovu, Emanqilweni, Mtsila, Ntsimangweni and new various extensions.

The MIG programme remains a key part of government's overall drive to alleviate poverty in the country and, therefore, infrastructure should be provided in such a way that employment is maximized through labour intensive construction methods and opportunities that are created for enterprises to flourish. During the financial year under review we have been able to spend 100% of our Municipal Infrastructure Grant (MIG). The Municipality in partnership with the District, Provincial and National Government, including parastatals like ESKOM, successfully implemented capital and operational projects in our communities including electrification of households, upgrading of sporting facilities, parks and recreational facilities, rehabilitation of roads, housing, refuse removals and grading of internal streets in villages.

This reflects our effectiveness in rolling out infrastructure programmes on roads and the construction of bridges, waste management and enhancement of our Local Economic Development. It also demonstrates progress in our expansion of access to better services and better lives for all. It is unfortunate to note that during the year under review, our Municipality received a qualified audit opinion from the Auditor General. A similar result was obtained in the 2017/2018 financial year, in which we remain confident that the status quo will change in the current financial year as per the adopted audit turnaround strategy by Council. The Auditor General's report reflected that the major root cause for this outcome was derived from the Municipal Asset Register, however the identification of these assets is ongoing and will be corrected before the next audit starts. The Council will exercise its oversight role by monitoring the implementation of the audit turnaround strategy by ensuring that progress reports on the strategy implementation are tabled to Council and the Municipal Public Accounts Committee (MPAC) for monitoring purposes.

The municipality wishes to reaffirm its commitment to spending the public funds in line with National Treasury prescripts and measures which are continuously being put in place to ensure good financial management. The Expanded Public Works Programme (EPWP) is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The EPWP is a nationwide programme covering all spheres of government and SOEs. During the year under review, 100 beneficiaries were employed for waste collection and litter picking. Another extended EPWP programme looking at town beautification and street cleaning employed 46 people which brings the total number to 146 at an invested amount of 3.4 million combined.

The municipality understands the socio dynamics of our communities and have set aside funds to respond to the needs of the vulnerable groups such as women, youth, children, elderly and people living with disabilities. These groups have benefited through a number of projects such as Christmas Gifts for children, grocery vouchers for elderly people, Maskhandi Youth Talent Exhibition and projects for People living with Disabilities only to mention a few. As government that listens to its communities, we strive to be responsive to their needs, accountable and dedicated to ensuring fairness and providing more opportunities. This means making sure that residents can easily communicate their concerns and matters of importance to the municipality. Importantly, we must ensure that vulnerable members like our aged, people living with disabilities, women and children in a caring municipality are supported to access a better quality of life. The municipality remains mindful of the country's ailing economy and continues to explore for new sustainable opportunities in the agricultural sector that will benefit local residents.

During the Financial Year under review, the Yellow Maize Ploughing Programme has benefitted over 900 local residents with a number of 15 hectares per ward being planted with yellow maize. The total cost of the project is 6.8 million and the council is pleased to note that communities are now currently harvesting the produce from their own fields. We are fortunate to have an agricultural sector that is well-developed, resilient and diversified. Through an accelerated programme of land reform, we will work to expand our agricultural output and promote economic inclusion. An auction site was identified near Badibanise (ward 18) in KwaBhaca. The intentions to develop an auction site by the municipality is to create a platform for local farmers to trade their livestock before it ages or loses weight during drought season. It's also pleasing to note that a service provider was appointed to design the auction

site on the 15th June 2019. This is an ongoing municipal project and will be closely monitored until completion. In relation to vegetable production, the municipality has identified and assisted 5 municipal wards whereby more than 200 people benefitted from the programme. The total cost of this initiative was R 800 000.

In pursuit of good governance and effective public participation, the municipality has implemented a zero-tolerance approach to non-compliance and an intense focus and commitment towards good governance. The launch of Operation Khawuleza has brought a sense of unity between residents and the local municipality. We're proud to be part of this initiative as it promises to bring about social stability and radical developmental changes in our municipality.

During 2021, our nation will once again head to the polls for local government elections to vote for the government of the day. We trust that the registration process will be peaceful and continue to be the bedrock of a democratic and responsive local government. Let me also extend sincere appreciation to members of the Executive Committee, the Risk and Audit Committee, MPAC, Section 79 Committees, labour unions, business community, media houses, sector departments, traditional leaders and all Ward Committee members for continuing to serve the people of Umzimvubu Local Municipality with diligence and skill.

I also want to thank the Office of the Speaker, Chief Whip, for their solid and unshaken support that has immensely contributed and increased our capacity to lead and govern. The Municipal Manager, Senior Managers and all staff members must also be commended for their continued efforts to turn around our institution so that it is responsive, focused and committed to creating a better life for all.

Our goal for this coming year is to achieve a clean audit for improved service delivery and to maximise service delivery for the benefit of the people of Umzimvubu Local Municipality. Let me remind you that as local government leaders we need to build a new future and a direction relevant to the needs of our communities we serve. This we believe is a crucial lever that will open up an opportunity that provides people with a chance to improve their lives. I would like to conclude by encouraging the youth in our community to make their mark and play a major part in what will be the future of Umzimvubu Local Municipality.

Together moving forward with endless possibilities

Councillor S.K. Mnukwa
The Honourable Mayor

Component B: Executive Summary

Municipal Managers Foreword

The 2018/19 financial year Annual Report has been compiled in accordance with the Local Government Municipal Systems Act, 32 of 2000, the Local Government Municipal Finance Management Act 56 of 2003, as well as National Treasury Circular No. 11 and 63. The report addresses the performance of Umzimvubu Municipality for the year ended 30 June 2019 and conforms to the relevant statutory requirements. This report records the progress made by the municipality in fulfilling its objectives as reflected in the Integrated Development Plan (IDP), the Budget and Service Delivery and Budget Implementation Plan (SDBIP).

As Local Government, we are mandated to ensure provision of services to our respective communities in an accountable and sustainable manner in line with basic needs of our people. In striving to achieve this mandate, the municipality amongst other things has directed various services to its community. To highlight some achievements for the year 2018/19 I can mention a few multi-year projects like the construction of municipal offices meant to accommodate municipal employees to create a conducive working environment that will promote productivity, Badibanise Sports Field that has since been completed to promote social cohesion. Electricity backlog has been a challenge in our municipality, however with the Integrated National Electrification Programme (INEP) Grant the rural electrification programme has been rolled out wherein 1560 households benefited. We also have the Indigent support programme that subsidize beneficiaries with 50KWH from Eskom, solar and paraffin.

In terms of Revenue Management, Umzimvubu Municipality mainly generates its revenue from property rates and refuse removal. On collection of arrear debts, the municipality has managed to collect 100% from the National Public Works with the exception of the Provincial Department that is also at approximately 80% in payment of the arrears. The ailing part in terms of collection is on the side of Business and Residential properties, wherein the municipality has promulgated by-laws to enforce collection.

The Municipality in its IGR platform constantly engages Sector departments to present planned projects/programmes as a way to align services planned for the community of Umzimvubu, and also to avoid duplication of services. In the year under review, we have also coordinated Services on Wheels wherein sector departments visited communities at Ward level. In terms of strategic positions for Managers reporting directly to the Accounting Officer there were changes on the positions of Chief Financial Officer, Manager: Infrastructure & Planning and Manager: Local Economic Development, and were filled to ensure strategic guidance in six departments of the municipality .

The municipality has received a non-favourable audit opinion, assets mainly being a contributing factor, misstatements on revenue and opening balances. The municipality has since developed an Audit Turn Around Strategy as a corrective measure to address issues raised by the Auditor General with the hope to receive an improved audit opinion for 2019/20 financial year. This planning document will provide guidance to the municipality to track implementation of the Strategy in line with issues raised by the Auditor General.

The Municipality is currently in a good financial state as we ensure that we plan and implement according to the approved budget by Council. Monthly and quarterly reports on budget implementation were prepared and submitted to relevant structures to monitor financial management. 2018/19 Strategic Risk Assessment was conducted where the Executive Committee together with Management developed Risk Treatment Plans to mitigate the top 10 risks identified to an acceptable level, most of those treatment plans were implemented. In conclusion I want to single out and thank our late Mayor, Councillor B P Mabengu for her guidance and support to our staff. I want also to show gratitude to the Executive Committee and Council for their commitment to Umzimvubu Municipality. To my Senior Managers, Assistant Managers and to the rest of the staff members I take off my hat to you and thank you for your selflessness and dedication to your work. The way you have stood your ground to all the adversaries facing you and depressing working conditions at times is highly commendable.

Mr G.P.T. Nota
Municipal Manager

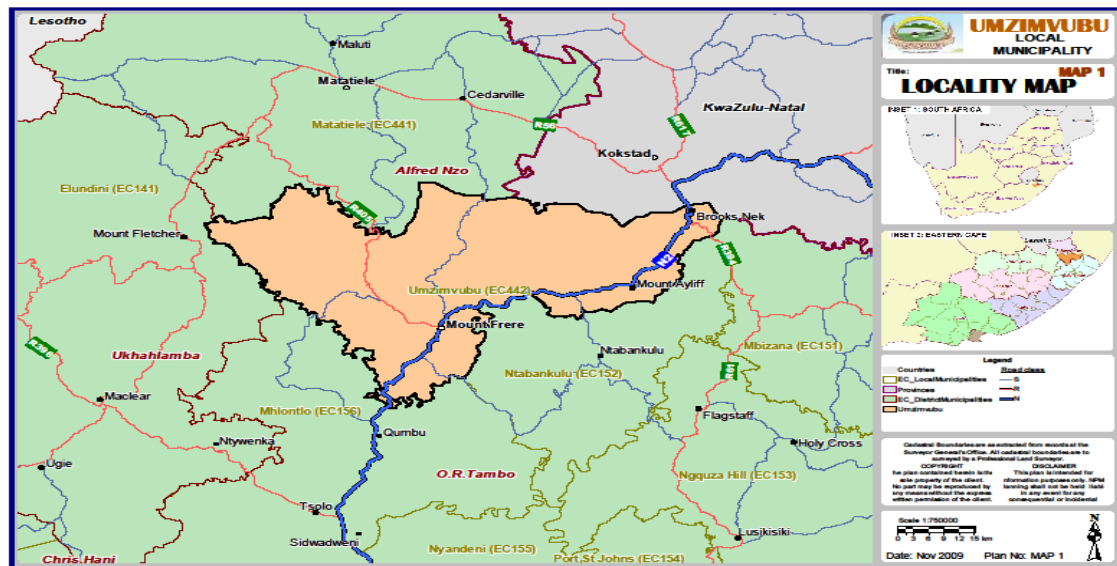
1.2. Municipal Functions and population Overview

(a) Brief Description of the Municipal Area

Umzimvubu Local Municipality is a Category B municipality (Area: 2 506km²) situated within the Alfred Nzo District in the north-western part of the Eastern Cape Province. It adjoins KwaZulu-Natal to the north, the OR Tambo District Municipality to the south and east, and Matatiele to the west. It is one of four municipalities in the district.

The municipality is predominantly rural and the majority of the population reside in rural areas. The majority of land is covered by dispersed low-density traditional settlements, with the exception of some areas around the two urban centres. There has been a significant migration towards the towns over the years, which is attributable to a preference by residents to live close to transport routes and urban centres. Both KwaBhaca and EmaXesibeni towns contribute about 8.7% of the total population and 91.3% consist of rural population.

Map 1: Umzimvubu Locality map showing ward boundaries



(b) Population by Municipalities under ANDM

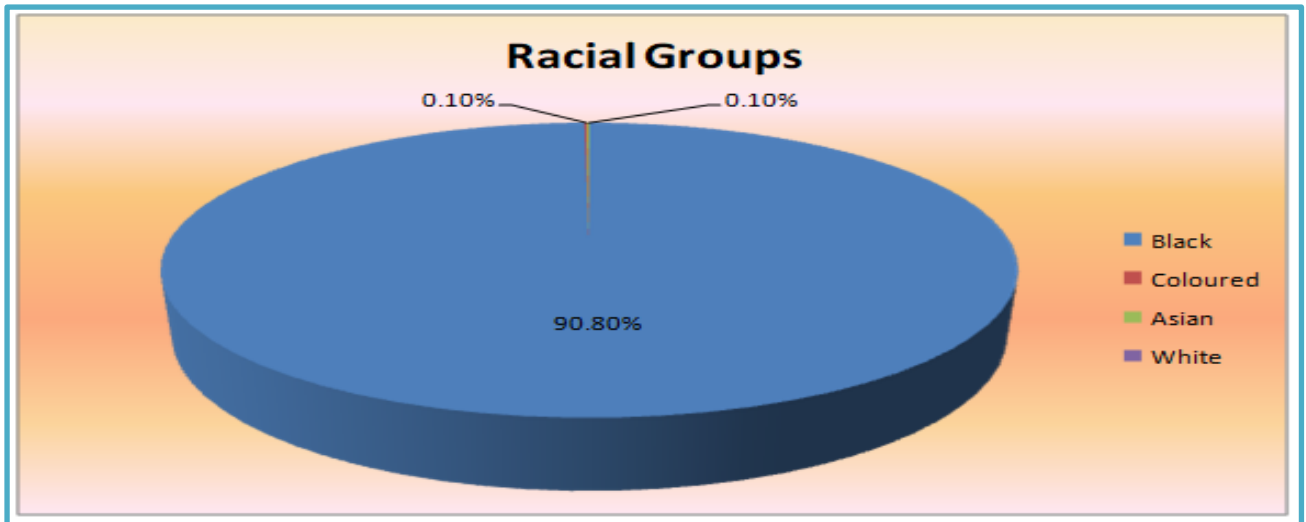
Umzimvubu Local Municipality has an estimated population of 199 620 within an area covering 2 506 km² with an estimated household average of 3, 8 persons per household (CS: 2016). Within the Alfred District, Umzimvubu has the second lowest population compared to other three municipalities under Alfred Nzo District Municipality, and it has the second lowest number of households. The table below demonstrates the total population, number of households and the average of households per municipality within the district.

(c) District Population by Municipalities

Municipality	Census: Community Survey 2016		
	Total Population	Number of Households	Average households size
EC443: Mbizana	281905.1	48 447	5.8
EC441: Matatiele	203842.6	49 526	4.1
EC442: Umzimvubu	199620.4	46 891	3.8
EC444: Ntabankulu	123976	24 396	5.1
DC44:Alfred Nzo	801344.1	169 261	4.7

(d) Total Population Distribution by race

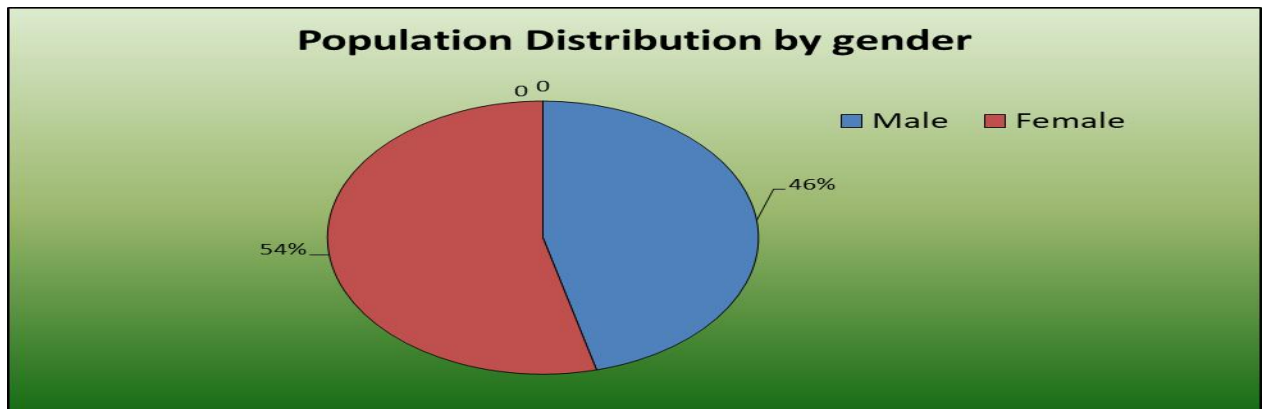
Mbizana Municipality has an estimated population of 199 620 people living in 46 891 households which represent an estimated household's average of 3.8 persons per household (Community Survey: 2016). The largest population group in Umzimvubu is Black Africans at 90.80% followed by Coloureds at 0.17%, Indians or Asians at 0.11%, Whites at 0.09% and others at 0.04% as shown on the chart below:-



(e) Population by Gender Distribution

Females constitute about 54% whilst males constitute about 46% of the overall Umzimvubu Local Municipality's 199 620 population. This calls for dedicated programmes of integration and incorporation of women in key planning and decision making roles of our municipality.

Population by Gender

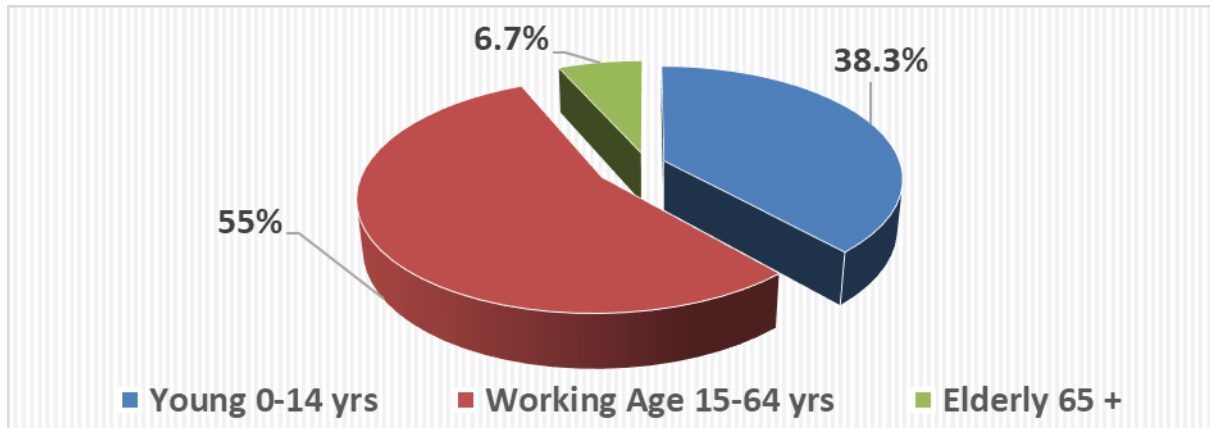


(f) Population by Age Distribution

The chart show that Umzimvubu is largely characterised by people who are in the working age (55%), however, not everybody in the working age is willing and able to work.

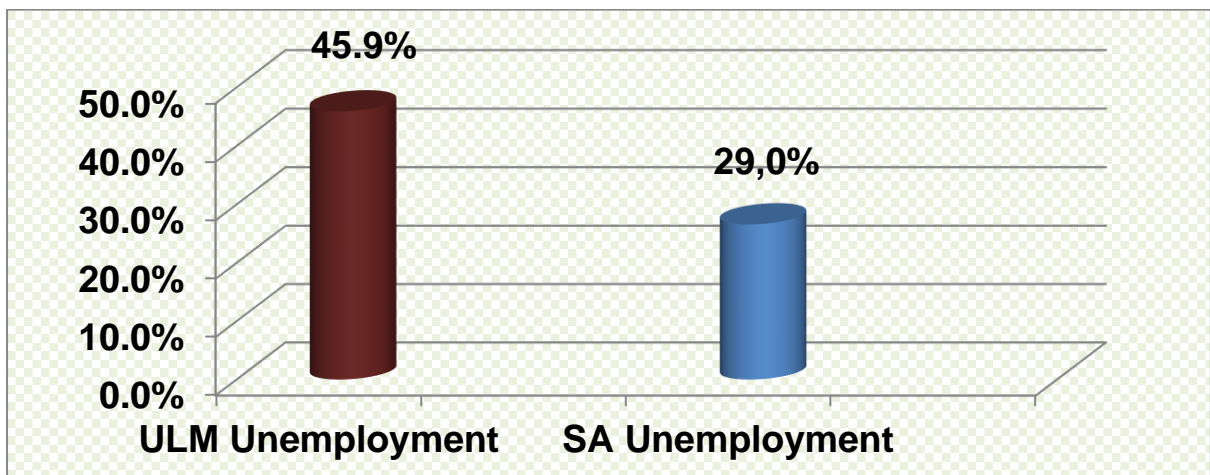
The percentage of young people (0-14 yrs) and Elderly (65+) stands at 38.3 and 6.7% respectively.

Population by Age Distribution



(g) Employment Profile

Umzimvubu Local Municipality’s Unemployment rate stands at 45, 9% which is relatively higher than the SA unemployment rate at the average of 26.6%. Youth unemployment rate stands at 54, 5% is comparatively higher than SA averaged at 53.7%



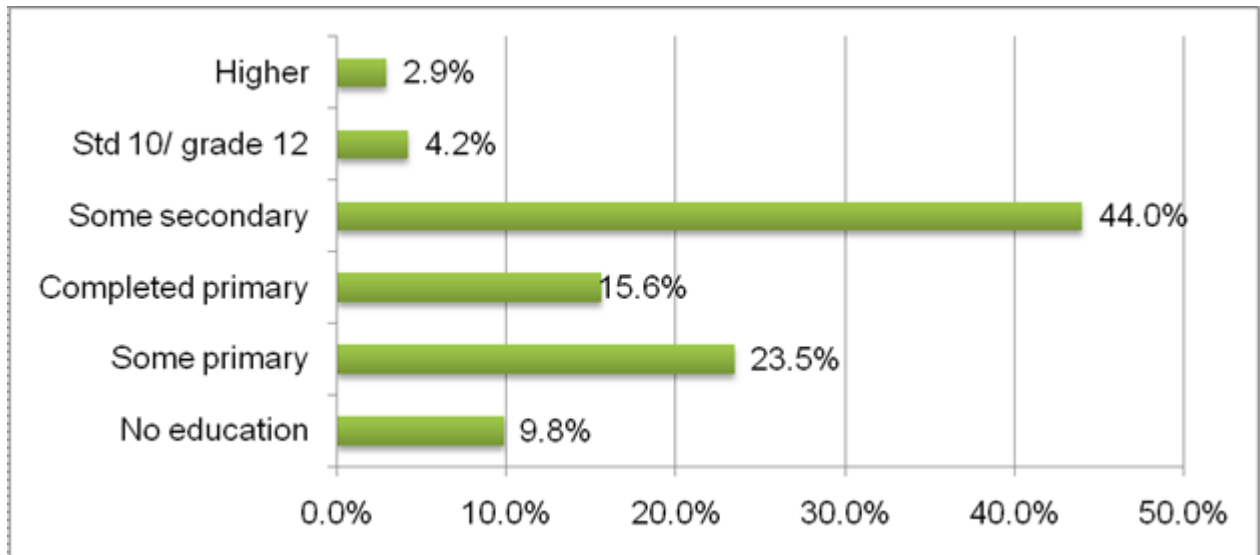
(h) Educational Profile and Literacy Levels

Education plays a fundamental role in community development as it provides a set of basic skills for development, creativity and innovative abilities within individuals. The South African Constitution states that everyone has a right to education. From the figure below it can be seen that the area has low levels of educational achievement, with only 7.1% of the population having completed Matric or higher. This compares poorly against the Eastern Cape and is less than half of the provincial average of 16.5%. This has implications on the worker profile, as individuals that have not reached a certain level of educational attainment are often faced with barriers to entry into the formal employment market. This has further bearing on the nature of investment activity that will be feasible and sustainable in the area. Without the provision of adequate education and training, a skills deficit may constrain future development within the Umzimvubu area.

Although there appear to be an adequate number of primary education facilities in the district, there is a conspicuous lack of senior secondary schools with less than 10% percent of schools providing secondary level education. This is aggravated by poor access to these facilities. The only tertiary education facility is a FET College in Mount Frere.

This lack of secondary and tertiary education facilities contributes significantly to the low literacy and education levels and lack of graduates in the area.

Educational & Literacy Level



(i) Distribution of Households by Income

The demographic make-up of an area, coupled with its educational characteristics and employment trends all have an impact of household incomes. Household incomes in the context of this report are important insofar as they function as a proxy that reveals the extent of poverty in the area. An investment (social, infrastructural, financial or otherwise) that takes place in Umzimvubu will be undertaken within the socio-economic parameters enforced by poverty and income levels of local households.

Household income is defined as the combined income of all members of a household. The determination of the income includes:

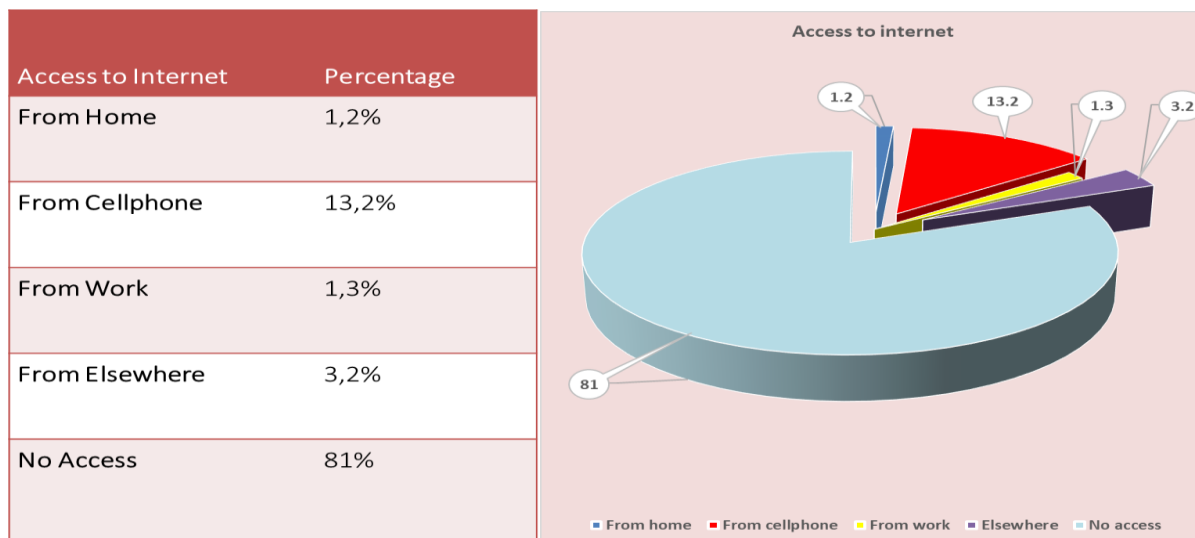
- Labour remuneration
- Income from property
- Transfers from government (including pensions)
- Transfers from incorporated businesses
- Transfers from other sources

Distribution of Household by income

Average income	Percentage
None income	16,3%
R1 - R4,800	7,2%
R4,801 - R9,600	14%
R9,601 - R19,600	25,7%
R19,601 - R38,200	21,1%
R38,201 - R76,4000	6,9%
R76,401 - R153,800	4,7%
R153,801 - R307,600	2,8%
R307,601 - R614,400	1%
R614,001 - R1,228,800	0,1%
R1,228,801 - R2,457,600	0,1%
R2,457,601+	0,1%

(j) Access to Internet Services

The graph below shows that 81% of the population have no access to internet, 13, 2% is accessing the internet from their cell phones, 1,3% from work, 1, 2% from home and another 3, 2% from any other sources.



1.2. Service Delivery Overview

In the 2018/19 financial year the municipality received an MIG Allocation of 44,107,000.00. 20.5km of new roads were constructed at Ntlavini - Jojo AR 3.5km, Mthonjeni - KwaDuma AR 5.1km, Bislani-Mfundeni AR 2.1km, Nkalweni-Waka Bityi AR 6.8km, Mafusini AR 3km with an expenditure of R6 874 656.13. An amount of R23 063 796.81 was spent on the maintenance of 105, 02 km's of gravel roads. A further R715 666, 42 was spent towards the construction of Extension 7 Support Centre in EmaXesibeni. A tune of R9 176 330.23 was spent on the construction of Zibokwana, Silindini, Marwaqa & Tyinirha Bridges. A further tune of about R4 536 502 was spent towards construction of sport facilities in Badibanise and Sirhoqobeni. Mt Ayliff Street Surfacing Phase 6 and Mt Frere Street Surfacing Phase 6 were also realized in this financial year at a combined cost of about R24 985 000. Construction of Municipal Office Block; Parking; Fencing and Infrastructure Services in KwaBhaca is at 30% complete at a cost of R9 705 623, 52.

The municipality further received an Integrated National Electrification Programme (INEP) Grant of about R31,200,000.00 and 1560 households have benefited in the rural electrification programme in Mnxekazi, Mandileni, Sivumela, Mabhobho, Colana and Mxhinweni with a 4 km link line at a cost of R31 200 000.

1.3. Financial Health Overview

The municipality is in good financial health and based on the pre-audited financial statements it had a positive financial ratios as well as the municipal cash flows have increased by R41, 9 million which is 88% increase as compared to prior year.

1.4 Auditor General's Report.

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Umzimvubu Local Municipality

Report on the audit of the financial statements

Qualified opinion

I have audited the financial statements of the Umzimvubu Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2019, statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report ,the financial statements present fairly, in all material respects, the financial position of the Umzimvubu Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with financial reporting framework and the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa (Act No. 1 of 2018) (DoRA).

Basis for qualified opinion

Property plant and equipment

The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment* due to the poor state of the accounting records the following disagreements were identified:

- Infrastructure assets were understated by R1.6 billion as prior year infrastructure assets were not included in the financial statements.

- Infrastructure assets in relation to prior year's figures were overstated by R1.6 million as infrastructure assets that could not be verified were included in the financial statements.
- Infrastructure assets in relation to prior year figures were overstated by R1.6 million as infrastructure assets disclosed in the financial statements were included at the incorrect amounts.
- Infrastructure assets were understated by R8 million as assets were reversed without the underlying adjusting supporting evidence.
- Infrastructure assets were understated by R2.5 million as a result of an incorrect calculation of depreciation relating to prior years.
- Infrastructure assets were overstated by R2.2 million as a result of differences between disclosed amounts in financial statements and fixed asset register.
- Infrastructure assets were overstated by R6 million as a result of errors identified with the calculation of accumulated depreciation.

Consequently, the comparative figures of property, plant and equipment as disclosed in note 8 to the financial statements and accumulated surplus were understated by R1,6 billion respectively.

Revenue from non-exchange transactions

The introduction of a new computerised revenue system in July 2018 resulted in numerous errors in revenue from fines, penalties and forfeits. As at the date of this auditor's report, management was still in the process of rectifying the system deficiencies and correcting the errors. I was unable to confirm or verify by alternative means the R32 million included in the statement of financial performance for the year ended 30 June 2019. Consequently, I was unable to determine whether any further adjustments were necessary to the revenue from fines, penalties and forfeits, and the related elements in the statement of financial position, statement of changes in net assets and cash flow statement.

Context for the opinion

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

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of errors in the financial statements of the municipality for the year ended, 30 June 2019.

Material losses/impairments – trade debtors

As disclosed in note 34 to the financial statements, material losses of R30,2 million was incurred as a result of impairment losses on financial assets.

Irregular expenditure

As disclosed in note 44 to the financial statements, irregular expenditure of R1,2 million was incurred in the year under review as a result of non-compliance with Municipal Systems Act (MSA).

Other matter

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

Unaudited disclosure notes (MFMA125)

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

Unaudited supplementary schedules

The supplementary information set out on pages xxx to xxx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, the accounting officer is responsible for assessing the Umzimvubu Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

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.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

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

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2019

development priority	Pages in the annual performance report
KPA 2: Basic services delivery	x – x

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of the reported performance information for the Basic Service Delivery development priority

Other matters

I draw attention to the matters below.

Achievement of planned targets

Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and annual report

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion

Asset management

An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes, the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

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

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the qualified opinion and the findings on compliance with legislation included in this report.

Leadership did not implement controls over the asset management and financial reporting processes such as regular processing and reconciling of transactions. The audit action plan was not implemented and monitored adequately to ensure that the root cause of prior year findings on asset management and compliance with legislation was addressed.

East London

30 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

conclude on the appropriateness of the accounting officer municipalitie’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Umzimvubu Local Municipalities ability 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 the 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 continuing as a going concern.

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other



matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.




GOVERNANCE




Component A: Political and Administration governance




2.1. Political Governance

Municipality is governed by council which has mandated the Executive committee to exercise oversight over the administration as well as the Speaker and the Chief whip overseeing constituency work.

Name of Councillor	Portfolio	Committee
 Councillor S. K Mnkwa	Hon Mayor	Chairperson of Executive Committee
 Councillor F.N. Ngonyolo	Hon. Council Speaker	Chairperson of the Council


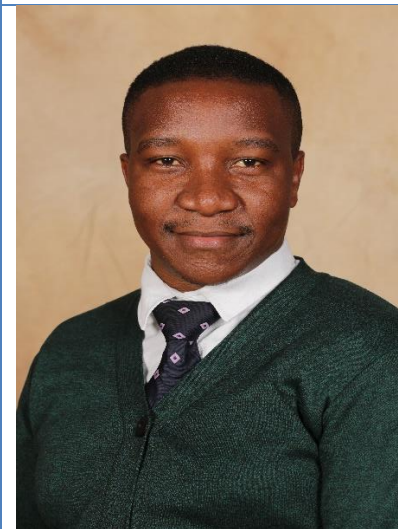
Name of Councillor	Portfolio	Committee
 <p data-bbox="201 741 464 775">Councillor N. Mdzinwa</p>	Chief Whip	Council Chief Whip
 <p data-bbox="201 1184 477 1218">Councillor H.M. Ngqasa</p>	Chairperson	Budget and Treasury
 <p data-bbox="201 1606 509 1639">Councillor U.G. Makhanda</p>	Chairperson	Infrastructure and Planning

Name of Councillor	Portfolio	Committee
 <p data-bbox="201 658 486 689">Councillor C. N. Mnyaiza</p>	Chairperson	Local Economic Development
 <p data-bbox="201 1084 448 1115">Councillor M. Mataka</p>	Chairperson	Corporate Services
 <p data-bbox="201 1576 486 1608">Councillor N. Sonyabashi</p>	Chairperson	Citizens & Community Services

Name of Councillor	Portfolio	Committee
 <p data-bbox="201 651 446 683">Councillor N. Garane</p>	Chairperson	Special Programmes & Communications
 <p data-bbox="201 1070 507 1102">Councillor P. Thingathinga</p>		Executive Committee Member
 <p data-bbox="201 1503 438 1534">Councillor T. Mambi</p>		Executive Committee Member

2.2. Administrative Governance

At high level the municipality has seven directorates each managed by a Manager

Heads of Departments including Municipal Manager	
	<ul style="list-style-type: none"> • Head of Administration and as accounting officer, takes responsibility of the overall performance of the organization, including: the transformation of the organization to one that is developmentally focused; • The development of an economical, effective, efficient and accountable administration equipped to carry out the task of implementing the municipality's Integrated Development Plan, operating in accordance with the Municipality's Performance Management System, responsive to the needs of the local community to participate in the affairs of the municipality; • Implementation of the Municipality's Integrated Development Plan and monitoring the progress with regard to implementing the plan; • Administering and implementing the Municipality's by-laws and other legislation; • Advising the political structure and political office bearers of the Municipality; • Rendering support to the office of the Mayor, Speaker and the Office of the Chief Whip.
<p>Municipal Manager: Mr. G.P.T. Nota</p>	<ul style="list-style-type: none"> • Manages budget and treasury department • Implements integrated development plan and strategic goals of the budget and treasury • Provides support and advice to the Council and municipal manager • Implements service delivery budget implementation plan • Prepares and implement municipal budget • Prepares annual financial statements and other legislative financial management reports • Performs duties and functions delegated to CFO by the Finance Management Act • Manage efficient provision of municipal service • Establish, operate and maintain the support structures, processes and systems • Leads and directs staff in the department to ensure that they meet the objectives in line with the municipality's requirements and resources.
	
<p>Chief Finance Officer: Mr. T. F. Fundira</p>	



**Citizens & Community Services
Manager: Mr. M. Sineke**

- Ensures the development of appropriate Strategies, Policies and plans for all relevant areas
- Directs the implementation of specific procedures, systems and controls associated with key functional areas embodied in the Community Services departmental Structure
- Provides Strategic leadership and planning for the department, Community development Management
- Responsible for public safety, which amongst other things includes traffic management, security management and Law Enforcement.
- Responsible Management of Community Facilities e.g. Community Halls, Cemeteries, Sports Fields, Libraries, and other Municipal properties.
- Responsible for environmental management in general and the coordination of disaster management.
- Coordinates and Monitors development of Sports , Arts and Cultural Programmes and development of social programmes
- Alignment , creating awareness, capacity and relationship management in all stakeholder forums



**Corporate Services Manager: Mrs. N.
Kubone**

- Leading and directing the corporate Services Directorate
- Ensures the Municipality is provided with an effective support services regarding corporate administration, human resources, information technology and legal services
- Manages corporate administration functions which relate to the provision of record managements
- Managing the directorates budget planning, implementation and budget review to support priorities and deliveries in the context of IDP
- Advising the Municipal Manager timeously and effectively on matters pertaining the Directorate
- Provides visionary and innovative leadership to diverse workforce, to ensure optimal utilisation of the Council's resources in terms of implementing its strategic objectives articulated in the IDP and in the fulfilment of its legislative mandate
- Manages Human Resource portfolio in accordance with labour legislation and collective agreement



**Local Economic Development
Manager: Mr. S. C. Ntinzi**

- Develops, co-ordinate and manage the operations of the planning and Development department, Local Economic Development and Tourism sub-sections
- Develops methodologies and approaches to guide specific urban design investigations and research processes
- Manages developmental project management processes associated with scoping, resourcing, implementation, monitoring and communication
- Manages the IDP implementation and review process, advise the Municipal Manager on planning and development matters
- Prepares reports on the activities of the component, as and when required to do so.



**Infrastructure & Planning Manager:
Mr. L.J. Moleko**

- Manages complex civil infrastructure project from conceptualization, design, contract management, quality assurance and compliance, and ensure their proper integration to the local municipality's overall plan (IDP)
- Performs financial monitoring through commissioning, operations and maintenance to ensure effective and efficient functioning of the department within the budgetary constraints of the municipality
- Provides professional advisory services to the municipality
- Manages all the department's contracts and tenders according to the approval of SLAs, council requirements , ensuring adherence to the SLAs, terms of reference, letter of appointment and contracted project time lines as per specification
- Ensures that projects reflecting to IDP are registered in accordance with CIDB requirements



**Special Programmes &
Communications Manager: Ms. N.
Zembe**

- Coordination of municipal events
- Enhancing public participation
- To bridge the information gap
- To profile and market the municipality
- Prepares reports on the activities of the component, as and when required to do so.
- Manages the IDP implementation and review process.

2.3. Audit Performance

As provided for in terms of section 166(2) of the MFMA, the municipality had an audit committee established to address matters relating to the municipality. These matters include amongst others the following:

- Governance; Ethics; and policies and procedures
- Assessment of the effectiveness of Internal Controls;
- Performance management
- Risk Management

Effectiveness of Internal and External Auditors

The Council appointed three independent members. Audit Committee is functional with 3 independent members selected from different areas of expertise to enhance the audit committee's overall knowledge of the municipality or entity and the ability to discharge its obligations and provide appropriate recommendations to the council.

Umzimvubu local municipality Audit Committee members acquired the following skills:

- Financial Management
- Legal
- Admin and Governance (i.e. Internal Audit, Risk Management, IT, Human Resources, Planning etc.
- Performance Management
- Medical practitioner,

Audit Committee terms of reference was adopted by Council and Audit committee is executing their responsibilities as set in the approved Audit Committee Charter.

The Audit Committee chairperson's report is attached.

Component B: Intergovernmental Relations

2.4. Intergovernmental relations

Structures in which municipality participate are Umzimvubu IGR Forum which involves local stakeholders, The District Mayor`s Forum at a district level and MUNIMEC at a Provincial level

At MUNIMEC and District level the municipality is represented by Mayor and Municipal Manager. At Umzimvubu IGR Forum the municipality is represented by management and Executive Committee which includes the Mayor, chairperson of the forum.

In its stride to promote IGR, terms of reference were adopted by the council and these terms of reference show broader representativity of stakeholders across all three spheres of government and this ensures that service delivery issues from all three spheres are dealt with accordingly.

Component C: Public Accountability and Participation

2.5. Public Meetings

Umzimvubu Local Municipality comprises a large geographical area with many people. This situation requires that public participation be structured.

The structure for public participation in as far as the IDP process is concerned is the IDP Representative Forum. In order to ensure that there is representation of the various organized and unorganized groups within our municipal area. The following approach shall be used:

- Placing adverts in our local newspaper(s), including the Daily Dispatch, in English and isiXhosa which people and organizations to be part of the Representative Forum
- In order to reach those parts of our community that do not read newspapers, the information of the Representative Forum are announced through radio stations such as Alfred Nzo Community Radio Station and Umhlobo Wenene
- Making use of other methods such as flyers, ward councilors, ward committees and community development workers, announcements through church gatherings and community based organizations, posters etc.
- Making an effort to reach unorganized groups and marginalized groups to ensure that their voices are heard. This was done by approaching non-governmental organizations that represent the need of such groups.
- Our Local Communicators Forum were utilized as another platform to mobilize for these meetings.

The IDP Representative Forum met throughout the IDP process with most meetings being held in the first, second and third phases of the review. The frequency of meetings will be highlighted in the “Action Programme” section.

All envisaged meetings were held at Umzimvubu Local Municipality, or alternatively, determined as and when need arises.

In order for members of the IDP Representative Forum to report to their constituencies, three weeks after each meeting was allowed to make responses and comment on what is presented at the meeting, that is, should what is discussed at the meeting require a feedback.

Inputs to the IDP Representative Forum are in the form of documentation, presentations and other forms deemed acceptable.

2.6. IDP participation and Alignment

	Criteria	N/Y	Comments
1.	Does the Municipality have Impact, outcome, input Indicators	Yes	Municipality doesn't have Impact Indicators
2.	Does the IDP have Priorities , objectives, KPIs and Development Strategies	Yes	
3.	Does the IDP have Multi Year targets	Yes	
4.	Are the above aligned and calculate into a score	Yes	
5.	Does the budget align directly to the KPIs in the IDP	Yes	
6.	Do IDP KPI's align to Section 57 managers contracts	Yes	
7.	Do KPIs lead to the functional area KPIs as the SDBIP	Yes	
8.	Do the IDP KPIs align with Provincial KPIs on 12 outcome particularly outcome 9	Yes	
9.	Were the Indicators communicated with the public	Yes	
10.	Were the quarterly reports submitted to Council at stipulated time frames	Yes	

Component D: Corporate Governance

2.7. Risk Management

The risk management unit has not yet been established within the Municipality. The Council has assigned the risk management function to Internal Audit Unit. The risk management is properly managed by Internal Audit Unit. There was range of activities which were conducted by the Internal Audit Unit including the Municipal Wide Risk Assessment, Risk Awareness, Risk Register and etc. The risk assessment is conducted on an annual basis and the risk registers are updated on a regular basis and as and when the need arises. The Risk Management Policy is available and is being reviewed by the Council on an annual basis.

2.8. Anti-Corruption and Fraud Management

The Council has assigned the Anti-Corruption and fraud management to Internal Audit Unit. Internal Audit Unit has conducted a whole range of activities including awareness campaigns, development of flyers, lanyards, t-shirts and etc. The Anti-Corruption and Fraud Management policy and implementation plan is available and is being reviewed by the Council on an annual basis.

2.9. Municipal Website

(a) Municipal Website Compliance

This website serves as an integral part of Umzimvubu Local Municipality's communication infrastructure and strategy. It allows easy access to relevant information, serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance.

Umzimvubu Local Municipality website is up and running, URL: <http://www.umzimvubu.gov.za>. Information and Communication Technology is responsible for compliance on the website in terms legislations and laws applicable to municipal websites. Umzimvubu Local Municipality website was developed in terms of s21 A and B of MSA No. 32 of 2000.

(b) Web Content Management

ICT is responsible for uploading compliance documents in terms of s75 of the Municipal Finance Management Act No. 56 of 2003 and all applicable laws of the republic of South Africa. During the 17/18 financial year.

(c) Relevant Legislations

The role of Umzimvubu Local Municipality's website, as platform for information dissemination, participation and disclosure has been significantly catered for in various pieces of legislation, including:

- The Local Government Municipal Systems Act No 32 of 2000 ("the Systems Act");
- The Local Government Municipal Financial Management Act No 56 of 2003 ("the MFMA"); and
 - The Municipal Property Rates Act, no 6 of 2004 ("the MPRA").

(d) Functionality and Management

Information and Communication Technology section continuously uploads advertisement and compliance documents with an intention to invite public comments. Supply Chain processes from a particular value are all advertised on the website for certain period of time as per the SCM policy. All vacancies are advertised on the website for the benefit of the community of Umzimvubu and the rest of the interested people. All performance agreements signed by s56 managers also posted on the website. IDP/Budget and process plan, final IDP/Budget and PMS, SDBIP and quarterly reports are posted on the website and they can be accessed at any time.

(e) Disaster Recovery

The Municipality adopted a new Disaster Recovery Plan (DRP) and Business Continuity Plan to ensure smooth recovery and very minimum impact when a disaster occurs.

Policies

Information Technology Policies				
	Name of Policy	Completed	Reviewed	Adopted
1	Access Control Policy	√	√	√
2	Change Control Policy	√	√	√
3	ICT Asset Management Policy	√	√	√
4	ICT Governance Charter	√		√
5	ICT Governance Framework (with ICT Strategy)	√	√	√
6	ICT Governance Policy	√	√	√
7	ICT Infrastructure Policy	-	-	-
8	ICT Security Policy	√	√	√
9	ICT Service Management Policy	√	√	√
10	Virus and Patch Management	-	-	-
11	Business Continuity Plan	√	√	√
13	Disaster Recovery Plan	√	√	√

2.10. Supply chain Management

The Municipal Finance Management Act No 56, of 2003, section 80, deals with the establishment of a Budget and Treasury Office by all municipalities. The established Budget and Treasury Office must then be headed by the Chief Financial Officer with a number of responsibilities assign to him/her. One of the responsibilities assigned to the Chief Financial Officer also include supply chain management.

Umzimvubu Local Municipality has established the Budget and Treasury Office, within which a Supply Chain Management Unit has further been established. This unit is responsible for all demand management, procurement, logistics and disposals within the municipality.

The unit is headed by a Supply Chain Management Manager, who reports directly to the Chief Financial Officer. In turn, there are two Supply Chain Management Officers who report to the manager. Further to this, there are two SCM Clerks who report to the officers, and this total to a unit with five personnel. These personnel are further enhanced by financial management interns who rotate and therefore, as part of rotation form part of the SCM Unit team. All the SCM officials meet the minimum competency levels required for SCM officials.

As part of the section 71 reports that are tabled to committees and then to council, SCM issues are also reported. This means that there are twelve (12) reports that are tabled to council on an annual basis.

The supply chain management policy is reviewed on a yearly basis and forms part of the budget related policies. The following thresholds are outlined in that policy:-

STRUCTURE OF APPROVAL		
GOODS/SERVICE VALUE	PROCUREMENT METHOD MINIMUM	APPROVAL AUTHORITY
R0 – R2000	1 Quote	AM – Supply Chain Management
R2001 – R30 000	3 Quotes	AM – Supply Chain Management
R30 001 – R75 000	Quotations	CFO
R75 001 – R200 000	Quotations	Accounting Officer
R200 001	Competitive bidding process	Accounting Officer

2.11. MPAC Committee

The Municipality also has the Municipal Public Accounts Committee (section 79 Committee). The committee is made up of 08 non-executive councillors from parties in the council. The MPAC Committee members are reflected in the Council structures section.

NAMES OF MEMBERS AND NUMBER OF MEETINGS ATTENDED (2018/19)

Members of committee	22 AUGUST 2018	25 OCTOBER 2018	12 FEBRUARY	12 MARCH 2019	11 JUNE 2019	Number of meetings held	Number of meetings attended	Number of meetings absent
1. Cllr S Myingwa	1	1	1	1	1	5	5	0
2. Cllr L Nqatsha	1	1	A	1	1	5	4	1
3. Cllr P Makhinzi	A	1	1	1	1	5	4	1
4. Cllr N Ntshayisa	A	A	1	1	1	5	3	2
5. Cllr S A N Cekeshe	A	1	A	A	A	5	2	3
6. Cllr NN Gcadinja	1	1	1	1	1	5	5	0
7. Cllr E N Ngalonkulu	1	1	1	1	A	5	4	1
8. Cllr N Mantshongo	A	1	1	1	1	5	4	1

Chapter 3: Service Delivery Performance

Component A: Basic Service Delivery

3.1. Electricity

The Municipality does receive funding from the department of energy and with that funding implements projects within the rural areas and upon completion are transferred to Eskom. The major challenge with the electricity section is the funding. The communities of Umzimvubu have prioritized the provision of electricity more than other basic services like roads. In the current financial year we have managed to complete 1560 households connections benefitting in the rural electrification programme in Mnxekazi, Mandileni, Sivumela, Mabhobho, Colana and Mxhinweni with a 4 km link line at a cost of R31 200 000.

3.2. Waste Management and Refuse Removal

In terms of the South African Constitution, local municipalities are required to collect domestic waste, either providing the service directly or appointing a private service provider. The recycling of waste is not a requirement; however, the National Environmental Management: Waste Act (No. 59 of 2008) and the National Waste Management Strategy (2011) state that municipalities should implement alternative waste management strategies to divert waste from landfills and minimise environmental degradation (Green Cape, 2016). There are, however, several challenges facing waste management in South Africa (DEA, 2016), such as:

- A growing population and economy leading to increased volumes of waste being generated.
- Increasingly complex waste streams due to urbanisation and industrialisation.
- A historical backlog of waste services for urban informal, tribal and rural areas.
- The absence of recycling infrastructure that encourages separation at source and the diversion of waste streams to material recovery and buy-back facilities

In an effort to ensure that the municipality delivery on its mandate provides an efficient and cost-effective waste management service internally or directly, guided 2019 IWMP.

In terms of solid waste management services within ULM, there are two formal landfills, one each located in the urban centres of Mount Frere and Mount Ayliff. Fully fledged waste collection services are only provided within these urban centres while the rural periphery is not serviced. The provision of waste removal within these centres equates to approximately 11% of households in ULM having access to refuse removal. The provision of refuse removal for households in the rural areas of the local municipality is seriously lacking or lagging behind, due to the high costs associated with providing such a service to largely inaccessible, sparsely populated areas, however, few households in these areas particularly rural urban fringe (8 villages in particular) are being serviced through food for waste EPWP programme and the rest of rural households are believed to make use of their own dump sites and/or burn and bury.

The ULM Department of Community Services provides a waste collection service in Mount Frere and Mount Ayliff. This service includes the following:

- Daily street sweeping and servicing of street litter bins.
- Daily litter picking
- Curb side collection from residential areas twice a week
- Curb side collection from businesses daily
- Refuse bag provision
- Waste bin provision

These services are rendered five days a week in residential areas and seven days a week in urban areas.

1. Waste Educational/ Awareness Programs:

The Municipality is responsible for raising public awareness on waste management best practises through varying means of public participation. These Public awareness campaigns are focusing on the importance of waste avoidance, and reducing, re-using, repairing and recycling waste. In addition, the value of waste as a resource and income source is emphasized along with the adverse social and environmental impacts of waste on the environment. Campaigns occur through:

Local radio stations;

Community open days/fairs;

Environmental youth clubs;

Information sessions at community meetings and parent evenings; and Meetings with traditional leaders and other relevant stakeholders.

Furthermore, the Municipality adopted a Good Green Deeds programme. The Good Green Deeds campaign is an initiative by government, which seeks to galvanize all South Africans to join hands with government to clean-up the country and contribute to solving the global and national environmental challenges. This initiative was officially launched by President Cyril Ramaphosa on Friday, 8th of March 2019 at the Sisa Dukashe stadium, in Mdantsane, East London. The campaign seeks to change people's attitudes and behaviours towards responsible waste management and shift the paradigm to influence people to be environmentally conscious and make use of the available recycling bins.

In light of the above, Umzimvubu Local Municipality embraced and adopted this initiative. To us (Umzimvubu Local Municipality) this initiative is all about an attempt to put in practice some simple action which Umzimvubu Local Municipality citizenry could practice on a routine basis and which would have a positive impact on the environment.

We (ULM citizenry) can practise these routine actions at the individual level, community level, and corporate level, for the overall protection of the environment.

2. Waste Recycling Initiatives: for environmental and economic benefit

Umzimvubu Local Municipality is promoting and supporting a number of recycling initiatives. Currently, there are buyback centres functioning as cooperatives operating at both landfills. These buyback centres focus almost exclusively on the collection of cardboard, plastics metals/cans and bottles/glasses as this have been identified by them as the most profitable recycling products. These centres have been provided with various equipment and infrastructure such as balers and storage rooms to assist in their operations. Again, however, data on volumes of cardboard received on an annual basis are limited. While the sorting, transporting and selling of recyclables has the potential to create jobs and generate revenue, the potential for processing of recyclables on site and the subsequent selling of a processed product needs to be considered. While the recycling of paper/cardboard, plastics and glass is only viable in large volumes requiring a large capital investment (Green Cape, 2017), various opportunities do exist for small scale recycling onsite.

Cardboard core processing

Identified by Green Cape as a business opportunity for small entrepreneurs, this involves the shredding of cardboard core (cylindrical cardboard tubes around which materials are wound). Cardboard core cannot be baled and cannot be included in existing recycling processes until shredded. There is potential to shred cardboard core onsite which can then be sold onto fibre recyclers. However, to make such a process financially viable, i.e. to cover the cost of the required equipment and the cost of employees, a consistent supply of cardboard core is required.

Pallet recycling

An opportunity may exist for the refurbishment of wooden pallets or, alternatively, the remanufacturing of pallets into new products such as furniture, boxes, etc. The benefit of such an option is the low start-up costs. However, an investigation would need to be carried out into the potential market, i.e. the demand for pallets within the immediate area and/or the potential market for remanufactured products. There is also scope for a chipping operation with the product used as an energy source. This, however, is likely to carry higher start-up costs.

Reuse of building rubble

Building rubble currently is largely landfilled in South Africa, which carries high financial costs due to the bulky and dense nature of the material causing it to take up more space than other materials (Naidoo, 2017 & eThekweni Online, Not Dated). Various opportunities exist for the reuse of rubble, including processing (crushing) of the rubble for use in new applications such as road construction (Naidoo, 2017). Other alternatives include the use of construction and demolition waste as fill for embankments, construction drainage control, landfill cover, etc. (eThekweni Online, Not Dated). There are, however, various challenges which exist including the possibility of contamination and inconsistent supply of materials. While such an option may not provide significant employment opportunities, it will assist in reducing waste volumes at the municipal landfill sites.

Organic matter

DEA is planning to ban all organic matter from landfills by 2026. It is believed that the banning of organic matter from landfill sites will present three main opportunities, viz. save municipalities money, open beneficiation opportunities and encourage separation at source with the remaining refuse largely dry recyclables (Green Cape, 2017). One of the biggest concerns with sending organic waste to landfill is

that the decomposition process generates methane and leachate in landfills. Leachate has the potential to contaminate ground water and methane is a very strong greenhouse gas. Since methane is a 21 times more harmful greenhouse gas than carbon dioxide, its contribution to global warming is substantial. Table 9 details the different organic waste treatment options as identified by DEA.

Ecoblock Project

The Eco block project is an existing project of The Centre for Regenerative Design and Collaboration (CRDC). The project uses all types of plastic waste to create an aggregate, Eco Arena PRA (Pre-Conditioned Resin Aggregate) which is then used to manufacture concrete blocks (Eco blocks). This project is well suited as a local economic development project in ULM as ULM's already has an established construction industry with a demand for construction materials.

Waste Material to be Used

The Eco Arena PRA and Eco blocks are manufactured using all types of waste plastics. Contaminated plastic can also be used in the process. This is advantageous as plastic does not have to be sorted into types and old, contaminated plastic does not have to be excluded. A typical concrete mix consists of 1 part cement, 2 parts sand and 3 parts gravel by volume. The aggregate in this mixture can be replaced with Eco Arena PRA produced from plastic.

Challenges in Waste Management:

Waste Management issues are as follows:

- issues – illegal dumping of diapers
- issues- tyres
- illegal dumping and littering (of both building rubble and domestic waste)
- non-compliance of waste facilities
- none adherence to municipal waste collection schedule

All of the above mentioned issues results in the ad hoc disposal of waste into the surrounding environment, with the littering of settlements, road sides and drains and consequent collection of waste material in water resources such as streams, wetlands and rivers. Solid waste is also disposed of into pit latrines, hindering their efficiency and reducing their life span. Concentration of litter in rural settlements leads to risks for children and livestock (e.g. broken glass, bacterial development in accumulated piles of litter) as well as unsightly accumulations, which do not contribute towards the well-being of residents nor the tourism development efforts in the sub-region.

Solid Waste Service Delivery Levels: House Holds						
Description	2016/17	2017/2018	2018/2019	Original Budget No	Adjusted No	Actual No
	Actual No	Actual No	Actual No			
Solid Waste Removal:	Two times a week(Monday and Friday)	Two times a week(Monday and Friday)	Two times a week(Monday and Friday)			
Removed Once a week	No	No	No			

Removed More than once a week	Yes	Yes	Yes			
Total Number of House holds	2061	2061	2061			

Employees :Waste Management and Refuse Removal services					
Level	2017/18	2018/19			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	45	80	43	37	
4-6	5	13	5	9	
7-9	-	-	-	-	
10-12	5	6	5	1	
13-15	-	-	-	-	
Total	55	99	53	38	

Financial Performance Year 2018/19: Waste Management and Refuse Removal					
Details	2017-18	2018-19			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	R 10 898 00.00	11 797 458.01			
Expenditure	R 8 880 354	R 11 863 300.00			
Employees	R 6 444 191.04	R 6 664 060.00	R1 218 851.14	R 7 882 911.14	
Repairs and Maintenance	R 3 581.00	R 1 440 004	0.00	R 66 580.18	
Other	R 9 837 989.00	R 10 357 454.01	0.00	R 797 306.50	
Total Operating Expenditure					

Net Operational Expenditure					
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Capital Expenditure Year 2018/19: Waste Management and Refuse Removal					
Capital Project	2018/19				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Landfill site	R 8 587 000.00	Non	R 8 587 000		R
Plant and equipment	R-				

Component E: Environmental management and Signage Control

3.12. Pollution control, Biodiversity, Landscape

Environmental legislation for South Africa follows along the constitutional principles of the rights of citizens to a clean and healthy environment. Constitutional principles therefore provide the basis for environmental policy and legislation dealing with environmental protection. Umzimvubu Local Municipality has well developed environmental, resource and waste management legislation, providing a well-structured, if somewhat cumbersome policy framework for environmental considerations across the development and waste services.

The objectives of Environmental Management Framework include the following:

- Ensuring compliance with the national regulatory framework, and following international guidelines especially treaties and protocols that South Africa is a signatory of.
- Protect the environment and its resource
- Ensuring that there is sufficient allocation of resources on the municipality budget so that the key actions that have been identified by the EMP are implemented and the necessary monitoring, mentoring and evaluation is implemented with no interruptions in order to achieve sustainability.

- Having in place a verification mechanism for implementation of agreed actions, and an environmental performance management system.
- Being able to respond to unforeseen events; and
- Providing feedback for continual improvement in environmental performance.

Environmental Management issues and the proposed actions for the implementation:

- issue: soil erosion - loss of topsoil & fertility, siltation of rivers
- issue: uncontrolled alien plant infestation
- issue: loss of ground cover & biodiversity
- issue: water quality degradation and quantity shortages
- issue: climate change induced extreme event

SOIL EROSION - LOSS OF TOPSOIL & FERTILITY, SILTATION OF RIVERS

- Soil fertility depletion and declining agricultural productivity, with reduced renewable resource base
- Loss of natural habitat and species, and negative aesthetic impacts Water quality deteriorates and this has impacts on the riverine biodiversity and water quality.
- Where water is treated for human consumption, the costs of cleaning the water escalate significantly where it has large amounts of sediment.

MAIN CAUSES

- Poor arable agricultural practices that lead to erosion of arable fields, e.g. no contours, no fallow, limited organic matter replacement
- Poor range management practices, linked to the breakdown of communal grazing system, leading to overgrazing; uncontrolled burning and groundcover removal.
- Uncontrolled livestock movements with daily movement of animals between kraals and grazing areas.
- Stock theft, which forces stock owners to kraal their animals at night.
- Construction methods which ignore environmental guidelines for soil conservation e.g. poorly placed culverts.

OBJECTIVE:

Reduce accelerated soil loss and siltation of rivers in key areas. Improve productivity of arable lands and food security. Improve aesthetic quality of landscape. Implement a range management system for key areas that includes rotational grazing, resting and best practice use of fire.

STRATEGY:

- Identify areas where interventions are likely to be successful (i.e. where there is strong local leadership and where there is a financial incentive to intervene).
- Promote conservation through production (conservation tillage) techniques in arable systems.
- Promote best-practice range management through an extension service. CBNRM approach to encourage ownership of improved resources.
- Work through local leaders to promote better range management techniques.

REMEDIAL ACTIONS / INTERVENTIONS:

- Initiate an extension programme within the ANDM to promote best-practice range management and catchment protection.
- Implement an educational programme amongst communities about the damage caused by activities such as dragging firewood and daily movement of animals along the same paths.
- Where practical and important (e.g. near rivers that are used for potable water), implement reclamation projects to stabilise and reclaim erosion gullies. Diligent implementation of environmental assessment recommendations. Establish a team to provide conservation farming, rangeland management and CBNRM extension to the various projects and communities.

UNCONTROLLED ALIEN PLANT INFESTATION

- Productivity of rangelands reduced through being overrun by invasive weeds which are not palatable
- Elevated consumption groundwater reduces stream flow and blocking of stream banks and crossings. Accelerated soil erosion under mature stands of invasive trees, especially after fires or clearing.
- Destruction of wildlife habitat and reduced biodiversity, with displacement of many Threatened and Endangered Species
- Reduced opportunities for hunting, fishing, camping and other recreational activities.
- Reduced plant and animal diversity. Massive immediate and long-term clearing costs

MAIN CAUSES

- Overgrazing and poor range management practices that lead to a depressed ecosystem integrity that allows alien plant infestation to establish.
- Daily movement of animals between kraals and grazing areas disperse seeds into damaged areas, where they establish easily.
- Use of permanent kraal sites in the upper catchments that allows establishment of infestations from which they easily spread.
- Seeds dispersed from existing infestations by water, wind, birds, sleds and livestock.

OBJECTIVE:

- Implement a local-wide alien plant clearing programme, with good spatial data and a process to identify priority areas.
- Implement a coordination mechanism to manage all efforts to clear alien plants, starting in priority areas.
- Contain emerging alien plant infestations within five years.

STRATEGY:

- Apply creative ways to generate income from clearing alien plants (e.g. formalising jungle to plantation, making charcoal or fuel pellets, etc.).
- Infestations must be prioritised in a logical manner to ensure expanding and new infestations are tackled first, while established ones are contained.
- Target areas which can be more easily managed.
- Convert dense infestations to managed plantations / woodlots if feasible (more cost effective and achievable than clearing).
- No clearing can be started without a follow up plan and sufficient budget for follow up.

REMEDIAL ACTIONS / INTERVENTIONS:

- Produce a detailed and spatially-explicit alien plant intervention plan for the district.
- Implementation to be done in close collaboration with existing programmes (e.g. DWA Working for Water).
- Focus should be on those areas that will give the greatest return in terms of water release for human consumption (in place of other initiatives such as new dams).
- Clearing must be part of a medium term funded plan, to allow for follow up.
- Initial clearing alone can create more damage than good.
- A landscape-level approach to range management that includes fire and grazing management to prevent areas deteriorating to the point where they are susceptible to infestation

LOSS OF GRASSLAND GROUND COVER AND BIODIVERSITY

- Basal cover of the grasslands shrinks over time, exposing the soil to erosion forces, resulting in extensive sheet erosion over large areas.
- Loss of productive plant biomass as palatable, nutritious species are replaced by unpalatable, non-nutritious species.
- Alien plants invade ecologically depressed grasslands.
- Carrying capacity diminishes over time and quality and productivity of livestock deteriorates (lower calving rates, lower annual growth of individuals, lower wool returns).
- Significant loss of plant diversity, especially of the palatable grasses and forbs (and presumable associated invertebrate and vertebrate species).
- The reduced biomass associated with such over-grazing means that more pressure is placed on remaining grasslands and the process accelerates over time, leading to run-away erosion and further loss of plant material.
- Changes in plant community structure from a diverse resilient composition to a depauperate vulnerable plant community composition unable to withstand climate change.
- Significant impacts on the rural economy as productive land gradually becomes unproductive and fewer families are able to subsist on the land.

MAIN CAUSES

- Uncontrolled/unmanaged livestock with limited or no rotational grazing system.
- Little or no fencing or use of trained herders to control where and when livestock graze.
- Different types of grazers, i.e. cattle, sheep and goats, are found together with no control over where they and when they graze.
- The communal system of grazing has broken down and is replaced by open-access grazing.
- Inappropriate burning regimes with no control or management: Annual burning to create a 'green flush' followed by intense grazing, preventing effective growth and reducing grassland vigour.

OBJECTIVE:

- Arrest or slow down loss of vegetation cover and plant biodiversity at the scale of the district.
- Rehabilitate key grasslands into productive land units that can support livestock on a sustainable basis.

<ul style="list-style-type: none"> Formally protect some areas that still retain their assemblage of plant diversity.
REMEDIAL ACTIONS / INTERVENTIONS: <ul style="list-style-type: none"> Establish a team to provide conservation farming, rangeland management and CBNRM extension to the various projects and communities. Design and resource an extension programme for five years, with sufficient staff and capacity to implement all the actions described in this section, including the CBNRM approach. Identify areas where there is leadership control to implement good range management practices and where there is a reasonable chance of reversing the trend. Use extension officers to interact with those communities to develop sound range management practices that promote rotation, rest and good fire practice. Partnership with EC Parks and DEAET to formally protect key areas through stewardship or other mechanisms within the priority biodiversity areas.
STRATEGY: <ul style="list-style-type: none"> Initiate an extension programme within the ULM to promote best-practice range management (fire & grazing) Develop a formal partnership with the relevant conservation agencies to promote formal protection mechanisms within the priority biodiversity areas.

Capital Expenditure Year 2018/19: Environmental Management and Biodiversity					
Capital Projects	2018-19				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Fencing of EmaXesibeni Botanical Garden phase 2	R 1 100 000.00	Non	R00	R-	
Construction of EmaXesibeni botanical garden exhibition centre	R 2 300 000.00	R-	R-	R-	

Component D: Community and Social Services

3.8. Libraries and Community Facilities

In the last few years the rapid development in information technology have revolutionised the way in which information is collected, displayed and accessed. The Public Library is facing the challenge of radical changes in all aspects of its organisation and service delivery. This challenge should be embraced as it gives the opportunity to provide information services for study, research and self-development further and with relatively minimal cost to the most remote areas of Umzimvubu.

There has been a long felt need for libraries in the jurisdiction of Umzimvubu, now the department of Sports, Recreation, Arts and Culture built two (2) Public Libraries for Mount Ayliff and Mount Frere towns, two (2) Modular Libraries (Dutyini and MaBhobho), and two (2) Container Libraries (Msukeni and Mpendla). Furthermore, the Municipality is introducing a “library@ your school programme” where at least one classroom or any other available suitable school building is renovated, upgraded and get converted into a school library. During this financial year (2019/20) R 650 000 is set aside to implement the programme.

In all of ULM libraries the emphases is on collection development, provision at reference and information services, circulation of material, information and communication technology with the emphasis on internet access, presenting of readership and life skills programmes, and marketing of services.

The ULM vision is to provide in co-operation with the relevant governing bodies on local and provincial level, a dynamic library and information service that meets the educational, informational, cultural, economic, technological and recreational needs of the community at large. Each person must have access to resources and facilities for information, life-long learning, culture and recreation. The service should be democratically developed and managed in co-operation and consultation with its users so that the collections and services are relevant to the needs and diversity of the users.

3.9. Cemeteries:

The Council have set aside, reserved and demarcated a portion of land for cemeteries, in accordance with an approved layout plans, these cemeteries are deem necessary for use by the members of community residing on the urban centres, for the burial of adults, children, security forces or war heroes, or for the creation and management of the following sections:

- (a) Berm-section where memorial work of a restricted size may be erected only on a concrete base provided by the Council at the top or bottom end of a grave the top surface of graves are level and the Council will cut planted as well as natural grass as part of its maintenance program;
- (b) Monumental-section where memorial work erected to cover the entire grave area,
- (c) Semi-monumental section where memorial work, without a restriction on the size, is erected only on a concrete base at the top end of a grave, which base is not provided by the Council;
- (d) Natural-grass section where the surface of graves are leveled. Graves are identified by numbers affixed on top of the graves in such a way that lawnmowers can be used to cut the natural grass without damaging the numbers;
- (e) Traditional-section where memorial work does not have to cover the entire grave area, and may be erected on graves that are not supplied with a concrete base as required in the Berm-section.

The Council is currently running, maintaining and managing four (4) cemeteries (two in each urban center).

3.10 Special Programmes Unit

3.11

3.12

3.13

3.14 Fire and Disaster Management

The Alfred Nzo District Municipality is responsible for the provision of Disaster Management and Fire Services in the District. ANDM has a Disaster Management plan in place to effectively manage disasters which stem primarily from natural causes (tornadoes, storms and winds etc.). Services are rendered from the central disaster management centre in Mount Ayliff and a satellite centre in Mount Frere urban area both serve the Umzimvubu Local Municipality. The District Municipality is responsible through its Disaster management - fire services to curb veld and forest fires. They often assist in Communities in making fire-belts.

Umzimvubu has its disaster management plan that was approved by Council. The Local Municipality cooperates with the ANDM in the provision of these services. The municipality makes provision in its disaster management plan for procurement of materials without following the proper procedures in cases of emergency, and no materials are on stores.

COMPONENT F: SAFETY AND SECURITY

3.15. PROTECTION SERVICES

Protection services includes law enforcement and security guarding services. Guarding services of the municipality premises and assets are outsourced to two private security companies. KwaBhaca sites (Mount Frere) sites are outsourced to Phiko security and eMaXesibeni (Mount Ayliff) outsourced to SKL security. Law enforcement division is responsible for law enforcement in both towns. The security companies provide integrated security solutions by combining manpower with the latest security technology. The security guards employed by the two companies maintain a high visibility presence to deter illegal and inappropriate actions, looking either directly, through patrols, or indirectly by monitoring movements of people for signs of crime or other hazards such as fire, taking actions to

minimize damage such as warning and escorting trespassers off property and reporting any incidents to the municipality and emergency services such as the police or paramedics as appropriate.

Security officers are generally uniformed to represent their lawful authority to protect municipal premises and asset. Security guards are governed by legal regulations, such as the Private Security Industry Regulatory (PSIRA) Act and the sectoral determination, number 6, issued in terms of the Basic Conditions of Employment Act which set out the requirements for eligibility e.g., a criminal record check.

TRAFFIC SECTION:

Law Enforcement Section performs their duties in terms of the legislative mandate derived from the Constitution of South Africa, National Road Traffic Act, Criminal Procedure Act and our own municipal by-laws. The constitution provides for traffic as a schedule 5 functional area. The National Road Traffic Act provides for road traffic matters that shall apply uniformly throughout the republic and for connected matters therewith. By-laws enforcement within our municipality is another core function of the law enforcement section. The municipality law enforcement section deals with the traffic management, by-laws management and crime prevention.

ACTIVITIES:

The following are the minimum functions of the law enforcement section:

- Road traffic law enforcement,
- Accident management,
- Communication and education,
- By-laws enforcement,
- Crime prevention and visible policing,
- Execution of summonses and warrant of arrests

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

The list of technological instruments in possession of law enforcement section:

- 2 x pro-laser 3 speed cameras
- 1 x pro-laser 4 speed camera
- 8 x Alcohol Breathalyzers
- 2 x Icam speed cameras (belonging to a contracted service provider)

CHALLENGES:

The law enforcement has a dedicate staff, but is understaffed. There are more functions for the law enforcement and manpower is not enough to perform all the functions.

RECOMMENDATIONS:

To employ more officers as per the approved organogram.

DRIVING LICENCE TESTING CENTRE:

Umzimvubu Local Municipality has Driving Licence Testing Centre situated in the town of Mount Ayliff. It is headed by a management representative holding the rank of an Assistant Superintendent. National Road Traffic Act 93 Of 1996, Section 12, stipulates that no person shall drive a motor vehicle on a public road without a driving licence and Section 13 places a responsibility for issuing licences authorising the driving of a motor vehicle to the Driving Licence Testing Centre (DLTC). DLTC is also responsible for the testing and issuance of learners licences.

All the licence fees collected by this division goes to the coffers of the municipality. There is no share that goes to the department of transport.

REGISTERING AUTHORITY:

Umzimvubu Municipality has a Registering Authority operating fully in the municipal offices in the town of Mont Frere. Its main function is to help people register their vehicles in the Natis system. Motor vehicle registration is the registration of a motor vehicle with a government authority and is compulsory. The purpose is to establish a link between a vehicle and an owner or user of the vehicle.

The fees collected by this section is shared amongst Provincial Department of Transport, National Department of Transport and a lesser share to the municipal as the agency of the department of transport.

This section is complying with the law as its staff is place according to the agreement signed between the department of transport and the municipality.

SECURITY:

Umzimvubu Local Municipality has outsourced the security services to two security companies. Mount Ayliff sites are serviced and guarded by SKL Security Company and Mount Frere sites by Phiko Security Company.

The overall command of this division is overlooked by the municipality through its Community Safety section. Community Safety is acting as referee to the two companies.

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

All sites are guarded day and night except cemeteries which are only guarded during the day. Metal detectors are used to search people entering all our sites. All sites are in possession of metal detectors as it is a requirement as per the signed SLAs.

PROGRESS:

All sites are guarded as per the signed agreement between the municipality and the security companies.

CHALLENGES:

Currently there are no challenges faced by this section. Everything goes according to the agreements signed between the municipality and the security companies.

POUND:

This section is divided into two. There is one pound in the town of KwaBhaca (Mount Frere) and another in EmaXesibeni (Mount Ayliff). Each pound is headed by a Pound Master. The main focus of this division is to impound stray animals in our towns and along N2 in the area served by Umzimvubu municipality. All stray animals are impounded in terms of the Umzimvubu Municipality impoundment of animals by-laws.

Traffic Police Service data				
Details	2017-18	2018-19		2019/20
	Actual Number	Estimated Number	Actual Number	Estimated Number
Number of road traffic accidents during the year	61	89		80
Number of by-law infringements attended	127		129	55
Number of traffic officers on the field on an average day	8		8	8
Number of officers on duty on an average day	8		8	8

Employees : Protection Services including security services					
Level	2017/18	2018-19			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a % of total posts)

0-3	10	10	10	0	0%
4-6	11	12	12	11	%
7-9					
10-12	13	13	24	11	5%
13-15					
Total	34	32	46	22	

Capital Expenditure Year 2018-19: Protection Services					
Capital Projects	2018-19				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
n/a	n/a	n/a	n/a	n/a	n/a
Financial Performance Year 2018-19:					
Details	2017-18	2018-19			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget

Total Operational Revenue	R5 945 029.19	R-9 550 000.00	R-2 100 000.00	R-36 351 820.33	R-24 701 820.33
Expenditure	R14 485 754.49	R19 064 858.00	R1 115 000.00	R26 092 017.53	R5 912 159.53
Employees	R6 058 236.00	R6 403 096.00	R0	R9 169 590.33	R-2 766 494.33
Repairs and Maintenance	R53 140.81	R70 000.00	R0	R216 713.06	R-146 713.06
Other					
Total Operating Expenditure	R20 597 131.30	R25 537 954.00	R1 115 000.00	R35 478 320.92	R2 998 952.14
Net Operational Expenditure	R26 542 160.49	R15 987 954.00			

3.16. Driver's Licensing and Testing Centre

Umzimvubu Local Municipality has Driving Licence Testing Centre situated in the town of Mount Ayliff. It is headed by a management representative holding the rank of an Assistant Superintendent. National Road Traffic Act 93 Of 1996, Section 12, stipulates that no person shall drive a motor vehicle on a public road without a driving licence and Section 13 places a responsibility for issuing licences authorising the driving of a motor vehicle to the Driving Licence Testing Centre (DLTC). DLTC is also responsible for the testing and issuance of learners licences.

All the licence fees collected by this division goes to the coffers of the municipality. There is no share that goes to the department of transport.

ACTIVITIES

Test people for driving licenses, learner's license and eye test. They also issue temporary driving licenses, driving licenses, professional driving permits, and enquiries for people coming to check their status.

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

2 x LEUs for eye testing

SUCSESSES

Serving people on time and according to the expectations.

CHALLENGES

Shortage of examiner of licences

DLTC Data		
Details	2017-18	2018-19
	Actuals	Actuals
Total Number of learner's licences processed	2562	2115
Total Number of driver's licences processed	3117	2582
Average turnaround time – leaners licence	1 day	1 day
Average turnaround time – Drivers- licence	6 weeks	6 weeks

Employees : DLTC					
Level	2018-19				
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6	4	4	4	0	0%
7-9					

10-12	5	7	7	2	28%
13-15					
Total	9	11	11	2	28%

Capital Expenditure Year 2018-19: DLTC					
Capital Projects	2018-19				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
n/a	n/a	n/a	n/a	n/a	n/a
Financial Performance Year 2018-19: DLTC					
Details	2017-18	2018-19			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R2 179 996.46	R2 500 000.00	0.00	R1 895 801.81	R604 198.19

Expenditure	Under community safety				
Employees	Under community safety				
Repairs and Maintenance	Under community safety				
Other	n/a				
Total Operating Expenditure					
Net Operational Expenditure	R2 179 996.46	R2 500 000.00	0.00	R1 895 801.81	R604 198.19

BACKGROUND OF THE REGISTERING AUTHORITY

ULM performs the Vehicle Registration and Licensing Authority (RA) function under agency from the DoT.

REGISTERING AUTHORITY'S PERFORMANCE AND ACCESSIBILITY

ULM Registering Authority performs their duties as agency of the department of transport. Its office is in KwaBhaca (Mount Frere). They are operating under the auspices of their manager and a supervisor. The section is fully compliant in terms of staffing.

Their operating hours are 08h30 – 15h30 from Monday to Friday. RA does not operate on weekends.

ACTIVITIES CONDUCTED IN REGISTERING AUTHORITY

Registration of new vehicles, renewal of vehicle licensing, issuing of special permits and general enquiries.

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

2 x terminals of Natis system. These are systems assisting in doing vehicle registration and enquiries.

SUCSESSES

Registration of vehicles and general enquiries.

CHALLENGES

There are no major challenges experienced by this section at all, except the issue of staff training which is controlled by the department of transport.

Registering Authority Data		
Details	2017-18	2018-19
	Actuals	Actuals
Total amount collected for the Department of transport(DOT)	R8 399 776.89	R9 490 113.79
Total amount collected for the municipality	R2 334 432.71	R2 534 445.14
Total for Registration and Penalties	R10 734 195.49	R12 024 543.73
Total for transaction fees (RTMC)	n/a	n/a

Employees : Registering Authority					
Level	2017/18	2018/19			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6	3	3	3	0	0%
7-9					

10-12	1	1	1	0	0%
13-15					
Total	4	4	4	0	0%

Capital Expenditure Year 2018/19: Registering Authority					
Capital Projects	2018-19				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
n/a	n/a	n/a	n/a	n/a	n/a
Financial Performance Year 2018/19: Registering Authority					
Details	2017-18	2018-19			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R1 967 447.00	R6 074 712.00	R4 031 808.00	R2055817.22	R1 975 990.78
Expenditure	Combined under community safety				

Employees	Combined under community safety				
Repairs and Maintenance	Combined under community safety				
Other					
Total Operating Expenditure					
Net Operational Expenditure	R604 198.19	R6 074 712.00	R4 031 808.00	R2055817.22	R1 975 990.78

3.17. POUND SECTION

Background:

Municipal by-laws are enforced daily on an on-going basis. Pound section is task to enforce impoundment of animal's by-laws. They do this by impounding stray animals in our towns on an ongoing basis. Upon impounding stray animals, they register them at the pound. The impounded animals are only released upon the payment of impoundment fees and at sometimes the release of animals include payment of sustenance fee. This happens only if the impounded animal/s is/are not released on the same day.

ACTIVITIES

Daily activities of the section are patrols and impoundment of stray animals. Some the rangers are herding the already impounded animals.

The animals kept at the pound are not only impounded animals impounded by the municipality rangers. Some animals are brought to the pound by the police for being suspected stolen animals. If there is no claim on the suspected stolen animals, the animals are auctioned on a public auction and all monies collected goes to the municipality.

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

None

SUCSESSES

Both towns are free of stray animals, more special during the day when rangers are on duty.

CHALLENGES

Mount Ayliff so called farmers fighting against impoundment of their animals. They want their stock to graze in town and not be impounded or if impounded to pay R5.00 per animal.

Pound Data		
Details	2017-18	2018-19
	Actuals	Actual
Total Number of animals impounded	2904	2463

Employees : Pound					
Level	2018-19				
	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
0-3	10	10	10	0	0%
4-6					
7-9					
10-12	2	2	2	0	0%
13-15					
Total	12	12	12	0	0%

Capital Expenditure Year 2018-19: Pound					
Capital Projects	2018-19				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Mount Frere Pound Improvement	R1 500 000.00	n/a	R175835.00	R1 324 165.00 (Rolled over)	R1 500 000.00
Financial Performance Year 2018-19: Pound					
Details	2017-18	2018-19			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R248918.00	R650 000.00	0.00	R246 728.00	R403 272.00
Expenditure	R47 800.00	R110 000.00	0.00	R89 397.15	R20 603.85
Employees	Combined under community safety				
Repairs and Maintenance	Combined under community safety				
Other	n/a				
Total Operating Expenditure	R47 800.00	R110 000.00		R89 397.15	R20 603.85
Net Operational Expenditure	R201 118.00	R540 000.00	0.00	R157 330.85	R382 668.18

3.3. Housing

The majority of people in the municipal area live in rural areas in traditional housing. The bulk of the housing demand is therefore vested in rural areas. The majority of people within the municipal jurisdiction are residing within self-built structures (traditional dwellings) within rural settlements. Umzimvubu Local Municipality is rural in nature, and consists of dispersed, scattered rural unplanned settlements. The municipality is implementing rural housing subsidy programme, aimed at building houses within the rural communities. There is a huge demand of housing within the municipal jurisdiction in both Urban and Rural Areas.

COMPONENT G: Sport & Recreation

3.16 Sport & Recreation Facilities

The Municipality is managing two sports fields (one in Mount Ayliff and 1 in Mount Frere). They are both valued for its contribution to the sporting, recreation and social life of the people of Umzimvubu Local Municipality, visitors and surrounding areas. It is also valued for the benefits it will bring for future generations. The Mount Ayliff sports field artificial turf development is completed and handed over. Badibanise sports field Phase 1 in Mt Frere has been completed. There are no proper sports fields in some rural areas, which poses a concern as our population is largely characterised by youth.

Public, Social and Recreational facilities and amenities play a major role in the overall social development of the society such that these activities moral discipline, keep youth out of the streets. The ever – increasing crime and other social ills (i.e. teenage pregnancies, drug abuse etc.) gave rise to the importance of these activities and they should be viewed as the productive alternative that the youth can engage itself with. Although there is a lack of adequate standard sports and recreational facilities within the Municipal area, Umzimvubu’s existing sports facilities hosted various sports events including school, local community events and inter-municipal sports competitions.

Component H: Corporate Policy Offices and Other Services

3.17 EXECUTIVE AND COUNCIL

The Council of Umzimvubu Municipality through the Mayor and his/her Executive Committee is legally responsible for managing the day to day operation of the municipality. There are six portfolio standing committees that have been established in terms of Section 80 of the Local Government Municipal Structures Act, (Act 117 of 1998). Each portfolio committee is headed by a Member of the Executive Committee. There are standing committees for the following portfolios;

- Infrastructure and Planning
- Corporate Services
- LED and Environmental Management
- Social and Community Development
- Budget and Treasury
- SPU and Communications

The Municipality also has the Municipal Public Accounts Committee (section 79 Committee). The committee is made up of 08 non-executive councillors from parties in the council. The MPAC Committee members are reflected in the Council structures section.

Municipal Administration

The municipality has a staff compliment of 361 as provided in the Organogram. The municipal organogram makes provision for a Municipal Manager, 6 Senior Managers (Head of Departments) and 21 Assistant Managers. The figure below is an adopted ULM organogram for 2016/17. All the Senior Manager meet the minimum competency requirements as set out in Treasury Regulations for appointment of senior managers.

3.18 Human Resources and Skills Management

The municipality has a Human Resources Manual/Strategy that guides all human resources issues of the municipality.

Employment equity

Umzimvubu has developed an Employment Equity Plan, as a long term plan to address any imbalances in employee representation in the work place. It also aims to promote gender equity and eliminate unfair discrimination. An Employment Equity Manager was designated to ensure that the Employment Equity plan is implemented. An Employment Equity Committee has also been established which comprises employees from all categories and Councillors.

The Employment Equity Plan has been submitted to the Department of Labour and regular reports are submitted on progress made and targets met. Umzimvubu still faces challenges in terms of implementing employment equity particularly on senior levels

Institutional Policy Development

The following policies have been developed and approved by Council:

- Bursary Scheme Policy
- Training and Development Policy
- Placement Policy
- Code of conduct for staff
- Acting Allowance policy.
- Employee Assistance Policy
- HIV/AIDS policy
- Recruitment and selection policy
- Human Resource Development Strategy
- Retention Strategy
- Employment Equity
- Children, Women, Youth, Elderly People, People with Disabilities Strategy

3.19 Information and Communication Technology Services

The communication and Information Technology unit is housed within the department of corporate services and is responsible to Provide access to information users and network services.

- User Access and termination control
- IT Security Management
- Management of email/internet security
- Server Maintenance and software installations
- Management of licensing
- Management of UPS throughout the municipality

Component I: Annual Performance Report

ANNUAL PERFORMANCE REPORT 2018/2019 FY

INTRODUCTION

The purpose of this report is to present the Annual Performance Report on the performance of the municipality against Pre-determined objectives and targets as set out in the Service Delivery and Budget Implementation Plan for 2018/2019 Financial Year and its ultimate revision.

Section 46 of Local Government: Municipal Systems Act 32 of 2000, which provides that: A municipality must prepare for each financial year an annual report consisting of-

(a) a performance report reflecting—

- i. the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
- ii. the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and
- iii. measures that were or are to be taken to improve performance;

Chapter 3 (7) (1) of the Municipal Planning and Performance Management Regulations of 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.

This report is thus prepared as a response to the above-mentioned legislative prescripts. The report encompasses and encapsulates respective departmental performance. The format of the report is compliant with the 2018/2019 Adjusted Service Delivery and Budget Implementation Plan that was approved by the Mayor in January 2019 and its revision after the Mid-Year Performance Assessment. The report covers the period: July 2018 to June 2019. Achievement and Non-achievement of Pre-determined targets have been indicated. Reasons for non- achievement and corrective measures have also been furnished where there are such instances of non-achievement of targets.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Gladstone Phillip Tobela Nota** in my capacity as the Municipal Manager of Umzimvubu Local Municipality (EC442), hereby approve the Annual Performance Report for 2018-2019 Financial Year. This Annual Performance Report is prepared in terms and in compliance with the stipulated requirements as documented in the Local Government: Municipal Finance Management Act No. 56 of 2003, Municipal Systems Act No. 32 of 2000 and Municipal Planning and Performance Management Regulations of 2001.

This is the second Annual Performance Report derived from the five year Integrated Development Plan that was endorsed by Council for the period 2017-2022.

Signed at ULM KwaBhaca Offices on this 07th day of November 2019.

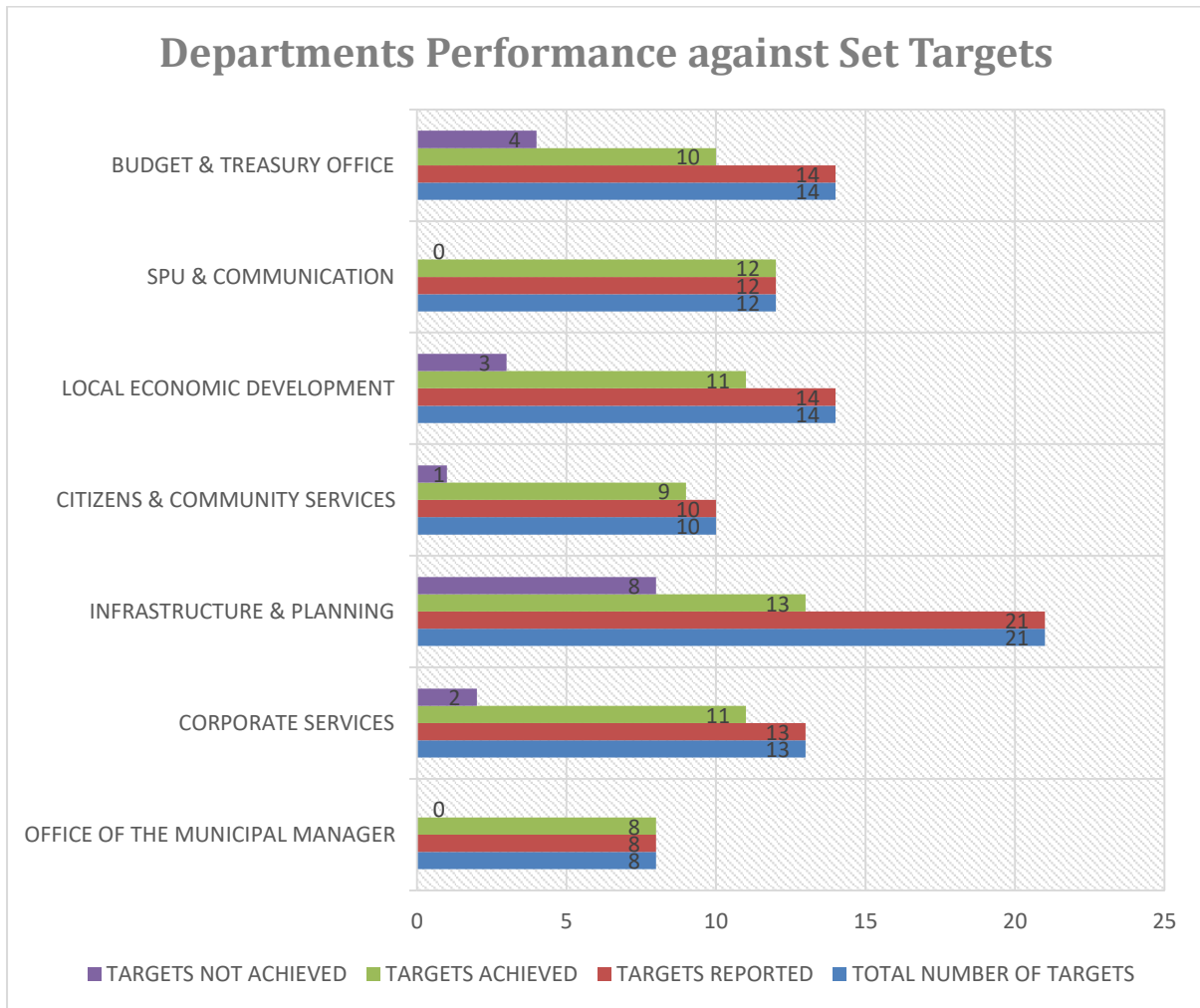


MR G.P.T. NOTA
MUNICIPAL MANAGER

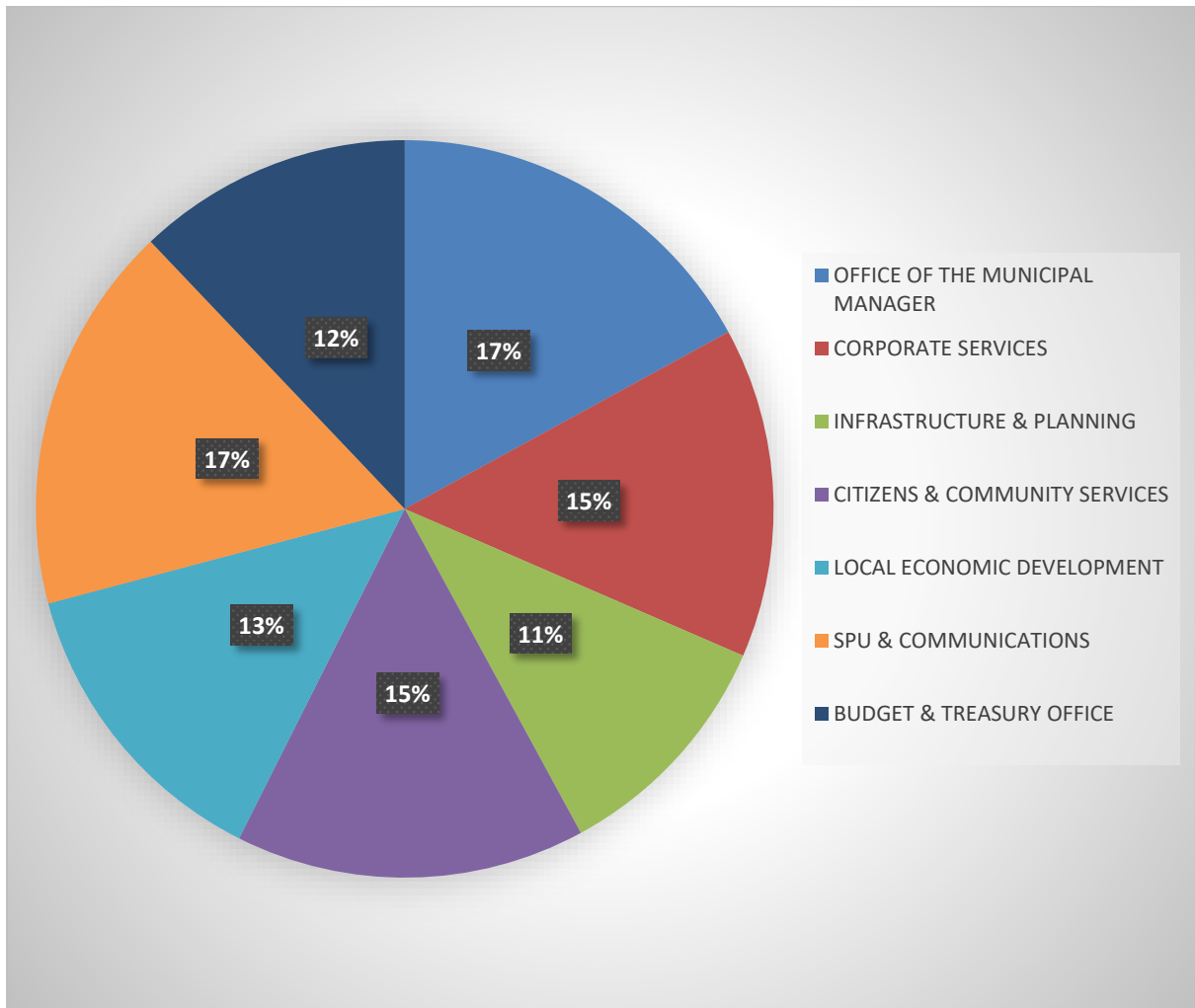
2018/2019 ANNUAL PERFORMANCE REPORT IN NUMBERS

DEPT/KPA	TOTAL NUMBER OF TARGETS	TARGETS REPORTED	TARGETS ACHIEVED	TARGETS NOT ACHIEVED
OFFICE OF THE MUNICIPAL MANAGER	8	8	8	0
CORPORATE SERVICES	13	13	11	2
INFRASTRUCTURE & PLANNING	21	21	13	8
CITIZENS & COMMUNITY SERVICES	10	10	9	1
LOCAL ECONOMIC DEVELOPMENT	14	14	11	3
SPU & COMMUNICATION	12	12	12	0
BUDGET & TREASURY OFFICE	14	14	10	4
TOTALS	92	92	74	18

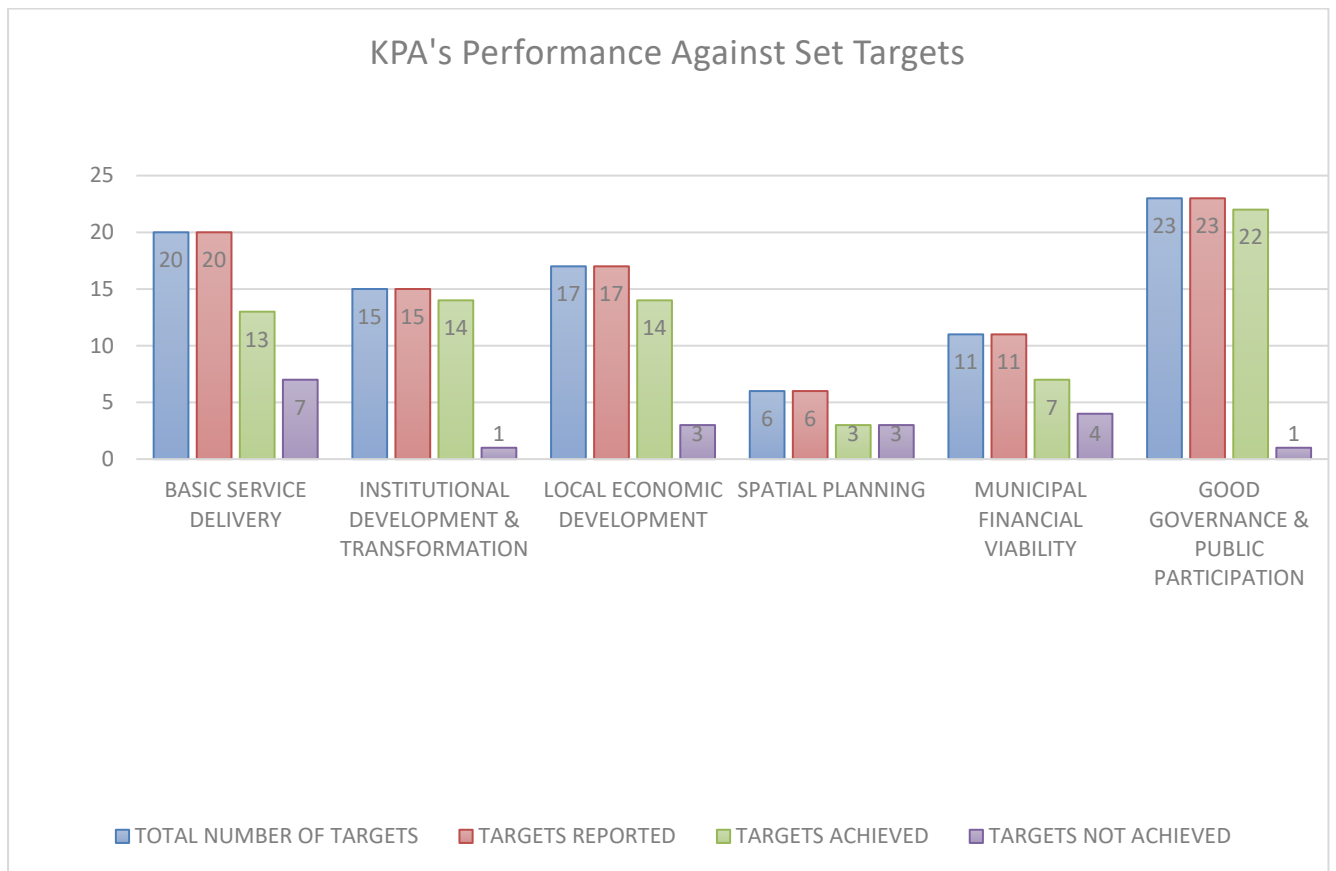
Department's Performance Graph



Departments Contribution in the Municipality's Overall Performance



MUNICIPALITY'S PERFORMANCE PER KEY PERFORMANCE AREA



The Municipality's Annual Performance for 2018/2019 Financial Year stands at 80%. Based on the Analysis of Annual Performance Report, the municipality performance has performed fairly well in its service delivery mandate.

DEPARTMENTS PERFORMANCE SCORECARD

INFRASTRUCTURE AND PLANNING DEPARTMENT

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
Centralised Planning	Spatial Planning	To build and strengthen the administrative and institutional capability of the municipality.	2.Number of GIS and licence d GIS system	P9 GIS Licencing and Launching	R450 000.00	GIS system installed and not operational	Copy of operating licence, registers for trainings, Registration for users	Nil	Nil	3 minimum users operating the system by 30th June 2019	Achieved	System Status Updated and Spatial Alignment of the system data (Cadastral and Valuation) has been developed and uploaded in the system. Monitoring and evaluation tool has been	R405 788.90	N/A	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												created and being used in smartphones. the GIS has been installed and updated the GIS Datasets have been integrated in the system. Project has been completed successfully			

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
Institutional integration and coordination (institutional development, organogram, workforce, principles development)	Spatial Planning	To build and strengthen the administrative and institutional capability of the municipality	Number of Purchased Plotter and software for draughting	Procurement of Plotter & Autocad	R200 000.00	Need for computer aided programmes for in-house projects	Purchase order for Plotter and hardware & Software	Nil	Nil	Plotter and hardware & Software	Achieved	Auto Cad and Plotter were delivered and installed by the service provider. Development planning has also done an urban design layout for Imikhonde Claimants of ward 25 with the same AutoCad.	R198 000	N/A	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
Institutional integration and coordination (institutional development, organogram, workforce, principles development)	Spatial Planning	To build and strengthen the administrative and institutional capability of the municipality for implementation of vision 2013	Number of Environmental Impact Assessments conducted in both towns for the areas for Vision 2030	Environmental Impact Assessment for getting Record of Decision	R850 000.00	Developed vision 2030 strategic document	Adverts, TOR, Inception Reports, ROD	Nil	Nil	Developed vision 2030 strategic document	Not Achieved	A full EIA was submitted to DEDEA however a Record of Decision was not obtained as the Department required four additional studies. At that time the municipality did not have enough funds to exercise those studies which	R 781 609,46	A full EIA was submitted to DEDEA however a Record of Decision was not obtained as the Department required four additional studies. At that	Four further studies still to be undertaken

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												resulted to the municipality budgeting for the studies for 2019/20 financial year. A service provider was appointed in January 2019. An inception meeting was done on the 30th January 2019. Furthermore towards vision 2030, there is		time the municipality did not have enough funds to exercise those studies which resulted to the municipality budgeting for the studies for 2019/20	

INFRASTRUCTURE AND PLANNING DEPARTMENT																	
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures		
								Target	Actual								
																	<p>a proposed new mall at KwaBhaca CBD. A Special Consent application permitting the development of a mall on Erf 242 and Erf 198 KwaBhaca has been approved by the municipality and the developer was stopped by the</p> <p>financial year. A service provider was appointed in January 2019. An inception meeting was done on the 30th January 2019. Furthermore towards</p>

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												has appointed a technical team that will look at the holistic development. The developer has submitted an amendment of the township layout for municipal approval, however Development Planning unit has advised		demolishing of the old buildings due to building plans that were not yet approved by the Municipality. Another issue with the service provider was that	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												the developer that the municipality will not process the application until all debt of the old township has been paid by the developer. A Draft EIA report for ULM Mix use developments has been submitted to DEDEAT and an		they wanted the Municipality to discount their building plans fee. and submission fee. Also towards implementation of vision 2030 the municipal	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												acknowledgement letter has been submitted to the municipality. The municipality has eventually obtain a Record of Decision for the Township Establishments in EmaXesibeni. Also towards Vision 2030, Planning Unit		ity is monitoring the establishment of middle income housing at Ext 6 KwaBhaca. The developer has appointed a technical team that will look at the	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												has been assisting and responding to the needs of the Imikhonde Claimants, a small community which has been given their land back through the land restoration programme. Development Planning Unit has done a comprehensiv		holistic development. The developer has submitted an amendment of the township layout for municipal approval, however Development Planning unit has advised	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
															e urban design layout in-house which will assist the community to source funding for the development of the settlement the developer that the municipality will not process the application until all debt of the old township has been paid by the developer . A Draft EIA report for ULM

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
								Target	Actual							
																Mix use developments has been submitted to DEDEAT and an acknowledgement letter has been submitted to the municipality. The municipality has eventually

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
								Target	Actual							
																y obtain a Record of Decision for the Township Establishments in EmaXesibeni. Also towards Vision 2030, Planning Unit has been assisting and responding to the

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
								Target	Actual							
															needs of the Imikhondwe Claimants, a small community which has been given their land back through the land restoration program me. Develop	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
															ment Planning Unit has done a comprehensive urban design layout in-house which will assist the community to source funding for the development of the

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
								Target	Actual							
															settlement	
Institutional integration and coordination (institutional development, organogram, workforce, principles)	Spatial Planning	To build and strengthen the administrative and institutional capability of the municipality	Number of Resource Mobilisation Plans done	ULM Resource Mobilisation Plan	R300 000.00	Budget Shortfall for Infrastructure developments	Letter of appointment, TOR and Inception Reports	Nil	Nil	Budget Shortfall for Infrastructure developments	Not Achieved	On the first advert the municipality only received 1 response from the service providers and their proposal was referred back to advert by BEC. Project was re-advertised and was closed on the 1st of April	R 0	There were no responsive bidders in the first advert that was issued out and the project was re-advertised	To fast track SCM processes as this project was re-advertised on a provincial newspaper due to it's scarce skills nature	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
development)												2019. Development Planning is awaiting for the appointment of the service provider. Based on the above this project is recommended to be implemented in the next financial year i.e 2019/2020. However through the			ofr the project.

6. Central ised Plannin g	1. Spatial Planni ng	To develop and promot e an integrat ed sustaina ble environ ment	3. Numbe r of turkey survey conduc ted	P 10Land surveying	R1 100 000	there is a need for land survey service due to a number of enquire s on municip al boundar ies, encroac hment and discrepa ncies, formalis ation of informal settleme nts	Survey report, Hard and soft copies of turkey surveys, council resolution, Monthly reports	Nil	Nil	One township establish ment by 30th June 2019	Achiev ed	The municipality did a community participation for the formalisation of Badibanise, however there has been resistance and has denied the municipality in proceeding with the project. However in the meantime the municipality has proceeded with the rezoning and subdivision of	R1 031 678,11	N/A	N/A
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													obtained from Building and Housing Unit.			
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INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
6. Centralised Planning	1. Spatial Planning	To develop and promote an integrated sustainable environment	Number of Finalisation of transfers and signing of agreements with the developers	KwaBhaca Bus and Taxi Rank	NA	Consortium appointed for the development of the taxi rank	Signed Memorandum of Understanding	Nil	Nil	Transfer letter signed by the Minister	Not Achieved	The municipality met with the NDPW on the 21st February 2019. Since our last meeting the municipality has drafted the Business plan as well as the draft execution plan as per the action plan/resolutions of the meeting.	R 0	Development planning anticipated that the Minister of the Department of Public Works would sign the exchange agreement since all expected activities	The Council should lead the process and organise a meeting with the Minister to get the exchange agreement to be signed so the land may belong to

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
								Target	Actual							
																<p>However the NDPW has not met any of the deadlines and an email was sent to NDPW reminding them of the promised milestones that had not been met and there has been no response.</p> <p>were done by the municipality as agreed between all parties involved however there was no cooperation by Public Works in terms of facilitating the</p> <p>the municipality thus the developer starts the development of a Bus and Taxi rank including a shopping centre.</p>

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
								Target	Actual							
															agreement to be signed by the Minister.	
Infrastructure Investment (roads, water, sanitation, electricity and	Basic Service Delivery	To provide access to improved, sustainable and modern infrastructure	Kilometres of new roads constructed (accessing)	P 11Road Construction (Ntlavini – Jojo AR 3km, Mthonjeni-kwaDuma 4.68km, Bislani-Mfundeni 2.1km,	R 7 350 000.00	47.97 km	Completion Certificate; appointment letters	56.62	55.87	20.48 km by 30 th June 2019	Achieved	20.5km of new roads were constructed at Ntlavini - Jojo AR 3.5km, Mthonjeni - KwaDuma AR 5.1km, Bislani-Mfundeni AR 2.1km,	(TOTAL = R6 874 656.13) Ntlavini-Jojo AR R1 081 370.14; Mthonjeni - KwaDuma AR R2 378 702.08; Bislani - Mfundeni R729 675.07;	N/A	N/A	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
housing)		Access to the community		Nkalweni – Wakabityi 6.8km, Mafusini AR 3.4km)								Nkalweni- Waka Bityi AR 6.8km, Mafusini AR 3km.	Nkalweni - Waka AR R1 452 659.41; Mafusini AR R1 232 249.43 The retention amounts for the projects R176 887.87 that will be paid at the end of the defects liability period.		

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
								1.	1. Infrastructure Investment (Roads, water, sanitation, electricity, housing)						

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
				5km, Siphundu AR 5km, Siqhingeni/Gqala AR 6.5km, Mzinto-Nyosini 4.6km, Mgingundlovu AR 7km, Ngcozana AR 6km, Dzikweni AR 6km, Bhekani AR 5.6km, Ext. Moyeni & Papanana								Mgugundlovu AR 7.5km, Ngcozana AR 11.75km, Dzikweni AR 7km, Bhekani AR 5.6km, Ext Moyeni Papanana AR 6km, Mtshazi-Qumra AR 4.5km, Ngxabaxha AR 6km, Zigadini AR 5km, Mbodleni AR 5,3km. These km's are for the actual	186 212.11, Mzinto -Nyosini AR - R987 791.99, Mgugundlovu AR - R1 199 992.35, Ngcozana AR R1 307 803.90, Dzikweni AR - R1 197 101.13, Bhekani AR - R871 796.99, Ext Moyeni Papanana AR R856 685.17, Mtshazi-Qumra AR R900 485.88,	ity not to follow necessary procurement processes. Some of the projects had to be re-advertised.	taken through SCM regulations and prescriptions. Tro expeditive complete on of Dutyini, Nyantungo-Nyuswa and Gqala-Siqhingeni Access

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
				AR 6km, Mtshazi-Qumrha via Laduma AR 5.6km, Ngxabaxha AR 6km, Zigadini AR 5km, Nyantungo-nyuswa AR 3.5km, Mbodleni AR 5km)								work done on site and after the physical verifications done by BTO. Dutyini, Nyantungo-Nyuswa and Gqala-Siqhingeni access roads are incomplete.	Ngxabaxha AR R1 258 180.50, Zigadini AR - R1 025 734.26, Mbodleni AR - R814 666.87, Dutyini AR - R128 662.19; Nyantungo - Nyuswa R1 067 973.85 Gqala/Siqhingeni R738 462.15		roads within the first quarter of the new financial year.

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
1. Infrastructure Investment (Roads, water, sanitation, electricity, housing)	1. Basic Service Delivery	6. To develop and promote an integrated sustainable environment	2. Number of Buildings Control Enforcement sessions conducted	P13 Building Control	R0	12	Pictures, Building Plan Approval Letters, Proof of Payments for Building Plans, Minutes for sitting of Building Plan Approval Committee	12	14	12 building control enforcement sessions by 30 th June 2019	Achieved	16 building control enforcements conducted	None	N/A	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
6. Centralized planning	1. Basic Service Delivery	6. To develop and promote an integrated sustainable environment	4. Number of Building Plan Appraisal Committee sittings	P15 Building Plan Approvals	R0	Building Plan Approval Committee sitting two times per quarter	Attendance Register, Minutes, Letters of building plans approvals			8 Building Plan Appraisal Committee sittings by 30 th June 2019	Achieved	8	None	N/A	N/A
6. Centralized planning	1. Basic Service Delivery	6. To develop and promote an integrated sustainable	5. Number of Buildings Inspected	P16 Building Inspections	R0	1200 inspections per month	Inspection register. Pictures			500 inspections by 30 th June 2019	Achieved	539	None	N/A	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
		ble environment													
6. Centralized planning	1. Basic Service Delivery	6. To develop and promote an integrated sustainable environment	6. Number of campaigns conducted on Promotion of Adherence to Building Controls	P17 Building Control Awareness	R0	4 Road Shows and 1 Radio Communication	1.) Signed communication letters\flyers and attendance registers, Letters			4 campaigns (2 Building Control Activities and 2 Building Control's Communications) by 30 th June 2019	Achieved	4	None	N/A	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
1. Infrastructure Investment (Roads, water, sanitation, electricity, housing)	1. Basic Service Delivery	6. To develop and promote an integrated sustainable environment	7. Number of National Housing Needs register forms captured on NHNR system	P18 Housing Needs Register	R0	300	Report on Housing Needs Register	1	24,1	1 Housing Needs Register developed by 30 th June 2019	Achieved	1	None	N/A	N/A
1. Infrastructure Investment (Roads,	1. Basic Service Delivery	6. To develop and promote an integrated	9. Number of municipal support	P20 Revitalization of Extension 5 and 7	R740 000	Existing building structures	Photos.	2	3	2 Municipal support centres rehabilitated	Not Achieved	Only Ext 7 support centre was completed in this financial year and	715 666,42	Extension 5 Support Centre was completed in	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
water, sanitation, electricity, housing)		ed sustainable environment	centres rehabilitated	Support Centres						(MaXesibeni and KwaBhaca support centre) by 30 th June 2019		Extension 5 Support Centre was completed in 2017/2018 financial year.		2017/2018 financial year.	
2. Economic and sectoral development (job creation,	1. Basic Service Delivery	6. To develop and promote an integrated sustainable environment	10. Number of local SMME's mentored	P21 Facilitation of LED initiatives	R0	N/A	Approved programme, Appointment Letters, Training Programmes, Certificate of	6	6	6 local SMME's mentored on construction programmes by 30 th June 2019	Achieved	19	None	N/A	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
								1.	1. Infrastructure Investment (Roads, water, sanitation, electricity, housing)						

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												bridge, the roadbed preparation is complete, tipping at 80%, Processing at 40%, On the bridge the steel for all the columns had been delivered and assembled, and excavations for both abutments are done and		The projects could not be completed at the end of the 18/19 financial year.	outstanding works.

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												blinding layer has been cast. At Tyinirha bridge The contractor has cut the piers to the correct level of the deck. The scaffolding has been erected.			

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
1. Infrastructure Investment (Roads, water, sanitation, electricity, housing)	1. Basic Service Delivery	5. To provide access to improved, sustainable and modernised infrastructure to the community	6. Number of sport fields constructed (Completion of Tela Cluster and Badibani Phase 3)	P24 Development of sport fields	R 4 770 000.00	2 sport fields	Photos, Appointment letters, adverts, completion certificates	3	3	4 Completion of 2 sports fields Tela cluster @ 60% completion and Badibani @ 20% completion by 30 December 2017	Not Achieved	All four stadiums are still under construction: BADIBANISE STADIUM is at 49% completion. The change rooms have been renovated, the running track has been milled, in preparation of new asphalt layer and rubber	Badibani Stadium: R4 046 .294.54 Sirhoqobeni Sportsfield: R490 208.15	The late advert for Tela Sportsfield led to the plan for design not to be met.	Once the SCM processes have been concluded, the appointed Engineer will be given a tight target to ensure that the designs which were

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												surface. The steel for the grand stand has been delivered on site and the footings of the grand stall ready for casting concrete. The contractor has finished the kerbing for parking area. SIRHOQOBENI SPORTSFIELD PHASE 1 Complete for			plans for the last quarter for 18/19 fy together and advert for contract or are done within the second quarter.

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
								Target	Actual							
												earthworks and fencing.TELA SPORTSFIELD PHASE 2: The services for Engineering consultants for the design of the project were advertised for and awaiting project to be awarded. In Nophoyi sportfield Contractor awaiting for				

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
												the grass to grow and completely cover the sports field before the project is handed over			
1. Infrastructure Investment (Roads, water,	1. Basic Service Delivery	5. To provide access to improved, sustainable	8. Number of economic infrastructure	P26 Economic Infrastructure	R1 500 000	Phuthi Eco Hub: Phase 2 completed	Photos.Ap pointment letters, adverts, completion certificates	1	0	1 (Phuthi Eco Hub: Phase 3 by 30 June 2019)	Not Achieved	In Phuthi EcoHub, the braai area and carwash was constructed. Only the restaurant	1 494 753,57	Phuthi EcoHub Phase 3 could not be completed due to	To make budget provision for completion of Phase 3

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
								get	ual						
sanitation, electricity, housing)		ble and modernised infrastructure to the community	facilities constructed									was not constructed due to budgetary constraints		budgetary constraints	
1. Infrastructure Investment (Roads, water, sanitation, electricity,	1. Basic Service Delivery	5. To provide access to improved, sustainable and modernised infrastructure	10. Number of households benefiting from grid electricity	P28 Provision of grid electrification to households(minimum 1560 h/h Colana, Mxinweni, Ngxabaxha,	R 31 200 000.00	1765 households	Photos. Appointment letters, adverts, completion certificate, Eskom handover certificates	1,895	1,489	1560 households and minimum 4 km link line	Not Achieved	None of the households earmarked for electrification in Mnxekazi, Mandileni, Sivumela, Mabhobho, Colana and Mxhinweni with a 4 km	31 200 000	Eskom has not energised the household as yet	To fast track energising of the 1560 households by Eskom within the First Quarter

INFRASTRUCTURE AND PLANNING DEPARTMENT																
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure		Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual							
housing)		ture to the community		mpondomise, mabhobho, mandileni, maxhegweni and magontsini villages								link line were energised as yet by Eskom.				of the new financial year.
1. Infrastructure Investment (Roads, water, sanitation, electricity,	1. Basic Service Delivery	5. To provide access to improved, sustainable and modernised infrastru	11. Kilometres of streets surfaced	P29 Road Construction	R 17 500 000.00	Site establishment & Subgrade done during 2017/18	Completion Certificate; pictorial evidence	5.5	0	5.4 km (1.9 km for MaXesibeni and 3.5 km for KwaBhaca)	Not Achieved	1.9km of Mt Ayliff Surfacing completed. The overall progress of Mount Frere surfacing is at 91%. 2.7km of Mt Frere has all the road	Mt Ayliff Surfacing Phase 6= R8 932 311.29 Mt Frere Surfacing Phase 6 = R16 353 816.44	Delays due to rains have been a major cause to not achieving the target for Mt Frere	The main contract or has sub-contracted skilled artisans to the local SMMES's to train	

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
housing)		structure to the community										layerworks completed and surfaced with asphalt. 0.7km of the road has all the layerworks completed with asphalt surfacing outstanding.		Surfacing. The workmanship of the local SMME's has not been satisfactory and had resulted in some of the finished sections to be redone in order to	them and to fast track the outstanding kerbs. Once the kerbs have been put up, the contract or will immediately lay asphalt on the remaining road sections.

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
															reach the suitable quality and standard of work.
1. Infrastructure Investment (Roads, water, sanitation, electricity,	1. Basic Service Delivery	5. To provide access to improved, sustainable and modernised infrastructure to	12. Percentage completion of municipal offices phase 1	P43 Provision of Office Block; Parking; Fencing and Infrastructure Services	R 18 000 000	0%	Appointment letter, Work permit from DoL. Attendance Register for site handover. Minutes for site handover.	44%	5%	25% completion (earthworks, infrastructure services, basement and ground floor	Achieved	100% Completion on Earthworks, 30% Completion on ground structure.	9 705 623,52	N/A	N/A

INFRASTRUCTURE AND PLANNING DEPARTMENT															
Priority Area	Key Performance Area	Strategic Objective	Indicator	Project Name	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
								Target	Actual						
housing)		the community				SCM processes completed during 2016/17 for construction				structure ,					

CITIZENS AND COMMUNITY SERVICES

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018		2018/2019F	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Financial Year	Annual Target						
												Target	Actual						
Citizen and Community Services	9. Peace and stability	1. Basic Service Delivery	Community Safety	1. To create a conducive environment for participatory development	1. Percentage of qualifying households assisted in disaster affected areas	P4 Emergency Social relief	KPI	1_1_1_P4	R2	100%	Report on qualifying affected households per disaster incident	100%	100%	100% by 30 th June 2019	Achieved	100%	Nil	N/A	N/A

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Citizen and Community Services	4. Education and skills development (skills development, education)	1. Basic Service Delivery	Community Services	7. To develop and enhance knowledge for future career pathing	2. Number of library walk-ins	P6Library	KPI	1_7_2_P6	R65000	20000 library users	Library Quarterly reports	2000	31,710	20000 reader ship by 30 th June 2019	Achieved	23,590 reader ships	Nil	N/A	N/A

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Citizen and Community Services	8. Clean environment	1. Basic Service Delivery	Community Services	3. To develop and maintain a financial viable and sustainable institution that achieves full compliance with	1. Number of formal households to receive solid waste services	P8 Integrated Waste Management	KPI	1_3_1_P8	R1 50000	733	Debtors lists as captured from BTO.	900	918	733 household provided with formal solid waste services by 30 th June 2019	Not Achieved	Solid waste was removed in 728 household	809 500.00	Annual target was not informed by a Debtors list from BTO	Annual target to be set as per the debtors list from BTO

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
				legislation															
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
Citizen and Community	9. Peace and	5. Good Governance	Community	6. To develop and promote	1. Number of road	P5 Traffic notices		R50000	3300	iForce Printout	3000	44,607	3000 by 30 th	Achieved	3062 Traffic notice	Nil	N/A	N/A	

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
City Services	stability	and Public Participation	Safety	to integrate sustainable environment	traffic contravention notices issued									June 2019		issued			
Citizen and Community Services	9. Peace and stability	5. Good Governance and Public Participation	Community Safety	6. To develop and promote integrated sustainable environment	Number of HIV events Coordinated.	HIV and AIDS		R10000	6	Attendance Register, MANCO Report	7	17	8 HIV and AIDS campaigns to be conducted	Achieved	13 awareness campaigns conducted so far	Nil	none	none	

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Citizen and Community Services	9. Peace and stability	5. Good Governance and Public Participation	Community Safety	6. To develop and promote an integrated sustainable environment	Number of Law Enforcement campaigns conducted.	Law Enforcement			N/A	12	Quarterly reports on Law enforcement campaigns conducted.	12	39	12 Law Enforcement campaign to be conducted.	Achieved	18 joint operations with other law enforcement agencies so far	Nil	none	none
Citizen and Community Services	9. Peace and stability	Basic Service Delivery	Community Safety	1. To create a conducive environment	2. Percentage of compliance with	P7Council Security			R90000	100% protection	Guard posts identified or Quarterly	100	100	100% protection of council assets	Achieved as all sites are guard	100%		none	none

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Services				ment for participatory development	service level agreement					provided	reports			and personal 24 hours a day.	ed 100%				
Citizen and Community Services	9. Peace and stability	Basic Service Delivery	Community Safety	1. To create a conducive environment for participatory development	Number of Security impact assessments	P Council Security		R40000	Done	Assessment reports	Nil	Nil	2 sites Mount Frere and Mount Ayliff sites	Achieved	Two Security Impact Assessments conducted			N/A	N/A

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Citizen and Community Services	2. Economic and sectoral development (job creation, employment, LED Projects, tourism, Agricultural	Local Economic Development	Community Services	4. To create conducive environment for economic growth and job opportunities	11. Number of jobs created through municipal local economic development initiatives including	EPWP	KPI	4_4_13_P70	R697600	250	Appointment letters	213	316	108 EPWP beneficiaries by 30 th June 2019	Achieved	135 EPWP work opportunities created		N/A	N/A

CITIZENS AND COMMUNITY SERVICES																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	ture, rural development)				capital projects														
Citizen and Community Services	2. Economic and sectoral development (job creation, employment,	4. Local Economic Development	Community Services	4. To create conducive environment for economic growth and job	12. Number of SMME's supported	P85 SMME support	KPI	4_4_15_P71	R3000	4	Appointment letters	2	4	2 by 30 th June 2019	Achieved	4		N/A	N/A

BUDGET AND TREASURY OFFICE

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Budget and Treasury	1. Infrastructure Investment (Roads, water, sanitation, electricity, housing)	1. Basic Service Delivery	Revenue and Debt Collections	5. To provide access to improved, sustainable and modernised infrastructure to	1. Number of indigent beneficiaries subsidised with solar, electricity and	P1 Indigent Support	KPI	1_5_1_P1	R4 70 000	2017/18 8 8722 were subsidised as follows : 50KWH from Eskom 3758	Eskom Invoices with beneficiary listings, Invoice for alternative energ	7500	8722	8822	Not achieved	7529 beneficiaries subsidised beneficiaries for 50KW of electricity from Eskom, with	R4 745 278,44	Some of the approved beneficiaries do not claim their electricity tokens from Eskom.	Provide Councillors with monthly claim schedules from Eskom so as to sensitise Councillors of the benefici

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				the community	paraffin						y with beneficiary listing, Supplier invoice for paraffin with distribution register.			m= 3858 Solar 2536 & Paraffin 2428		solar and with paraffin.			ary who do not claim their free tokens from Eskom.

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
										Solar 2536									
										Paraffin 2428									
Budget and Treasury	5. Institutional integration and coordination (institutional development ,	2. Institutional Development and Transformation	Budgeting & Reporting	2. To build and strengthen the administrative and institutional capability of the	4. Number of mSCOA training conducted for councilors and staff	P30 mSCOA Implementation	KPI	2_2_4_P30	R1 5000	5 training sessions have been conducted	Attendance Registers for workshop and Training	6	6	6 training sessions conducted to Cllrs & Employees on mSCOA by	Achieved	Conducted 1 training session for Councilors and 6 training sessions for	R 126 619.80	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	organogram, workforce, principles development)			municipality										30 June 2019		employees			
Budget and Treasury	3. Financial Viability (clean audit,	3. Municipal Financial Viability and	Budgeting & Reporting	3. To develop and maintain a financial viable	3. Number of Sec 72 reports submitted to	P46 Mid-year reporting (S72 Report)	KPI	3_3_3_P46	N/A	Sec 72 reports have been submitted to Treasury	Signed Certificate by MM and Mayo	1	1	One Sec 72 Report submitted to PT & NT	Achieved	One Sec 72 Report compiled and submitted to PT &	Nil	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	corruption)	Management		and sustainable institution that achieves full compliance with legislation	PT & NT by the 28th of February 2019						r. Proof of submission to National Treasury			by 28 February 2019		NT by 28 February 2019			
Budget and Treasury	3. Financial Viability	3. Municipal Financial	Budgeting & Reporting	3. To develop and maintain	4. Number of adjustment	P47 Budget Approval	KPI	3_3_4_P47	N/A	Adjustment budget has been	Council Resolution for	1	1	One adjustment budget	Achieved	One adjustment budget	Nil	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	(clean audit, corruption)	Viability and Management		financial and sustainable institution that achieves full compliance with legislation	budget submitted to PT & NT by the 28th of February 2019					submitted to PT & NT	Budget approval. Proof of submission to Provincial and National treasury			submitted to PT & NT by 28 February 2019		compiled and submitted to PT & NT by 28 February 2019			

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Budget and Treasury	3. Financial Viability (clean audit, corruption)	3. Municipal Financial Viability and Management	Budgeting & Reporting	3. To develop and maintain a financial viable and sustainable institution that achieves full compliance	5. Number of drafts budget submitted to Council by the 31st of March and final budget by the	P48 Budget Approval	KPI	3_3_5_P48	N/A	Draft budget has been submitted to PT & NT	Council Resolution for Budget approval Proof of submission to Provincial	2	2	2 (Draft by the 31st March and final budget to Council for approval by the 30th of May 2019)	Achieved	Completed 2 (Draft by the 31st March and final budget to Council for approval by the 30th of May 2019)	Nil	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				with legislation	30th of May 2019						and National treasury								
Budget and Treasury	3. Financial viability (clean audit, corruption)	3. Municipal Financial Viability and Management	Financial Governance	3. To develop and maintain a financially viable and sustainable institution	6. Number of monthly Sec 71 reports submitted to National Treasury	P49 Monthly Reporting (S71 Reports)	KPI	3_3_6_P49	N/A	12 Monthly Sec 71 Reports have been submitted to Treasury	Proof of submission to Provincial and National treasury	12	12	12 Sec 71 reports submitted to National Treasury by the	Achieved	Completed 12 Sec 71 reports submitted to National Treasury by the	Nil	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				tion that achieves full compliance with legislation	ry by the 10th of every month						Signed quality certificate by the MM and the Mayor			10th working day of every month		10th working day of every month			

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Budget and Treasury	3. Financial viability (clean audit, corruption)	3. Municipal Financial Viability and Management	Logistics & Asset Management	3. To develop and maintain a financially viable and sustainable institution that achieves full compliance	7. Number of GRAP Compliant asset registers compiled and updated	P50 Asset Register	KPI	3_3_7_P50	R160000	Mid-year and annual asset register have been developed	Asset additions schedule Asset verification report	2	2	Develop 1 Grap Compliant Asset Registers by 31 June 2019	Achieved	Developed a GRAP Compliant Asset Register and submitted it to IA Unit	R1 407.00	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				with legislation															
Budget and Treasury	3. Financial viability (clean audit, corruption)	3. Municipal Financial Viability and Management	Revenue and Debt Collection	3. To develop and maintain a financial and sustainable institution	8. Number of lease audit and data cleansing conducted by the	P51 Revenue enhancement strategy	KPI	3_3_8_P51	R30000	Revenue enhancement strategy has been developed and ready for	Audit & Reconciled data from the VR to the Deeds and	2	2	Conduct 1 Audit of Valuation Roll to the Deeds and Surveyor	Achieved	Conducted one audit of Valuation Roll at the Deeds & Surveyor	R297 551.00	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				tion that achieves full compliance with legislation	31st of March 2019					implem entatio n	Surve yor Gene ral Repo rt			Gener al by 30 Marc h 2019		Gener al			
Budg et and Treas ury	3. Finan cial viabilit y (clean audit, corrup tion)	3. Munici pal Financi al Viabilit y and Manag ement	Reven ue and Debt Collec tion	3. To develo p and maint ain a financi al viable and	9. Amou nt collect ed by 30th June 2019	P52 Revenu e and Debt Collec tion	KPI	3_3_9_P52	R634400	Amoun t of Revenu e genera ted by the Munici pality	Secti on 71 repor ts.	30	29,5	Collec t reven ue of R 35 000 by 30	Achiev ed	Collect ed 47,427,331.00	R382 750	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				sustainable institution that achieves full compliance with legislation						amounted to R33 000 000				June 2019					
Budget and Treasury	3. Financial Viability (clean	3. Municipal Financial Viability	Budgeting & Reporting	3. To develop and maintain a financial	10. Number of financial statements	P53 Reporting	KPI	3_3_10_P53	R160 000	3 sets of Financial statements	GRAP Compliant AFS Set, Proof	2	2	3 sets of GRAP Financial state	Achieved	Completed 3 sets of GRAP Financial	R 541 335.00	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	audit, corruption)	y and Management		al viable and sustainable institution that achieves full compliance with legislation	ents prepared and submitted for assurance reviews					have been prepared	of Submission to AG, Internal and External Audit Reports			ments by 30 June 2019		statements			

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Budget and Treasury	3. Financial viability (clean audit, corruption)	3. Municipal Financial Viability and Management	Supply Chain Management	3. To develop and maintain a financially viable and sustainable institution that achieves full compliance	13. Number of sites disposed as per vision 2030	P56 Disposal of Sites	KPI	3_3_13_P56	2 000 000	N/A	Council Approval to dispose the list of identified sites. Sales Agreement	10	0	50 sites by 30 June 2019	Not achieved	Initially sites were locked up in land claims and the land claims were ultimately resolved. Procurement	R3 500	Non-responsive bidders	To advertise on a National Newspaper so as to attract a large pool of responsive bidders.

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				with legislation												processes were initiated for an Estate Agent but the bidders were non-responsive			

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Budget and Treasury	3. Financial viability (clean audit, corruption)	5. Good Governance and Public Participation	Expenditure	3. To develop and maintain a financial viable and sustainable institution that achieves full compliance	19. Percentage of creditors paid within 30 days of submission of a valid invoice	P73 Payment of creditors	KPI	5_3_19_P73	N/A	100% payment of creditors within 30 days of submission of valid invoice	Expenditure report	30	29,5	100% payment of creditors within 30 days of submission of valid invoice	Achieved	Paid 100% creditors within 30 days of submission of valid invoices	Nil	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
				with legislation															
Budget and Treasury	2. Economic and sectoral development (job creation, emplo	4. Local Economic Development	Supply Chain Management	3. To develop and maintain a financially viable and sustainable institu	17. Percentage of local contractors on all appoin	P57 Contractors Development Programme	KPI	4_3_17_P57	R745000	30%	Tender/Quotation Register	N/A	N/A	30% of Local Contractors benefiting by 30 June	Achieved	74.52 % of Local Contractors benefited to tune of R27 047 635.24	R27 047 635.24	N/A	N/A

BUDGET AND TREASURY OFFICE																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Budget and Treasury	3. Financial viability (clean audit, corruption)	5. Good Governance and Public Participation	Budgeting & Reporting	3. To develop and maintain a financial and sustainable institution that achieves full compliance	18. Number of opinions expressed on financial statements by Internal and External Auditors	P72 Audit Report	KPI	5_3_18_P72	N/A	Qualified audit opinion	Report from Auditor General	1	1	Achieved unqualified audit opinion by 30 June 2019	Not achieved	Obtained a Qualified Audit Opinion	Nil	Asset Register was not compliant and accruals were accounted incorrectly in the AFS.	Asset Register has been revamped and submitted to Internal Audit Unit for auditing purposes. Expenditure went through

CORPORATE SERVICES DEPARTMENT

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Corporate Services	4. Education and skills development (skills development, education)	1. Basic Service Delivery	Human Resources	7. To develop and enhance knowledge for future career pathing	1. Number of students allocated with bursaries for scarce skills	P3 Scarce Skill Development	KPI	1_7_1_P3	R930 000	21	Report on External Bursary holders, Proof of Payment	21	42	18 by 30 th June 2019	Achieved	18 bursary holders were awarded	R419 660,85	n/a	n/a
Corporate Services	4. Education and Development	2. Institutional Development	Human Resources	2. To build and strengthen	3. Number of employees	P31 Capacity buildi	KPI	2_7_3_P3 1	R350 000	16	Copy of Bursary	14	16	14 by 30 th June 2019	Achieved	14 bursary holder	R223 629,74	n/a	n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	skills development (skills development, education)	Human Resource Development and Transformation	Human Resources	Enhance the administrative and institutional capability of the municipality	Human Resource Development	Human Resource Development & Training					Agreements					Human Resource Development awards were awarded for 2019 Academic year			

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/ Corrective Measures
												Target	Actual						
Corporate Services	4. Education and skills development (skills development, education)	2. Institutional Development and Transformation	Human Resources	7. To develop and enhance knowledge for future career pathing	4. Number of employees and Councilors trained in terms of WSP	P32 Capacity building & development	NKPI (Proxy)	2_7_4_P32	R1 553 004	175	Report on trainings conducted,	2019	191	175 (60 permanent employees; 5 contract employees; 30 councilors; 80 EPWP Employees)	Not Achieved	189 employees were trained, however 80 employees were trained, not as per the WSP	R 698 391.02	The municipality wanted to appoint the panel of trainers, the advert was issued but could not get suitable member	Fast tracking of SCM Processes

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/ Corrective Measures
												Target	Actual						
																		ns and was re-advertised.	
Corporate Services	5. Institutional integration and coordination (institutional)	2. Institutional Development and Transformation (institutional)	Human Resources	2. To build and strengthen the administrative and	5. Percentage of approved positions filled within	P33 Recruitment & Selection	KPI	2_2_5_P33	R158992	100% filling of vacant posts	Report on recruitment processes and filled positions	100%	93,75%	100% of approved positions filled within 60	Achieved	All the positions were filled .	R 124859.28	n/a	n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	Operational development, organizational, workforce, principles development)			institutional capability of the municipality	60 days of advertisement						Advertisement and appointment letters			days after advertisement					

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Corporate Services	5. Institutional integration and coordination (institutional development, organization, workf	2. Institutional Development and Transformation	Human Resources	2. To build and strengthen the administrative and institutional capability of the municipality	6. (NKPI - 5)The number of people from employment equity target groups employed in the three highest levels	P34 Employment equity	NKPI	2_2_6_P34	N/A	31	Quarterly Employment Equity Report	13	17	28 by 30 th June 2019	Achieved	28 employees were appointed on 3 highest levels	N/A	n/a	n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/ Corrective Measures
												Target	Actual						
Corporate Services	5. Institutional integration and coordination (institutional development, organization, workf	2. Institutional Development and Transformation	Human Resources	2. To build and strengthen the administrative and institutional capability of the municipality	8. Number of performance agreements prepared and submitted to Senior Management by 31 July	P36 Individual Performance Management	KPI	2_2_8_P36	N/A	7	Developed performance agreements and proof of submission to MM and HOD's	7	28	7	Achieved	7 Performance Agreements were prepared for Senior Managers	N/A	n/a	n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	orce, principles development)																		
Corporate Services	5. Institutional integration and coordination (institutional development	2. Institutional Development and Transformation	Human Resources	2. To build and strengthen the administrative and institutional capabilities	9. Number of performance assessments coordinated for Manco	P37 Manco Performance evaluations	KPI	2_2_9_P37	200 000	100%	Evaluation report for all Manco members, Attendance register	10 0%	10 0%	4 by 30 th June 2019	Achieved	4 Assessments were coordinated	R 1 957.95	n/a	n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Corporate Services	5. Institutional integration and coordination (institutional development, organization, workf	2. Institutional Development and Transformation	Human Resources	2. To build and strengthen the administrative and institutional capability of the municipality	10. Number of PMS support provided to MANCO	Support on assessments in the automated performance management system	KPI	2_2_10_P38		1	Close out report to PWC			2 support services on the automated PMS system by 30 th June 2019	Achieved	2 support services were coordinated	R247 754,57	n/a	n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	orce, principles development)																		
Corporate Services	5. Institutional integration and coordination (institutional	2. Institutional Development and Transformation	ICT	2. To build and strengthen the administrative and institutional	12. Number of IT infrastructure & systems maintained and	P40 Maintenance and Upgrade of Infrastructure & Systems	KPI	2_2_12_P40	R1 000 000	1 website	Invoices, Close out report, Contract with Telkom			3 by 30 th March 2019	Achieved	the website was upgraded to a new platform at no cost. Umzim	R0,00	The website was already upgraded	Umzimvubu Website already exist and upgraded through communication

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	development, organization, workforce, principles development)			capability of the municipality	upgraded											vubu wanted to develop a webApp but the budget was over budgeted. Team viewer was successfully			s. ICT to develop a webApp.

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/ Corrective Measures
												Target	Actual						
																upgraded from Teamviewer 7 to Teamviewer13 (The latest version)			
Corporate Services	5. Institutional integration and coordination	2. Institutional Development and Transf	CS	2. To build and strengthen the administrative	13. Number of Council Strategic	P41 Council Monitoring & Evalua	KPI	2_2_13_P41	R70000	3	Report on Corporate Services Strat			5 by 30 th December 2018	Achieved	5	N/A	N/A	N/A

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Corporate Services	5. Institutional integration and coordination (institutional development, organization, workf	2. Institutional Development and Transformation	Human Resources	2. To build and strengthen the administrative and institutional capability of the municipality	14. Number of Corporate Services annual events held	P42 Corporate Services Events	KPI	2_2_14_P42	R2, 572 809.64	6	Reports on all events held, Pictorial evidence on each event			7 by 30 th June 2019	Achieved	7 events were held for CS Department	R 2 143 503.92	n/a	n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	orce, principles development)																		
Corporate Services	2. Economic and sectoral development (job creation, emplo	4. Local Economic Development	HR	4. To create a conducive environment for economic growth and	1.Number of SMME's in the Masikuhule Incubator Programme	P58 Masikuhule Incubator programme	KPI	4_4_1_P58	500 000	N/A	Report on trainings, Registrations on Masikuhule Incubator			4 local training providers by 30 th June 2019	Not Achieved	No trainings conducted, because the panel could not be formulated	0	The panel of trainers could not be formulated	to fast track the scm process

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Annual Target	Rating : Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	ymment, LED Projects, tourism, Agriculture, rural development)			job opportunities	supported through establishment of a training business						programme								
Corporate Services	4. Education and skills development	5. Good Governance and Public	Human Resources	7. To develop and enhance knowledge	5. Number of Career pathing	P73 Career pathing	KPI	5_7_5_P73	R675000	2 opportunities:	Report on In-service Training, Experi			2 opportunities:					n/a

CORPORATE SERVICES DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Financial Year Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	Development (skills development, education)	Participation		edge for future career pathing	opportunities coordinated	Initiatives					ential Training,								
1. 10-Experiential Training,														1. 10-Experiential Training,	Achieved	12 interns were appointed	210 000	n/a	
2. 8-In-service Training														2. 8-In-service Training	Achieved	8 trainees were appointed	R410 000	n/a	

LOCAL ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Local Economic Development	2. Economic and sectoral development (job creation, empl	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic growth and job	2. Number of Mechanisations, supply and delivery of agricultural inputs	P59 Mechanisation of 400 hectares	KPI	4_4_2_P59	R 6 811 340	530 ha ploughed in the previous financial year	Copies of adverts, invoices, payment certificates, Complaints,	540	1,025	400 ha(15 ha of 27 wards to be ploughed and planted with yellow maize and some	Achieved	385 ha of land planted with maize and 15 ha of land planted with	R 7 137 822,87		Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	oyment, LED Projects, tourism, Agriculture, rural development)			opportunities	for 400 ha.						on certificate Reports			with vegetables by 31 January 2019		vegetables.			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Local Economic Development	2. Economic and sectoral development (job creation, employment, LED	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic growth and job opportunities	3. Number of LED strategy developed	Development of LED Strategy	KPI	4_4_3_P60	R310 000	New project	Terms of reference, PSC members, Council minutes	Nil	Nil	1 credible LED Strategy to be developed	Not Achieved	Obtained commitment letter from Department of Cooperative Governance and	0.00	The Department of COgTA assist the municipality in reviewing the LED Strategy,	Collaborate with Department of Cooperative Governance and Traditional Affairs

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	Projects, tourism, Agriculture, rural development)															Traditional Affairs to assist the municipality in reviewing of the LED Strategy.			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																				
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure		Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual							
Local Economic Development	2. Economic and sectoral development (job creation, employment, LED)	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic growth and job opportunities	4. Number of emerging farmers enrolled on farmer mentorship programme	P61 Farmer hip programme	KPI	4_4_4_P61	R263750	16 farmers were mentored in the previous financial year	copy of TORs, adverts, orders, payment certificates, photos, close	16	16	20 farmers incubated by 30 th June 2019	Achieved	The are 20 farmers that were mentored in the programme. The ARLL was appointed as a	R 188000.00		Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	Projects, tourism, Agriculture, rural development)															service provider that was doing the mentorship . The programme was designed			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																				
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
												Target	Actual							
																and implemented accordingly.				
Local Economic Development	2. Economic and sectoral development	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for	6. Number of learners trained on entrepreneurship	P63 Entrepreneurship development research programme	KPI	4_4_6_P63	0	60 learners	Attendance register.	60	81	60 learners trained on entrepreneurship by	Not Achieved	The project was not implemented as we	Not Applicable	This was due to lack of commitment and ownership of	To lobby and buy-in from the current	

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	nt (job creation, employment, LED Projects, tourism, Agriculture, rural devel			economic growth and job opportunities	eneurs hip									30 June 2019		didn't managed to meet with the Department of Education. This was due to lack of comm		the project from the department, this was partly due to the fact that the District Manger retired and the newly	incumbent in order to take owners hip of the project. To be conducted on the 21st August 2019.

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	opment)															itment and ownership of the project from the department, this was partly due to the fact		appointed District Manager was not cooperative.	

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
																was not co-operative.			
Local Economic Development	2. Economic and sectoral development (job	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic	7. Number of agricultural events held	P64 Agricultural show	KPI	4_4_7_P64	R316500	One agricultural show was held in the 2015/16	copy of adverts, orders, photos,	1	2	One agricultural event to be held by 31st March 2019	Achieved	The 7th Umzimvubu Agricultural Show was held	R411 586	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	creation, employment, LED Projects, tourism, Agriculture, rural development)			growth and job opportunities						financial year						in March 2019 at Madzikane Royal Show Grounds			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Local Economic Development	2. Economic and sectoral development (job creation, employment, LED)	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic growth and job opportunities	Number of culinary incubator programme	P66 Culinary incubator programme	KPI	4_4_9_P66	R 1 025 000	0	Orders.	Nil	Nil	4	Achieved	AServic Provider was appointed to train beneficiaries on cooking skills	R188 000,00	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	Projects, tourism, Agriculture, rural development)															and 4 beneficiaries appointed (2 from E-Maxesibeni and 2 Kwa-Bhaca).			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Local Economic Development	2. Economic and sectoral development (job creation, employment, LED	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic growth and job opportunities	10. Number of beneficiaries supported to attend LED shows	P67 Tourism and marketing (Tourism Indaba, Royal Show, Grahamstown)	KPI	4_4_10_P67	R 295 400	3 shows were attended in the last financial year	Photos, orders, invoices,	12	40	10 beneficiaries to attend 3 shows by 30 June 2019 (2 beneficiaries to attend Tourism Indaba; 6	Achieved	10 beneficiaries attended 3 shows (2 beneficiaries attended Tourism Indab	R 635 990.83	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	Projects, tourism, Agriculture, rural development)													beneficiaries to attend Royal show; and 2 to attend Graha mstown Arts Festival)		a held from 2nd – 4th May 2019; 6 beneficiaries attended Royal held from 24th			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
																May – 3rd June 2019; and 2 to attended Grahamstown Arts Festival held in			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																				
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures	
												Target	Actual							
																June 2019)				
																Achieved, display standards have been secured for the tourism indab				

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																					
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures		
												Target	Actual								
Local Economic Development	2. Economic and sectoral development (job creation,	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic growth and	11. Number of engagements conducted with different LED stakeholders	P68 Stakeholder engagement	KPI	4_4_11_P68	R10 000	Four meetings with different stakeholders were held for	Attendance register	4	4	Eight engagements by 30 June 2019	Achieved	13 meetings in support of LED initiatives were held between		Not Applicable	Not Applicable		

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	employment, LED Projects, tourism, Agriculture, rural development)			job opportunities						the 2017/2018 financial year						July 2018 and June 2019			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Local Economic Development	2. Economic and sectoral development (job creation, employment, LED)	4. Local Economic Development	Local Economic Development	4. To create a conducive environment for economic growth and job opportunities	14. Number of business licences issued	P69 Business Registration	KPI	4_4_12_P69	N/A	10 wards with licensed businesses	Copies of business licences	10	15	50 businesses licence will be issued by 30 th June 2019	Achieved	66 business licences issued	Not Applicable	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	Projects, tourism, Agriculture, rural development)																		
Local Economic Development	Economic and Sectoral	4. Local Economic Development	Local Economic Development	To create a conducive	15. Number of strategic	P70 Strategic planning session	KPI	4 4 13 P70	R50 000	One strategic planning	Copies of attendance	Nil	Nil	One	Achieved	The LED Strategic Plan	R 103 200.00	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
opment	development (job creation, employment, LED Projects, tourism, Agriculture,	opment	opment	environment for economic growth and job opportunities	sessions held					session held in the previous year	registers					ng Session was held at Garden Court from the 29th to 30th November 2018.			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	rural development)																		
Local Economic Development	Economic and sectoral development (job creation,	4. Local Economic Development	Local Economic Development	To create a conducive environment for economic growth	16. Number of signed partnership agreements	P71 Sustainability of LED initiatives	KPI	4 4 14 P71	R70 000	LED Projects are existing	Copies of partnership agreements signed	Nil	Nil	Two	Achieved	Two Service Level Agreement signed between Lima	Not Applicable	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	employment, LED Projects, tourism, Agriculture, rural development)			h and job opportunities												and SANA MI.			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Local Economic Development	Economic and sectoral development (job creation, employment, LED Project	4. Local Economic Development	Local Economic Development	To create a conducive environment for economic growth and job opportunities	17. Number of commercial businesses assisted	P72 Business Retention	KPI	4 4 15 P72	R50 000	Commercial businesses are existing	Attendance registers	1	3	2 business associations to be assisted.	Achieved	Assisted in the establishment of Umzimvubu Local Farmers Association and a Truck	R9 200	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	ts, tourism, Agriculture, rural development)															Owners Association			
Local Economic Development	Economic and sectoral development	4. Local Economic Development		To create a conducive environment	Number of Consumer Protection	Consumer Protection Awareness and	KPI		N/A		Attendance Registers	Nil	Nil	4	Achieved	Four Consumer Protection Awar	Not Applicable	Not Applicable	Not Applicable

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	opment (job creation, employment, LED Projects, tourism, Agriculture, rural	opment		opment for economic growth and job opportunities	Awareness and Law Enforcement programmes conducted	Law Enforcement programmes conducted										ness Enforcement Sessions held between June 2018 and July 2019.			

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	development)																		
Local Economic Development	2. Economic and sectoral development (job creation,	3. Municipal Financial Viability	Local Economic Development	4. To create a conducive environment for economic growth and	8. Amount of revenue collected	P65 Revenue collection	KPI	4_4_8_P65	N/A	R 334 000	Copy of TB from BTO	R34,000	R 389,237.36	R 352 000	Not Achieved	Amount of R 204 004.09 has been collected from July 2018	Not Applicable	Over targetted, in planning for the forthcoming financial year we need to be realistic	To be realistic when setting this target for next financial year.

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	employment, LED Projects, tourism, Agriculture, rural development)			job opportunities												to June 2019.		in ensuring the number of tenants in our facilities including the hawkers are counted and sign with them	

LOCAL ECONOMIC DEVELOPMENT DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance/Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
																			payments agreements for a period of a year.

SPECIAL PROGRAMMES AND COMMUNICATIONS

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Special Programmes and Communication	5. Institutional and coordination (institutional development	5. Good Governance and Public Participation	Sp and Communications	3. To develop and maintain a financial viable and sustainable institution	19. Percentage of municipal documents/adverts uploaded on the website	P74 Website Management	KPI	5_3_19_P74	R20000	100%	Screen shot of upload, Website Register with departmental Submissions	100%	100%	100%	Achieved	100% Municipal documents /adverts uploaded on the website	R1476 39	N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Special Programmes and Communication	5. Institutional and coordination (institutional development, organ	5. Good Governance and Public Participation	SP and Communications	2. To build and strengthen the administrative and institutional capability of the municipality	17. Number of new businesses advertising on the Municipal electronic billboard	P75 Electronic Bill board Management	KPI	5_2_17_P75	R2 74 99 5	20	Bill Board spread sheet, Proof of payment	40	41	20 by 30 th June 2019	Achieved	24	R30 756	N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	ogram, workforce, principles development)																		
Special Programmes and Communication	5. Institutional integration and	5. Good Governance and Public	SP and Communications	2. To build and strengthen the admin	18. Number of speeches written for the Mayor	P76 Speech writing	KPI	5_2_18_P76	N/A	20 speeches written in the previo	Copies of Mayoral speeches	20	23	20 Mayoral Speeches by 30 th	Achieved	25 Mayoral speeches written by	Nil	N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	coordination (institutional development, organization, workforce, principles development)	Participation		Strategic and institutional capability of the municipality						us financial year				June 2019		30th June 2019			

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	opment)																		
Special Programmes and Communication	5. Institutional integr and coordination (institutional development)	5. Good Governance and Public Participation	SP and Communications	4. To create conducive environment for economic growth and job oppor	Number of Maskhandi Artists to record with Music Label	P77 Youth empowerment	KPI	5_4_16_P77	R5000	N/A	Exhibition Photos, Agreement between record label & municipality/Artist	Nil	Nil	3 Maskhandi youth artists Talent search 30 th June 2019	Achieved	3		N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Special Programmes and Communication	5. Institutional and coordination (institutional development, organ	5. Good Governance and Public Participation	SP and Communications	1. To create a conducive environment for participation and development	3. Number of communication strategy adopted by council	P78 Communication Action Plan Review	KPI	5_1_3_P78	R4 2000	One approved communication strategy Action Plan document.	One amended communication strategy Action Plan	1	1	One communication Strategy Action Plan adopted by Council by 30 December 2018	Achieved	One Communication Strategy Action Plan adopted by the council		N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	ogram, workforce, principles development)																		
Special Programmes and Communication	5. Institutional integration and	5. Good Governance and Public	Public Participation	1. To create a conducive environment	5. Percentage of presidential Hotline complai	P80 Presidential Hotline	KPI	5_1_5_P80	N/A	100%	Complaints register and OTP presidential hotline report	100%	100%	100% of presidential hotline complaints	Achieved	100% presidential complaints responded to	Nil	N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	coordination (institutional development, organization, workforce, principles development	Participation		t for participatory development	nts responded to.									responded to within 7 days by 30 June 2019		within the period of 7 days by the 30 June 2019			

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	opment)																		
Special Programmes and Communication	5. Institutional integrity and coordination (institutional development)	5. Good Governance and Public Participation	Public Participation	1. To create conducive environment for participatory development	6. Number of council events coordinated	P81 Council Events	KPI	5_1_6_P81	R7000	9 Council events	Attendance registers, Event Programme/Invitations	10	17	9 Council events (Women's day, Heritage day, Freedom Day, Workers day, Human Rights day,	Achieved	9 Council events coordinated by the 30 June 2019		N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	opment, organization, workforce, principles development)													Mandela day, Masibulembongo, 16 days of Activism, Youth Day and the Mayor al Cup)					

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
Special Programmes and Communication	5. Institutional integration and coordination (institutional development, organ	5. Good Governance and Public Participation	Communications	To create a conducive environment for participatory development	Number of External and Internal Newsletters Issued	External Umzimvubu Newsletter	KPI		R1 000 000	N/A	Copy of external, Newsletter	8	9	4	Achieved	4 Copies of external newsletter issued	R55 700	N/A	N/A
						Internal Bulletin	KPI		N/A	Copy of Internal bulletin	4	4	16	Achieved	16 copies of Internal bulletin issued	Nil	N/A	N/A	

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	ogram, workforce, principles development)																		
Special Programmes and Communication	6.Centralise planning	5. Good governance and public	Public Participation	. To create a conducive environment	8. Number of Traditional Leader's Summit	P8 Traditional Leader's Summit			R20000	N/A	Programme and Attendance Register			One Traditional Leaders Summit	Achieved	One Traditional Leaders summit	R257 922	N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
		Participation		t for participatory development	coordinated	coordinated										conducted			
Special Programmes and Communication	6. Centralized planning	5. Good Governance and Public Participation	Public Participation	1. To create conducive environment for participatory development	7. Number of EXCO Outreach Programs coordinated	P82 EXCO Outreach Program	KPI	5_1_7_P82	R61500	Two EXCO Outreach Programs coordinated in	Attendance register and Program	2	3	Two EXCO Outreach Programs by 30 th June 2019	Achieved	Two EXCO Outreach IDP programmes were coordinated by	R361 884	N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
		icipation		pator y development						2016/17 F/Y						the end June 2019			
Special Programmes and Communication	5. Institutional integration and coordination (instit	5. Good Governance and Public Participation	Public Participation	2. To build and strengthen the administrative and institu	19. Number of Ward Committee trainings Conducted	P83 Ward committee training	KPI	5_2_18_P83	R20900	One Ward Committee training	attendance register and certificate of attendance	100%	100%	One Ward Committee Training by the 31st of March 2019	Achieved	One ward committee training was conducted On the 28th and	R238 380	N/A	N/A

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019FY Annual Target	Rating: Achieved/Not Achieved	Actual Achievement / Progress Made	Financial Performance/Expenditure	Reason for variance /deviation	Remedial Action/Corrective Measures
												Target	Actual						
	utional development, organogram, workforce, principles development)			tional capability of the municipality												29th of March 2019			

OFFICE OF THE MUNICIPAL MANAGER

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Office of the Municipal Manager	5. Institutional integration and coordination (institutional development, organogram, workfo	2. Institutional Development and Transformation	IDP, IGR and Municipal Performance	2. To build and strengthen the administrative and institutional capability of the	16. Number of SDBIP Performance reports submitted to council	P44 Institutional PMS	KPI	2_2_16_P45	N/A	4	Quarterly reports Mid-term report Council Resolution	4	4	3 by 30 th June 2019	Achieved	3, being the 2017/2018FY APR, Mid-Year and Third Quarter Performance reports	Nil	N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	rice, principles development)			municipality												compiled and submitted to Council			
Office of the Municipal Manager	5. Institutional integration and coordination (institutional	2. Institutional Development and Transformation	IDP, IGR and Municipal Performance	3. To develop and maintain a financially viable and sustain	2. Number of SDBIP's sent to Council for noting and	P45 SDBIP Approval	KPI	2_3_2_P46	N/A	2	SDBIP Submitted to Council for noting, Approval	1	1	2 by 28 th June 2019	Achieved	2, being the 2018/2019FY Adjusted SDBIP and 2019/2	Nil	N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	development, organogram, workforce, principles development)			able institution that achieves full compliance with legislation	Mayor for approval						SDBIP by the Mayor					020FY SDBIP were both approved by the Mayor.			
Office of the Municipal Manager	6. Central planning	5. Good Governance and Public	IDP, IGR and Municipal	1. To create a conducive enviro	8. Number of IDP's submitted to	P86 IDP Approval	KPI	5_1_8_P86	R 40000	N/A	Final IDP Council resolution	1	1	1 (Final IDP) by 30 th	Achieved	1, being the 2019/2020FY IDP	Nil	N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KP I/PI / NK PI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
		Participation	Performance	ment for participatory development	council									May 2019		was approved by Council , submitted to EC Cogta & EC Treasury and was subsequently uploaded in the			

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
																municipality's website.			
Office of the Municipal Manager	3. Financial viability (clean audit, corruption)	5. Good Governance and Public Participation	IDP, IGR and Municipal Performance	3. To develop and maintain a financial and sustainable institution	20. Number of Municipal Annual Reports and oversight reports	P87 Annual Report	KPI	5_3_20_P87	R142352	N/A	Annual Report Council Resolutions Oversight Report	1	1	1 Annual Report by 30 th January 2019 and 1 Oversight Report	Achieved	2017/2018FY Annual Report & Oversight Report were approved by Council,	Nil	N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
				that achieves full compliance with legislation	submitted to Council									rt by 31 st March 2019		submitted to EC Legislature, EC Cogta & EC Treasury and was subsequently uploaded in the municipality's			

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
																website			
Office of the Municipal Manager	3. Financial viability (clean audit, corruption)	5. Good Governance and Public Participation	Internal Audit Unit	3. To develop and maintain a financially viable and sustainable institution	21. Number of Risk Assessments conducted	P88 Risk Assessment	KPI	5_3_21_P88	R20000	1	Risk register	1	1	1 by 30 th March 2019	Achieved	Risk Assessment was conducted and Risk Register was developed		N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
				that achieves full compliance with legislation															
Office of the Municipal Manager	5. Institutional integrity and coordination (institutional)	5. Good Governance and Public Participation	Internal Audit Unit	3. To develop and maintain a financially viable and	22. Number of operational and strategic intern	P89 Internal Audit	KPI	5_3_2_2_P89	R6000	1	Risk based Internal Audit plan approved by	1	0	1 by 30 th June 2019	Achieved	Risk Based Plan developed and submitted to the	Nil	N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	tional development, organogram, workforce, principles development)			sustainable institution that achieves full compliance with legislation	al risk based audit plans developed						the Audit Committee					Audit Committee for approval and Council for noting			
Office of the Municipal	5. Institutional integration	5. Good Governance and Public	Internal Audit Unit and	1. To create a conducive	9. Number of reports	P90 Contribution towards	KPI	5_1_9_P90	N/A	2	OCAC minutes ASC Minu	1	0	4 (one for each quart	Achieved	21 Operation Clean Audit	Nil	N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KP I/PI / NK PI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Manager	and coordination (institutional development, organogram, workforce, principles development)	Participation	IDP, IGR & PMS	environment for participatory development	scrutinised and corrected in pursuit of clean audit	clean audit					tes AG turna round Strategy			er report)		session s conducted			

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
Office of the Municipal Manager	5. Institutional integration and coordination (institutional development, organogram, workforce, principles	5. Good Governance and Public Participation	IDP, IGR & PMS	1. To create a conducive environment for participatory development	23. Number of Local IGR Forum meetings organised	P90 Local IGR Forum	KPI	5_1_9_P91	R444	2	Invitees and attendance registers	2	2	2 by 30th June 2019	Achieved	Hosted one IGR Meeting and Attended a District Manager's Forum outlining the leeway support that will be provided		N/A	N/A

OFFICE OF THE MUNICIPAL MANAGER																			
Department	Priority Area	Key Performance Area	Section	Strategic Objective	Indicator	Project Name	PI Type (KPI/PI/NKPI)	Project No	Budget	Baseline	Portfolio of Evidence Required	2017/2018 Financial Year		2018/2019 Annual Target	Rating: Achieved/Not Achieved	Actual Achievement/Progress Made	Financial Performance /Expenditure	Reason for variance/deviation	Remedial Action/Corrective Measures
												Target	Actual						
	development)															ed by ANDM in local municipalities .			

CHAPTER SIX: AUDITOR GENERAL'S AUDIT FINDINGS

Property plant and equipment

The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment* due to the poor state of the accounting records the following disagreements were identified:

- Infrastructure assets were understated by R1.6 billion as prior year infrastructure assets were not included in the financial statements.
- Infrastructure assets in relation to prior year's figures were overstated by R1.6 million as infrastructure assets that could not be verified were included in the financial statements.
- Infrastructure assets in relation to prior year figures were overstated by R1.6 million as infrastructure assets disclosed in the financial statements were included at the incorrect amounts.
- Infrastructure assets were understated by R8 million as assets were reversed without the underlying adjusting supporting evidence.
- Infrastructure assets were understated by R2.5 million as a result of an incorrect calculation of depreciation relating to prior years.
- Infrastructure assets were overstated by R2.2 million as a result of differences between disclosed amounts in financial statements and fixed asset register.
- Infrastructure assets were overstated by R6 million as a result of errors identified with the calculation of accumulated depreciation.

Consequently, the comparative figures of property, plant and equipment as disclosed in note 8 to the financial statements and accumulated surplus were understated by R1, 6 billion respectively.

Revenue from non-exchange transactions

The introduction of a new computerised revenue system in July 2018 resulted in numerous errors in revenue from fines, penalties and forfeits. As at the date of this auditor's report, management was still in the process of rectifying the system deficiencies and correcting the errors. I was unable to confirm or verify by alternative means the R32 million included in the statement of financial performance for the year ended 30 June 2019. Consequently, I was unable to determine whether any further adjustments were necessary to the revenue from fines, penalties and forfeits, and the related elements in the statement of financial position, statement of changes in net assets and cash flow statement.

Component A: Auditor's Opinion on the Finance Statement for Prior Year

Property, plant and equipment

- The municipality did not adequately address the issues identified in the prior year. Furthermore the municipality did not have an adequate asset management system to record and account for property plant and equipment. I was unable, to obtain sufficient appropriate evidence by alternative means to confirm the carrying value of property, plant and equipment of R799 million (2017: R922, 8 million), as disclosed in note 9 to the financial statements. Consequently, I was unable to determine whether any adjustment was necessary to the property plant and equipment.
- The balance of property, plant and equipment includes depreciation. In these circumstances, I was unable to determine whether any adjustments were required to the depreciation and amortisation as disclosed in statement of financial performance and note 32 at R97, 4 million.

Investment property

- The municipality incorrectly classified infrastructure assets used for basic service delivery as investment property instead of property plant and equipment in accordance with GRAP 17, *Property plant and equipment*. Consequently, investment property is overstated by R30,2 million and (2017: R30,2 million) and infrastructure assets are understated by R30,2 million (2017: R30,2 million).

Expenditure

- Expenditure is overstated by R11, 9 million due to transactions that are incorrectly recorded in the 2017/18 financial year, however the services were received in the 2016/17 financial year. Consequently, the comparative figure for payables from exchange transactions disclosed in the statement of financial position is overstated by R 13, 6 million.

Context for the opinion

- I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the 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.

- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

6.2 Current Year

- I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the 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.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion

APPENDICES

A. MLM Councillors and Council Attendance

No.	Members of Council	23 JUL Y 2018	31 JUL Y 2018	31 AUGU ST 2018	13 SEPTEMB ER 2018	18 OCTOB ER 2018	13 DECEMB ER 2018	19 DECEMB ER 2018	10 JANUA RY 2019	25 JANUA RY 2019	26 Februa ry 2019	27 Marc h 2019	30 Apri l 2019	31 Ma y 2019	27 Jun e 2019	TOTAL NO OF MEETIN GS	TOTAL NO OF METINGS ATTENDAND ED	TOTAL NO OF MEETIN GS ABSENT
1.	Cllr B P Mabhengu	1	1	1	1	1	1	0	0	-	-	-	-	-	-	14	6	8
2.	Cllr S K Mnkwa	1	1	1	1	1	1	1	1	1	1	1	A	1	A	14	12	2
3.	Cllr N G Mdzinwa	1	1	1	1	1	1	1	1	1	1	1	A	1	1	14	13	1
4.	Cllr N F Ngonyolo	1	1	1	A	1	1	1	1	1	A	1	A	1	1	14	11	3
5.	Cllr H M Ngqasa	1	1	1	1	1	1	1	1	1	A	1	1	A	1	14	12	2
6.	Cllr M Mataka	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0
7.	Cllr A N Garane	1	1	1	1	1	1	1	1	A	1	1	NA	1	1	14	12	2
8.	Cllr U G Makanda	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0

9.	Cllr N Sonyabashi	0	1	1	1	1	0	1	1	A	1	1	NA	1	1	14	10	4
10.	Cllr S P Myingwa	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0
11.	Cllr F J Hem	1	1	1	0	0	1	1	1	1	1	1	1	A	1	14	11	3
12.	Cllr M Ntsevu	0	0	1	0	1	1	0	1	1	NA	1	NA	1	1	14	8	6
13.	Cllr A P Mkhonto	1	1	1	1	1	1	1	1	1	1	1	NA	1	1	14	13	1
14.	Cllr N V Nomaqqa	1	1	0	1	1	1	1	0	1	1	1	1	1	A	14	10	4
15.	Cllr S Sifolo	1	1	1	0	1	1	1	0	1	NA	1	1	NA	1	14	10	4
16.	Cllr N C Tshayisa	1	1	1	1	0	1	1	0	1	1	1	1	1	1	14	12	2
17.	Cllr SS Dangisa	1	0	0	1	1	0	1	1	A	1	1	1	A	1	14	9	5
11 8.	Cllr T Sokhanyile	0	0	1	1	1	1	1	1	1	1	A	A	1	1	14	10	4
19.	Cllr M Mqulwana	1	0	1	1	1	1	1	1	1	1	1	1	1	1	14	13	1
20.	Cllr P Makhinzi	1	1	1	0	1	1	1	0	1	1	1	1	1	1	14	12	2
21.	Cllr N Gogela	1	1	0	1	0	1	0	1	1	NA	NA	A	1	1	14	8	6
22.	Cllr G V Lugongolo	0	0	1	0	1	1	1	1	1	1	1	A	1	1	14	10	4

23.	Cllr C L Noghakala	1	1	1	1	1	1	0	1	1	NA	NA	NA	1	1	14	10	4
24.	Cllr T V Hlazo	1	1	1	0	1	1	1	1	1	1	1	A	1	1	14	12	2
25.	Cllr C N Mnyayiza	0	1	1	0	1	1	1	1	1	1	1	A	1	NA	14	11	3
26.	Cllr B Majalamba	1	1	1	1	1	1	1	1	1	1	1	1	A	NA	14	12	2
27.	Cllr S Mankanku	0	0	1	0	0	0	0	0	NA	1	NA	NA	1	NA	14	3	11
28.	Cllr A Mgangatho	1	1	1	1	1	1	1	1	1	1	1	A	1	NA	14	12	2
29.	Cllr E N Ngalonkulu Lebelo	1	0	0	1	1	1	1	0	NA	1	1	NA	A	NA	14	7	7
30.	Cllr S.A.N Cekeshe	1	0	1	1	0	0	1	1	A	1	1	1	1	1	14	10	4
31.	Cllr T. Nomkuca	0	0	1	0	1	1	1	1	1	1	1	A	1	1	14	10	4
31.	Cllr S O Madlanga	1	1	1	0	1	1	0	1	1	NA	1	1	1	A	14	11	3
32.	Cllr N H Kolweni	0	1	1	1	1	1	1	0	1	1	1	NA	1	1	14	11	3
34.	Cllr M Joloba	0	0	1	1	1	1	1	1	1	1	A	1	1	NA	14	10	4
35.	Cllr A N Zongwana	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0

36.	Cllr M Tuku	1	0	1	1	1	1	1	1	1	NA	1	1	1	A	14	11	3
37.	Cllr N S Soldat	1	1	1	0	1	1	1	1	NA	1	1	A	1	1	14	11	3
38.	Cllr X Jona	0	1	1	1	1	1	1	0	1	1	1	1	1	1	14	12	2
39.	Cllr N Ntsayisa	0	1	1	1	1	0	0	0	NA	1	A	1	NA	1	14	7	7
40.	Cllr LS Maqhashalala	1	0	1	1	0	1	0	1	NA	NA	1	A	1	1	14	8	6
41.	Cllr V. Bulana	-	-	-	-	-	-	-	-	-	1	1	1	1	1	14	5	0
41.	Cllr T A Mambi	1	0	1	1	1	1	1	1	1	A	1	1	1	A	14	11	3
42.	Cllr N A Mantshongo	0	1	1	1	1	1	1	1	1	1	1	A	1	1	14	12	2
43.	Cllr F P Sontsi	1	0	1	1	0	0	1	1	NA	1	NA	NA	1	A	14	7	7
44.	Cllr M Ramabina	0	1	1	0	1	1	0	0	1	NA	1	NA	1	1	14	7	7
45.	Cllr S Gqiza	0	0	0	0	0	0	0	1	NA	1	NA	1	NA	1	14	4	10
46.	Cllr T Ntsalaze	0	1	0	0	0	1	0	0	NA	1	NA	NA	1	1	14	5	9
47.	Cllr M Maliwa	0	1	0	1	0	1	0	0	1	1	NA	NA	1	1	14	7	7

48.	Cllr P K Thingathin ga	1	1	0	1	0	1	0	0	A	A	1	A	1	A	14	8	6
49.	Cllr M Hlanekele	0	1	0	0	1	1	0	1	1	1	1	NA	NA	A	14	7	7
50.	Cllr T Ndara	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0
51.	Cllr LL Nqatsha	1	0	1	0	1	0	1	0	A	A	1	1	NA	A	14	6	8
52.	Cllr NN Gcadinja	1	1	1	0	1	1	1	1	NA	1	1	1	1	A	14	11	3
53.	Cllr H N Dandala	1	0	1	1	1	1	0	1	A	1	1	1	1	1	14	10	4
15 6.	Cllr Z.D Sodladla	1	1	1	1	1	1	0	1	1	1	1	1	1	NA	14	12	2
57.	Cllr M Sogoni	0	0	1	0	1	0	0	1	A	A	NA	1	NA	NA	14	4	10
58.	Cllr N Ncapai	1	1	1	0	1	1	0	0	1	1	1	1	1	1	14	11	3
59.	Cllr D Makaula	0	0	1	1	1	1	0	1	1	1	1	1	NA	NA	14	9	5
60.	Cllr G Makaula	A	1	1	1	1	1	NA	1	1	1	1	NA	1	1	14	11	3
61.	Cllr M Nota	A	1	1	1	1	1	NA	1	A	1	1	1	1	1	14	11	3
62.	Cllr J.B Makaula	NA	1	1	1	1	1	NA	NA	A	1	1	NA	1	NA	14	8	6

63.	Cllr V Rholobile	1	NA	1	NA	1	NA	NA	1	1	A	1	1	NA	1	14	8	6
64.	Cllr Mpakumpaku	NA	NA	1	NA	1	NA	NA	1	A	1	NA	1	1	NA	14	6	8
65.	Cllr M Mdutwana	NA	1	1	NA	NA	1	A	1	1	1	NA	1	1	NA	14	8	6
67.	Cllr ME Gogela	A	1	1	NA	NA	1	1	1	A	A	1	1	1	NA	14	8	6

EXECUTIVE COMMITTEE ATTENDANCE

Members of committee	07 JULY 2018	23 AUGUST 2018	03 OCTOBER 2018	25 OCTOBER 2018	21 NOVEMBER 2018	19 DECEMBER 2018	21 JANUARY 2019	19 MARCH 2019	25 MARCH 2019	21 MAY 2019	24 JUNE 2019	Number of meetings held	Number of meetings attended	Number of meetings absent
Cllr S. K Mnuke	-	-	-	-	-	-	-	-	1	1	1	11	3	0
Cllr N Sonyabashi	A	1	1	A	A	1	1	A	1	1	1	11	7	4
Cllr P K Thingathinga	1	1	1	1	1	1	1	1	1	1	A	11	10	0
Cllr M Mataka	1	1	1	1	1	1	1	1	1	1	1	11	11	0
Cllr N Garane	1	1	1	1	1	A	1	1	A	1	1	11	10	1

Members of committee	07 JULY 2018	23 AUGUST 2018	03 OCTOBER 2018	25 OCTOBER 2018	21 NOVEMBER 2018	19 DECEMBER 2018	21 JANUARY 2019	19 MARCH 2019	25 MARCH 2019	21 MAY 2019	24 JUNE 2019	Number of meetings held	Number of meetings attended	Number of meetings absent
Cllr U G Makanda	1	1	1	1	1	1	1	1	1	1	1	11	11	0
Cllr T A Mambi	A	1	1	A	1	A	1	1	1	A	1	11	7	4
Cllr H Ngqasa	1	1	1	A	1	A	1	A	1	A	1	11	7	4
Cllr F Ngonyolo	1	A	A	1	1	1	1	1	-	-	-	11	6	5
Cllr N. Mnyayiza	-	-	-	-	-	-	-	-	-	1	1	11	2	0

Infrastructure and Planning Standing Committee

Members of committee	12 JULY 2018	14 AUGUST 2018	12 SEPTEMBER 2018	10 OCTOBER 2018	14 NOVEMBER 2018	06 MARCH 2019	10 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr U G Makanda	1	1	1	1	1	A	1	7	6	1
2. Cllr N Mnyayiza	1	1	1	1	A	-	-	7	4	3
3. Cllr M Tuku	1	1	1	1	1	1	1	7	7	0
4. Cllr N Mdzinwa	1	1	1	1	1	1	A	7	6	1

Members of committee	12 JULY 2018	14 AUGUST 2018	12 SEPTEMBER 2018	10 OCTOBER 2018	14 NOVEMBER 2018	06 MARCH 2019	10 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
5. Cllr V Lugongolo	1	1	1	1	A	1	1	7	6	1
6. Cllr S Sifolo	1	1	A	1	1	1	A	7	5	2
7. Cllr G X Jona	1	1	1	1	1	1	1	7	7	0
8. Cllr N Ntshayisa	A	1	1	1	1	1	1	7	6	1
9. Cllr N V Rholobile	1	1	1	1	A	1	1	7	6	1
10. Cllr Z. Sodladla	A	1	1	1	1	1	1	7	6	1
11. Cllr V. Bulana	-	-	-	-	-	1	A	7	1	1

CITIZENS AND COMMUNITY SERVICES STANDING COMMITTEE

Members of committee	12 JULY 2018	14 AUGUST 2018	12 SEPTEMBER 2018	10 OCTOBER 2018	08 NOVEMBER 2018	03 MARCH 2019	10 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr N Sonyabashi	1	1	1	1	1	1	1	7	7	0
2. Cllr J Hem	1	1	1	1	A	1	1	7	6	1
3. Cllr T Mambi	1	1	1	A	1	A	1	7	5	2
4. Cllr T Ndara	1	A	1	A	1	A	A	7	3	4
5. Cllr A Mgangatho	1	1	1	1	1	1	1	7	7	0
6. Cllr T Ntsalaze	A	1	A	A	1	1	A	7	3	4
7. Cllr L Noqhakala	1	A	1	1	1	1	1	7	6	1
8. Cllr T Sokhanyile	A	A	1	1	1	1	1	7	5	2
9. Cllr N G Makaula	1	1	1	1	1	1	1	7	7	0
10. Cllr M Mpakumpaku	-	-	-	-	-	-	-	-	-	-

CORPORATE SERVICES STANDING COMMITTEE

Members of committee	11 JULY 2018	13 AUGUST 2018	17 SEPTEMBER 2018	09 OCTOBER 2018	07 NOVEMBER 2018	05 MARCH 2019	03 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr M Mataka	1	1	1	1	1	1	1	7	7	0
2. Cllr M Ramabina	1	1	A	1	1	1	1	7	06	1

Members of committee	11 JULY 2018	13 AUGUST 2018	17 SEPTEMBER 2018	09 OCTOBER 2018	07 NOVEMBER 2018	05 MARCH 2019	03 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
3. Cllr F Sontsi	1	1	A	1	1	1	A	7	5	2
4. Cllr T Nomkuca	1	1	1	1	1	1	1	7	7	0
5. Cllr S Madlanga	1	1	1	1	1	1	1	7	7	0
6. Cllr NN Gcadinja	1	1	1	1	1	1	1	7	7	0
7. Cllr S A N Cekeshe	A	1	1	1	1	A	A	7	4	31
8. Cllr M Hlanekela	1	1	A	A	1	A	A	7	3	4
9. Cllr M.E Gogela	A	1	A	A	1	A	1	7	3	4
10. Cllr M Sogoni	A	1	1	A	1	1	1	7	5	2

LOCAL ECONOMIC DEVELOPMENT STANDING COMMITTEE

Members of committee	10 JULY 2018	15 AUGUST 2018	13 SEPTEMBER 2018	16 OCTOBER 2018	13 NOVEMBER 2018	07 MARCH 2019	10 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr N. A Garane	1	1	-	-	-	-	-	7	2	5
2. Cllr N Mantshongo	1	A	1	1	A	NA	A	7	3	4
3. Cllr N Tshayisa	1	1	1	1	NA	1	1	7	6	1
4. Cllr E N Ngalonkulu	A	1	1	1	1	1	1	7	6	1

Members of committee	10 JULY 2018	15 AUGUST 2018	13 SEPTEMBER 2018	16 OCTOBER 2018	13 NOVEMBER 2018	07 MARCH 2019	10 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
5. Cllr N Kolweni	1	1	1	1	1	1	1	7	7	0
6. Cllr M Mqulwana	1	1	1	1	NA	1	1	7	6	1
7. Cllr N Soldat	1	1	NA	1	1	1	1	7	6	1
8. Cllr L Maqhashalala	NA	A	1	1	1	NA	NA	7	3	4
9. Cllr M Nota	1	A	1	1	1	1	1	7	6	1
10. Cllr J B Makaula	NA	1	1	1	1	1	1	7	6	1
11. Cllr Ngonyolo	-	-	-	1	1	A	-	7	2	1
12. Cllr C.N Mnyayiza	-	-	-	-	-	-	1	7	1	0

BUDGET & TREASURY OFFICE STANDING COMMITTEE

Members of committee	05 JULY 2018	13 AUGUST 2018	11 SEPTEMBER 2018	09 OCTOBER 2018	07 NOVEMBER 2018	05 MARCH 2019	03 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr H Ngqasa	1	1	1	A	1	A	1	7	5	2
2. Cllr G S Dangisa	1	1	1	1	1	A	A	7	5	2
3. Cllr P Makhinzi	A	1	1	1	1	A	1	7	5	2

Members of committee	05 JULY 2018	13 AUGUST 2018	11 SEPTEMBER 2018	09 OCTOBER 2018	07 NOVEMBER 2018	05 MARCH 2019	03 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
4. Cllr T V Hlazo	A	1	1	A	1	1	1	7	5	2
5. Cllr N Gogela	1	1	1	1	1	1	A	7	6	1
6. Cllr S Gqiza	A	1	1	A	A	1	A	7	3	4
7. Cllr N Ncapayi	1	1	1	1	1	1	1	7	7	0
8. Cllr D Makaula	A	1	1	1	1	1	A	7	5	2
9. Cllr M Ntsevu	1	A	1	1	1	1	1	7	6	1
10. Cllr P.K Thingathinga	1	A	A	1	A	1	1	7	4	3

SPECIAL PROGRAMMES UNIT & COMMUNICATIONS STANDING COMMITTEE

Members of committee	10 JULY 2018	19 AUGUST 2018	04 SEPTEMBER 2018	17 OCTOBER 2018	13 NOVEMBER 2018	07 MARCH 2019	12 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr A.N Garane	-	-	1	A	1	A	1	7	3	4
2. Cllr B Majalamba	A	1	1	1	A	1	1	7	5	2
3. Cllr M Joloba	NA	1	1	1	1	1	1	7	6	1
4. Cllr N Nomaqaqa	A	1	1	A	1	1	1	7	5	2

Members of committee	10 JULY 2018	19 AUGUST 2018	04 SEPTEMBER 2018	17 OCTOBER 2018	13 NOVEMBER 2018	07 MARCH 2019	12 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
5. Cllr N Zongwana	1	1	1	1	1	A	1	7	6	1
6. Cllr H Dandala	1	1	1	1	1	1	1	7	7	0
7. Cllr M Maliwa	A	NA	1	NA	1	1	1	7	4	3
8. Cllr L Nqatsha	A	1	A	NA	1	1	1	7	4	3
9. Cllr M Mankanku	1	1	1	1	NA	NA	NA	7	4	3
10. Cllr A Mkhonto	1	A	1	1	1	1	1	7	6	1
11. Cllr P Mdutyana	A	1	NA	NA	NA	NA	-	7	1	6
12. Cllr N.F Ngonyolo	1	-	-	-	-	-	-			

Member of committee	11 JULY 2018	08 AUGUST 2018	06 SEPTEMBER 2018	05 NOVEMBER 2018	11 APRIL 2019	17 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr M Mataka	1	1	1	NA	NA	1	6	4	2
2. Cllr S Madlanga	1	1	1	1	1	1	6	6	0
3. Cllr N Gogela	NA	1	NA	NA	01	NA	6	2	4

Member of committee	07 NOVEMBER 2018	11 MARCH 2019	16 MAY 2019	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr M. Tuku	A	NA	3	3	0	32
2. Cllr M. Ramabina	1	1	1	3	3	0
3. Cllr N Gcadinja	1	A	NA	3	1	0

B. Third Tier Management Structure

C. Municipal Powers and Functions

Umzimvubu Local Municipality is a Category B Municipality as defined under Section 3 of the Local Government: Structures Act No. 117 of 1998. The municipality is authorized to perform the following functions: **(P) indicating function performed**

- Air pollution
- Building regulations P
- Child care facilities
- Local tourism P
- Municipal airports
- Municipal planning P
- Municipal public transport
- Storm water P
- Trading regulations
- Billboards and the display of advertisements in public places P
- Cemeteries, funeral parlours and crematoria P
- Cleansing P
- Control of public nuisance P
- Control of undertakings that sell liquor to the public P
- Facilities for the accommodation, care and burial of animals P
- Fencing and fences P
- Licensing of dogs
- Licensing and control of undertakings that sell food to the public P
- Local amenities P
- Local sports facilities P
- Markets P
- Municipal abattoirs
- Municipal parks and recreation P
- Municipal roads P
- Noise pollution P
- Pounds P
- Public places P
- Refuse removal refuse dumps and solid waste management P
- Street lighting P
- Street trading P
- Traffic and parking P

A. Ward Reporting

Umzimvubu Municipality has adopted a culture of public participation as it is required in terms of section 16(1) of the Municipal Systems Act. Section 16 (1) of the Municipal Systems Act requires municipalities to develop a culture of municipal governance that compliments formal representative government with a system of participatory local government. As such the Umzimvubu Municipality has adopted the Ward committees system in each of the 27 Wards.

Each Ward committee is chaired by the Ward Councillor. Ward committees are established for purposes of enhancing participatory democracy in local government and to make recommendations on any matter affecting their wards through the Ward Councillor. The Municipality has made administrative arrangements to enable ward committees to perform their functions and exercise their powers effectively and is continuously looking at provision of capacity building and development opportunities for committee members as a means of enhancing their understanding of developmental local government. The ward committees are the channel through which ward planning and information is channelled to the municipality for planning and implementation.

The municipality has also adopted the Integrated Service Delivery model and all war rooms in all 27 wards established and will begin to be functional during the financial year 2017-2018. Ward war rooms are chaired by the Ward Councillor and the secretary is the CDW, however there is about 8 vacancies currently in CDW positions.

The Municipality also liaises and makes use of the following Community Structures:

- Traditional Leaders
- Community Development Workers
- Project steering committees
- Home based care givers
- Village committees
- Volunteers
- Civic organizations
- Non-governmental organizations
- Public pressure groups
- Customers

The municipality uses all forms of media to mobilize stakeholders. Electronic media include social platforms of communication such as Facebook, radio slots and programmes, electronic billboard within the municipality, print media on local newspapers, posters, flyers, newsletters etc.

D. Audit Corrective Action Plan

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
1	Property, Plant and Machinery (opening balance s)	Property, Plant and Machinery	Infrastructure (opening balance): Errors noted on the Fixed Asset Register do not agree to amounts on the supporting documents	Physical verifications not performed on time and reconciliation of what is on the ground vs the Asset Register not consistently performed.	BTO should perform verification of all movable assets, as well as reconciliation between cadastral layer (Planning Dept., Demarcation Boundaries, and Dept. of Transport database) to	Verifications report for movable assets. Reconciliations. Conditional assessment report on immovable assets.	Verification report for movable assets, Reconciliation between cadastral layer from Planning Dept., Demarcation	Verification report (Movable assets) Reconciliations between cadastral and Asset register	AM : SCM and Asset Management and Accountant Asset management AM : Town Planning	2020/04/15 May 2020	Report has been prepared The project is work in progress and presently incomplete. There are roads that need to be

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
			<p>Infrastructure Assets not included in the asset register</p> <p>Infrastructure (opening balances): Roads and components disclosed in the asset register</p>	Over reliance on Service Providers and lack of reviews on accounting records.	<p>ensure that all roads accounted for belong to the municipality. BTO to also perform monthly reconciliation between GL, FAR, and performance report on additions (assets). Technical (Infrastructure) to perform conditional assessment for immovable assets to present status quo of assets on the ground and also to give indicators of impairment.</p>		<p>boundaries and dept of transport database to ensure that all roads accounted for belong to municipality.</p> <p>Assets monthly additions reconciliations between GL, FAR and performance reports</p>	<p>Reconciliations</p> <p>Monthly reconciliations WITH supporting Payment Cert and BOQs</p> <p>WIP and Commitment register Reconciliations</p>	<p>AM : SCM and Asset Management</p> <p>AM : SCM and Asset Management</p> <p>AM : SCM and Asset Management</p> <p>AM: PMU</p>	<p>5th of every month</p> <p>5th of every month</p> <p>5th of every month</p> <p>01 May 2020</p> <p>June</p>	<p>added and removed from the Asset Register. We will then have a verification exercise that will commence from Monday the 3rd of February.</p> <p>Reconciliations performed to date as at 31 December 2019 and is up to date.</p> <p>There are reconciliations</p>

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
							Align Payment Certificates to BOQs for reconciliation purposes. WIP and Commitment register reconciliations aligned to Performance Report and GL	Signed Conditional assessment Report Verification Report Impairment Journal , Adjusted FAR Signed Maintenance Plan Audit Report on Assets	AM: PMU AM : SCM and Asset Management AM: PMU AGSA	2020 May 2020 May 2020 June 2020	information emanating from the BOQ versus the Payment certificate. On capitalisation the Revised BOQ to be used. Completion certificates have been provided but reconciliations has been performed up to 31 December 2019.

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
							<p>During asset verifications, indicators of impairment should be assessed.</p> <p>Signed Conditional assessment report for immovable assets, (present status core of assets on the ground, gives indicators of impairment)</p>				<p>The assessment report on the Condition of the Asset will be drafted by Infrastructure as the verification process.</p>

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
							Yearly verifications of both movable and immovable assets as well as reconciliations. Impairment Journals (to adjust for impairment on GL and FAR) Signed Maintenance Plan by Infrastructure Manager Interim audit on				

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
							assets focusing on opening balances				

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
	Prior year mistatements on PPE	Performance Management	Prior misstatements on PPE	Reconciliation between retentions, WIP, and Grant registers were not performed.	BTO should ensure that monthly reconciliations are performed on retentions, WIP as well as Grant registers. Review of BTO and Technical (Infrastructure) reports need to be reviewed to ensure the alignment.	Reconciliations	By the 5th of every month BTO and Infrastructure to perform Monthly asset management recons on (Retentions, WIP and MIG Registers) Monthly progress certificate (Infrastructure) Review alignment of BTO and Infrastructure	Compilation of recons Review of recons Compilation of progress certificate Reconciliations from BTO and Progress certificates Reconciliations from BTO and Progress certificates reviewed by DCFO	AM: Assets, AM : Expenditure, AM Budget & Reporting and AM : PMU Manager: Infrastructure Deputy CFO AM: IA	5th of every month 5th of every month Monthly Year end	The meetings are sitting between AM: Budget and reporting, AM: OMM and AM: PMU to establish alignment between BTO reports and Infrastructure. The completion certificates for additions and reconciliations are

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
							<p>ture reports</p> <p>Year-end review</p>				presented
4	Prior year mistatements on PPE	Property, Plant and Machinery	Implementation of IA and AC recommendations and Consequence management	Failure of management to prioritize implementation of Audit action plans.	Consequence Management need to be adequately enforced for those whom fail to implement the targets as per municipalities agreed upon action plans.	Consequence Management Policy	<p>Extend scope of Financial Misconduct board</p> <p>Review Financial Misconduct board Report</p> <p>Approval of Financial Misconduct board by Council</p> <p>Workshop on Policy</p>	<p>Consequence Management Policy</p> <p>Report (Review of CMP)</p> <p>Adopted CMP</p> <p>Adopted CMP, Attendance Registers</p> <p>Resolutions from AC</p>	<p>Manager: OMM</p> <p>Legal services</p> <p>Council</p> <p>Manager: OMM, Legal</p> <p>AM:IA</p>	<p>2020/02/01</p> <p>March</p> <p>March</p> <p>April</p> <p>May</p>	To be reviewed and the OMM to advise by 16:00 of 11 Feb 2020

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
							Proposed : standing item on AC				
5	Prior year misstatements on Commitments	Commitments	Prior year misstatements on Commitments		Contract Register template with clear commitments and retention amounts, as well as procedure manual should be developed. Monthly reconciliations on Commitments should be performed to ensure the accuracy of commitments .	Reconciliation on Commitments	Development of procedure manual and Contract Register template with clear commitments and retention amount. I&P to submit reconciled project management reports including commitment and	Procedure Manual, Contract Register Project Reports, System generated Reports on Commitments Reconciliations	AM: SCM AM: I&P CFO DCFO	Feb 2020 5th of every month Feb 2020 Monthly	Contract register is up to date as at 31 December 2019. To commence process of cancelling the appointment as project has exceeded the appointment period, the

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
							<p>retention amounts inclusive of VAT to Manager: SCM</p> <p>Management to review the system in order to automate the commitment recording process. Monthly reconciliation of Commitments</p>				<p>project is not going to continue. We (Manager I&P, CFO, AM: SCM and PMU) will meet with the service provider to address the appointment by the 20 of February 2020, that still sits on the Register.</p>
6	Prior year misstat	Performance	Prior year misstatements on		Ensure that listings are supported by		To review and amend	Amended SDBIP	AM: IDP & PMS	Quarterly	Amended SDBIP as at 31

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
	ements on reliability of indicators	Managem ent	reliability of indicators		reliable information and that the listings are reconciled quarterly to both Quarterly reports as well as Annual Performance reports.		SDBIP during MID year review. Ensure that the listings are supported by reliable information and that the listings are reconciled quarterly to the quarterly Reports and final Annual Performance Report. Reviewed quarterly (AOPI)	Quarterly reports AOPI Report, Annual Report Review	AM: IA	Quarterly Quarterly	December 2019. Further to that indicators have been adjusted to ensure smartness. The system generated report has been amended and includes the narrative. The POE serves to Augment the report that is system generated.

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
7	Prior year misstatements on Expenditure	Expenditure	Prior year misstatements on Expenditure		Develop procedure manual for accruals that will detail explicitly the consequences and remedies for non-compliance. In addition, as part of year-end procedures, a report with all payments made subsequent to current year end and prior year-end will be extracted from the system and be reviewed to ensure that payments have been	Procedure manual for accruals	Procedure manual for accrual will be developed and presented to MANCO and it will detail consequence remedies for non-compliance. As part of year-end procedures, a report with all payments made subsequent to current year end	Approved Procedure Manual, MANCO minutes, Communique to all Staff to close off year end Declaration forms stating the Accruals at year end and Communique to all Staff to inform them that all Open Orders will automatically be cancelled	AM : Expenditure AM : Expenditure DCFO AM: IA	01 Feb 2020 31 May 2020	Procedure manual was developed and adopted by Council.

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
					accounted for in the correct period before concluding the AFS for submission to internal audit and Audit Committee		and prior year-end will be extracted from the system and be reviewed to ensure that payments have been accounted for in the correct period before concluding the AFS for submission to internal audit and Audit Committee	as a direct result Year end reconciliation of all open order and invoiced receipt books Review of reconciliation			

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
8	Revenue from non-exchange transactions	Revenue	Not all revenue from traffic fines have been disclosed on AFS Amount on the system generated report do not agree to supporting schedules	Monthly reconciliations were not performed. Over reliance on service providers. Introduction of new computerized revenue system resulted in numerous errors in revenue	Monthly reconciliations should be performed on source documentation from traffic officer with automated ticket reports and variances should be followed up and properly recorded.	Reconciliations with the Accounting system (MUNSOFT) and the Traffic Management Technologies (TMT) on traffic fines.	Monthly reconciliation reports from traffic fines and supporting schedules as well as automated reports.	Reconciliations Reconciliations Approved Reconciliations	AM: Revenue and AM : Community safety Approved by DCFO Reviewed by Internal Audit	3rd of every month Monthly Monthly Report by 27th of every month	Meeting took place between Municipal employees and TMT. They have requested that they be given until mid-March for them to

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
											on MUNSOF T and transactions are captured for the Financial year. This will inform the Reconciliation for Traffic fines.

NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
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NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
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NO	AUDIT FINDING	AREA OF AUDIT	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	POE	RESPONSIBLE PERSON	DUE DATE	PROGRESS TO DATE
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E.

F. Audit Committee Recommendation

Introduction

The council of Mzimvubu Local Municipality monitors the risk through the Audit Committee. The Audit Committee bears accountability for ensuring that there is an effective risk management process and effective internal control systems within the municipality. At least on a quarterly basis, the Audit Committee recommends to the Council and its committees risk mitigation strategies and policies that need to be set, implemented and monitored.

The local Municipality's risk management philosophy is that, although risks are owned by the Accounting Officer (Municipal Manager), they must be managed holistically by all departments. To this end, all managers, Senior Managers in particular, are expected to manage, monitor evaluate risks within their area of responsibility and implement effective and efficient internal controls. The Audit Committee has always insisted that actions to improve internal controls should be included in the Senior Managers' performance agreements.

Umzimvubu's risk management strategy is guided by the principles of the enterprise-wide risk management strategy in terms of which all identified risk areas are managed systematically and continuously at organisational level. Accordingly, Umzimvubu has a risk register, reviewed annually, which is treated as a risk management document of which risks are constantly recorded and managed through the introduction of effective internal controls and testing of those controls from time to time.

Audit Committee Members and Attendance:

During the reporting year 2018/2019 *(number of meetings)* meetings were held. The Audit Committee members and details of attendance were as follows:

Name of Member	Dates of Meetings and Attendance
Mr. Mxolisi Alexius Nkosi (chairperson)	
Mr Mnguni	

Name of Member	Dates of Meetings and Attendance
Mr. Ngqwala	

The office of the Auditor General, the Eastern Cape Provincial Treasury, Eastern Cape COGTA, MPAC, BTO and the Mayoral Executive Committee members are all invited in all audit committee meetings.

Evaluation of Financial Statements and Annual Performance Report

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements (AFS) and annual performance report (APR) to be included in the annual report with the Auditor General and Management;
- We further noted the challenges experienced by the Management team lead by the Chief Financial Officer in finalizing the Annual Financial Statements for the regularity audit, this was despite the support from an external consultant and a member of the Audit Committee, who was providing technical support;
- This then limited the Audit Committee in its work to conduct a thorough review on the Annual Financial Statements prior to submission to the Auditor General;
- However, the Audit Committee accepts the Auditor-General's opinion on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General of South Africa.

Internal Audit

In line with the MFMA requirements, internal audit is expected to provide the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors it was noted that no significant or material noncompliance with prescribed policies and procedures have been reported.

During the year under review, the Audit Committee worked well with the Internal Audit, covering all the work identified through the Annual Internal Audit Plan. Part of the work was to first approve the

Annual Internal Audit Plan and then monitor the effective implementation thereof. Based on the meetings held and the reports that were tabled before the Audit Committee, we are satisfied that the Internal Audit function is operating effectively and that the internal audit procedures have addressed the risks pertinent to the Mzimvubu Local Municipality.

We noted the change in the Manager Internal Audit, as well as the Service Provider who had assisted the council for more than three years, which took place in the middle of the audit by the Auditor General, that was August 2019. Although the Audit Committee cannot quantify the impact of this change in the Audit opinion, it is our considered view that this might have had a negative impact. Accordingly, the Audit Committee would recommend that in future, changes in both the Internal Audit as well as the outsourced Internal Audit Service Provide, be times such that they don't occur during the regularity audit.

Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

Auditor General South Africa (AGSA)

The Audit Committee has met with the Auditor-General of South Africa before and after the issuing of the final audit opinion on the 2017/18 financial year and there are no unresolved issues. The Audit Committee has further sighted the Strategic Audit Action Plan (SAAP) developed by the Accounting Officer to respond effectively to matter of emphasis as raised by the Auditor General. The Audit Committee has, on a number of occasions raised its concerns on the failure by management to stick to timelines with regard to the implementation of SAAP. The Audit Committee has further raised concerns about the lack of consequence management to those who fail to implement SAAP with no valid reasons provided. Once again, the Audit Committee is recommending that SAAP activities be included in the amended Performance Agreement targets for all Senior Managers, whose area of work is affected.

Conclusion

In conclusion, the Audit Committee is pleased to report that it has complied with its responsibilities arising from sections 166 of the Municipal Financial Management Act no 56 of 2003 (MFMA). We further confirm that the system of internal controls applied by the Municipality over financial and risk management is effective, efficient and transparent.

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

Appreciation

The Audit Committee I wishes to express its sincere appreciation to the Council, the Municipal Manager and members of his Executive Management for their commitment and support during the financial year under review.

A handwritten signature in black ink, enclosed within a large, hand-drawn oval. The signature is stylized and appears to read 'Mxolisi A. Nkosi'.

Mxolisi A. Nkosi

Chairperson – Audit Committee

G. Revenue Collection Performance by Source

Description	Original Budget	Budget Adjustments	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE								
Revenue from Non-exchange Transactions								
Property Rates	15,508,500	216,037	15,724,537	15,724,537	15,687,279	- 37,258	99.76	101.15
Fines, Penalties and Forfeits	2,500,000	2,000,000	4,500,000	4,500,000	37,673,228	33,173,228	837.18	1,506.93
Licences and Permits	126,600	-	126,600	126,600	186,281	59,681	147.14	147.14
Transfers and Subsidies	341,150,449	28,343,822	369,494,271	369,494,271	277,514,649	- 91,979,622	75.11	81.35
Revenue from Exchange Transactions								
Licences and Permits	2,700,000	-	2,700,000	2,700,000	2,146,696	- 553,304	79.51	79.51
Service Charges	1,500,000	-	1,500,000	1,500,000	1,160,555	- 339,445	77.37	77.37
Sales of Goods and Rendering of Services	1,436,902	-	1,436,902	1,436,902	1,119,668	- 317,234	77.92	77.92
Income from Agency Services	2,000,000	-	2,000,000	2,000,000	1,967,447	- 32,553	98.37	98.37
Rental from Fixed Assets	3,069,480	264,245	3,333,725	3,333,725	5,172,349	1,838,624	155.15	168.51
Interest, Dividends and Rent on Land Earned	35,174,434	4,000,000	39,174,434	39,174,434	9,996,947	- 29,177,487	25.52	28.42
Operational Revenue	1,560,557	500,000	2,060,557	2,060,557	93,844	- 1,966,713	4.55	6.01
Gains on Other Operations	- 1,000,000	1,000,000	-	-	-	-	-	-
Total Revenue	405,726,922	36,324,104	442,051,026	442,051,026	352,718,943	- 89,332,083	79.79	86.94
Expenditure								
Employee Related Costs	75,373,581	- 524,842	74,848,739	74,848,739	67,308,245	- 7,540,494	89.93	89.30
Remuneration of Councillors	17,757,986	1	17,757,987	17,757,987	17,397,687	- 360,300	97.97	97.97
Depreciation and Amortisation	42,000,000	28,000,000	70,000,000	148,000,000	147,042,246	- 957,754	99.35	350.10
Impairment Losses	14,000,000	-	14,000,000	20,074,376	36,972,389	16,898,013	184.18	264.09
Interest, Dividends and Rent on Land	-	250,000	250,000	250,000	245,643	- 4,357	98.26	-
Contracted Services	49,945,748	889,084	50,834,832	52,658,832	44,481,533	- 8,177,299	84.47	89.06
Inventory Consumed	10,436,178	- 1,496,897	8,939,281	9,043,422	4,457,070	- 4,586,352	49.29	42.71
Transfers and Subsidies Paid	1,380,000	200,000	1,580,000	1,793,068	1,266,949	- 526,119	70.66	91.81
Operating Leases	1,171,104	340,000	1,511,104	1,511,104	783,717	- 727,387	51.86	66.92
Operational Costs	58,173,644	5,387,725	63,561,369	63,561,369	52,851,463	- 10,709,906	83.15	90.85
Loss on Disposal of Property, Plant	250,000	-	250,000	250,000	189,397	- 60,603	75.76	75.76
Total Expenditure	270,488,241	33,045,071	303,533,312	389,748,897	372,996,342	- 16,752,555	95.70	137.90
	-			-	-			
Surplus/(Deficit for the Year)	135,238,681	3,279,033	138,517,714	52,302,129	- 20,277,399	- 72,579,528	-	-

H. Conditional Grants

Umzimvubu Local Municipality has received grant funding for the 2018/19 financial year as indicated in the Division of Revenue Act of 2018. The grant funding for 2018/2019 financial year is as follows:-

Description	2018/19 Adjusted Budget	2019/20 Budget	2020/2021 Budget
EQUITABLE SHARES	193,075,000.00	217,928,000.0	270,702,000.0
FINANCIAL MANAGEMENT GRANT	1,770,000.00	1,770,000.0	1,770,000.0
MIG	44,107,000.00	46,411,000.0	48,910,000.0
MIG - OPERATIONAL	1,400,000.00		
ELECTRIFICATION GRANT	31,200,000.00	24,907,000.0	19,200,000.0
COGTA- Rhode Paving	4,577,000.00	980,000.00	
COGTA- Small Town Rehabilitation	-	6,619,000.0	4,698,000.0
EPWP GRANT	2,476,000.00	2,512,000.0	2,647,648.0
	278,605,000.00	301,127,000.00	347,927,648.00

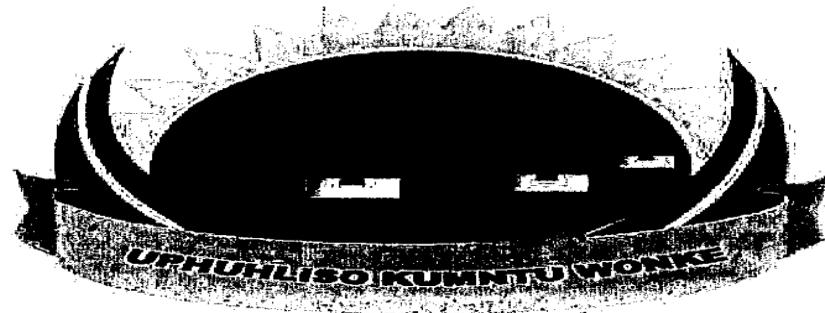
- **Equitable Share:** is utilized mainly for funding operations and could also be used for a smaller portion of capital expenditure
- **Municipal Infrastructure Grant:** is a conditional grant for the funding of municipal infrastructure developments
- **Municipal Systems Improvement Grant:** is a conditional grant for institutional development, installation of systems and improvement of governance systems
- **Financial Management Grant:** is aimed at building the financial management capacity as well as for the procurement and maintenance of financial systems.
- **District Municipality Transfers:** is funding received from the District Municipality for planning and implementation of functions that we undertake on their behalf and for the compilation of the Integrated Development Plan of the local municipality as well as GIS implementation.

Other grant funding the year:-

Description	2018/19 Adjusted Budget	2019/2020 Budget	2020/2021 Budget
LIBRARY SUBSIDY	650,000.00	750,000.00	750,000.00
LED ASSISTANCE GRANT	-	-	-
IDP GRANT	-	-	-
GIS SHARED SERVICES GRANT	-	-	-
SDF GRANT	-	-	-
	650,000.00	750,000.00	750,000.00

- **Other grants:** these are received at various intervals for LED projects, and Library Subsidy.

VOLUME 2: AUDITED ANNUAL FINANCIAL STATEMENTS



UMZIMVUBU

— LOCAL MUNICIPALITY —

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019**

AUDITOR - GENERAL
SOUTH AFRICA
30 NOV 2019

UMZIMVUBU LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Index

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

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UMZIMVUBU LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

General Information

Legal form of Entity	Chapter 7 of the Constitution of South Africa	
Mayoral Committee Councillors	Ward	Proportional
	1. F.J Hem	F.N. Ngonyolo (Speaker)
	2. M. Ntsevu	S.K. Mnyakwa (Mayor)
	3. A.P. Mkonto	N.G. Mdzinwa
	4. N.V. Nomaqqa	H.M. Ngqasa
	5. S. Sifolo	M. Mataka
	6. N.C. Tshayisa	A.N. Garane
	7. S.S. Dangisa (Deceased 20/6/19)	U.G. Malanda
	8. T. Sokhanyile	N. Sonyabeshi
	9. M. Mqulwane	T.A. Mambi
	10. P. Makhinzi	P.K. Thngathinga
	11. N. Gogela	L.S. Maqhaehale
	12. G.V. Lugongolo	N. Ntshayisa
	13. C.L. Noqhakala	L.L. Ngatsha
	14. T.V. Hlazo	N.N. Gcadinje
	15. C.N. Mnyalza	H.N. Dandala
	16. B. Majalamba	S.A.N. Cekeshe
	17. S. Mankanku	S.P. Myingwa
	18. A. Mgangatho	X. Jona
	19. E.N. Ngakonkulu-Labelo	N.A. Mantshongo
	20. T. Nomkuca	F.P. Sontsi
	21. V.A. Bulana	M. Ramabina
	22. S.O. Madlanga (Deceased 18/06/19)	S. Sqiza
	23. N.H. Kolweni	T. Ntshafaze
	24. M. Joibe	M. Maliwa
	25. A.N. Zongwana	M. Hlankela
	26. M. Tuku	T. Ndara
	27. N.S. Soldat	
Grading of local authority	Grade 3	
Accounting Officer	G.P.T. Nota	
Auditors	Auditor-General of South Africa (Registered Auditors)	
Registration Number	EC 442	
Jurisdiction	Greater Umzimvubu area which includes: Kwa-Bhaca, Ema-Xesibeni and various rural areas	
Chief Finance Officer (CFO)	F.T. Fundira	
Registered Office	Erf 813 Main Street Kwa-Bhaca 5090	
Bankers	First National Bank	
Attorneys	Various	

UMZIMVUBU LOCAL MUNICIPALITY

Financial Statements for the year ended 30 June 2019

Approval of Annual Financial Statements

I am responsible for the preparation of these Annual financial statements for the year ended 30 June 2019 which are set out on pages 1 to 71 in terms of section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality. The Annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Management has concluded that the financial statements present fairly the municipality's financial position, financial performance and cash flows for the year ended 30 June 2019.

The Annual financial statements set out on pages 1 to 71, which have been prepared on the going concern basis, were approved by the accounting officer and were signed on her behalf by:



 G.P.T. Naja
 Municipal Manager

 Date

**UMZIMVUBU LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019**

REPORT BY THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Umzimvubu Local Municipality at 30 June 2019.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), Issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2018/19 financial period is set out in Directive 5 Issued by the ASB on 11 March 2008, as amended.

The Statement of Financial Position at 30 June 2019 indicates a decrease in Net Assets, an increase in Non-current Liabilities and an increase in Current Liabilities.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2019	2018
Surplus / (Deficit) before Appropriations	(25,673,552)	(166,084,429)
Surplus / (Deficit) at the end of the Year	1,052,972,312	1,078,645,852
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	18.01%	13.48%
Remuneration of Councillors	4.66%	3.64%
Depreciation and Amortisation	39.22%	29.68%
Impairment Losses	10.21%	2.09%
Interest, Dividends and Rent on Land	0.07%	0.09%
Contracted Services	11.90%	9.15%
Inventory Consumed	1.19%	0.80%
Transfers and Subsidies Paid	0.34%	0.18%
Operational Costs	14.14%	10.24%
Loss on Disposal of Property, Plant and Equipment	0.05%	30.51%

3. RECONCILIATION OF BUDGET TO ACTUAL

3.1 Operating Budget:

DETAILS	2019	2018
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	135,116,338	384,924,081
Revenue variances	(98,578,759)	(458,918,532)
Expenditure variances:		
Employee Related Costs	7,540,494	85,279,854
Remuneration of Councillors	360,300	17,871,734
Depreciation and Amortisation	(76,572,276)	(144,034,892)
Impairment Losses	(18,072,529)	(10,128,740)
Interest, Dividends and Rent on Land	(245,643)	(427,034)
Contracted Services	8,177,299	42,592,015
Inventory Consumed	4,586,352	11,631,096
Transfers and Subsidies Paid	526,119	995,378
Operating Leases	727,387	1,953,420
Operational Costs	10,701,765	50,264,724
Loss on Disposal of Property, Plant and Equipment	60,603	(148,087,533)
Actual surplus before appropriations	(25,673,552)	(166,084,429)

4. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2019 amounted to R1 052 972 312 (30 June 2018: R1 078 645 852) and is made up as follows:

Capital Replacement Reserve	26,016,917
Accumulated Surplus	1,052,972,312
	<u>1,078,989,229</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

5. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R1 805 247 as at 30 June 2019 (30 June 2018: R1 141 663) and is made up as follows:

Long Service Awards Liability	2,016,037
	<u>2,016,037</u>

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 17 for more detail.

6. NON-CURRENT PROVISIONS

Non-current Provisions amounted R3 922 739 as at 30 June 2019 (30 June 2018: R3 677 096) and is made up as follows:

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	3,922,739
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These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 18 for more detail.

7. CURRENT LIABILITIES

Current Liabilities amounted R52 363 646 as at 30 June 2019 (30 June 2018: R27 567 363) and is made up as follows:

Consumer Deposits	Note 12	91,505
Provisions	Note 13	210,790
Payables from Exchange Transactions	Note 14	44,618,498
Unspent Conditional Grants and Receipts	Note 16	2,515,332
		<u>52,363,646</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the Indicated Notes for more detail.

8. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R995 408 353 as at 30 June 2019 (30 June 2018: R1 041 993 720).

Refer to Note 8 and Appendices "B, C and E (4)" for more detail.

9. INTANGIBLE ASSETS

The net value of Intangible Assets were R2 079 604 as at 30 June 2019 (30 June 2018: R1 932 748).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 9 and Appendix "B" for more detail.

10. INVESTMENT PROPERTY

The net value of Investment Properties were R13 640 257 as at 30 June 2019 (30 June 2018: R13 572 222).

Investment Property is property 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.

11. HERITAGE ASSETS

The net value of Heritage Assets were R17 719 as at 30 June 2019 (30 June 2018: R17 719).

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

12. CURRENT ASSETS

Current Assets amounted R125 934 928 as at 30 June 2019 (30 June 2018; R79 532 511) and is made up as follows:

		713,260
Inventories	Note 2	2,380,956
Receivables from Exchange Transactions	Note 3	18,265,579
Receivables from Non-exchange Transactions	Note 4	5,451,696
VAT Receivable	Note 5	69,564,167
Cash and Cash Equivalents	Note 6	9,539,270
Operating Lease Receivables	Note 7	<u>125,934,928</u>

Refer to the indicated Notes for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

14. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



F.T. FUNDIRA
CHIEF FINANCIAL OFFICER

UMZIMVUBU LOCAL MUNICIPALITY
Financial Statements for the year ended 30 June 2019
Report of the Auditor General

UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Note	Actual	
		2019	2018
		R	R
ASSETS			
Current Assets		125,934,928	79,532,511
Inventories	2	713,260	222,165
Receivables from Exchange Transactions	3	2,380,956	2,425,415
Receivables from Non-exchange Transactions	4	18,265,579	17,091,649
VAT Receivable	5	5,451,696	6,147,779
Cash and Cash Equivalents	6	89,584,167	47,673,724
Operating Lease Receivables	7	9,539,270	5,971,779
Non-Current Assets		1,011,145,933	1,057,516,410
Property, Plant and Equipment	8	995,408,353	1,041,993,720
Intangible Assets	9	2,079,604	1,932,748
Investment Property	10	13,640,257	13,572,222
Heritage Assets	11	17,719	17,719
Total Assets		1,137,080,860	1,137,048,921
LIABILITIES			
Current Liabilities		52,363,645	27,567,383
Consumer Deposits	12	91,505	76,795
Employee Benefit Liabilities	13	210,790	435,171
Payables from Exchange Transactions	14	44,618,498	22,306,843
Payables from Non-exchange Transactions	15	4,927,520	4,535,292
Unspent Conditional Grants and Receipts	16	2,515,332	213,282
Non-Current Liabilities		5,727,986	4,818,759
Employee Benefit Liabilities	17	1,805,247	1,141,663
Non-current Provisions	18	3,922,739	3,677,096
Total Liabilities		58,091,631	32,386,142
Total Assets and Liabilities		1,078,989,230	1,104,662,780
NET ASSETS		1,078,989,229	1,104,662,770
Reserves	19	26,016,917	26,016,917
Accumulated Surplus / (Deficit)	20	1,052,972,312	1,078,645,852
Total Net Assets		1,078,989,229	1,104,662,770

UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual	
		2019	2018
		R	R
REVENUE			
Revenue from Non-exchange Transactions		326,369,830	296,357,184
Property Rates	21	15,687,279	15,071,651
Fines, Penalties and Forfeits	22	32,981,620	2,257,449
Licences and Permits	23	186,281	115,929
Transfers and Subsidies	24	277,514,649	278,912,154
Revenue from Exchange Transactions		21,657,505	22,862,232
Licences and Permits	23	2,146,696	2,526,864
Service Charges	25	1,160,555	1,159,426
Sales of Goods and Rendering of Services	26	1,119,668	1,071,018
Income from Agency Services	27	1,987,447	2,051,565
Rental from Fixed Assets	28	5,172,349	6,427,326
Interest, Dividends and Rent on Land Earned	29	9,996,947	9,224,677
Operational Revenue	30	93,844	401,356
Total Revenue		348,027,335	319,219,416
EXPENDITURE			
Employee Related Costs		67,308,245	65,417,625
Remuneration of Councillors	31	67,308,245	65,417,625
Depreciation and Amortisation	32	17,397,687	17,644,238
Impairment Losses	33	146,572,276	144,034,892
Interest	34	38,146,905	10,128,740
Contracted Services	35	245,643	427,034
Inventory Consumed	36	44,481,533	44,395,328
Transfers and Subsidies Paid	37	4,457,070	3,890,560
Operating Leases	38	1,266,949	864,622
Operational Costs	39	783,717	705,288
Loss on Disposal of Property, Plant and Equipment	40	52,851,463	49,707,985
	41	189,397	148,087,533
Total Expenditure		373,700,886	485,303,845
SURPLUS / (DEFICIT) FOR THE YEAR		(25,673,552)	(166,084,429)
Refer to Budget Statement for explanation of budget variances			

UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Total Funds & Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
	R	R	R
2017			
Balance at 30 June 2017	24,188,495	1,007,297,370	1,031,483,865
Correction of Error	-	239,263,335	239,263,335
Restated Balance	24,188,495	1,246,560,705	1,270,747,200
2018			
Surplus / (Deficit) for the year	-	(166,084,429)	(166,084,429)
Transfers to/from Reserves	1,830,423	(1,830,423)	-
Balance at 30 June 2018	26,016,918	1,078,645,853	1,104,662,771
2019			
Surplus / (Deficit) for the year	-	(25,673,552)	(25,673,552)
Balance at 30 June 2019	26,016,918	1,052,972,302	1,078,989,220

Details on the movement of the Funds and Reserves are set out in Note 19 and Note 20.

UMZIMVUBU LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 R	Actual 2018 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		6,393,504	5,817,276
Transfers and Subsidies		279,816,699	271,961,036
External Interest and Dividends Received		9,996,947	6,039,544
Other Receipts		19,220,988	12,965,191
VAT Receivable / Payable		698,083	-
Payments			
Employee Related Costs		(67,433,828)	(65,131,619)
Remuneration of Councillors		(17,397,687)	(17,644,238)
External Interest and Dividends Paid		-	(427,034)
Suppliers Paid		(81,059,509)	(74,759,430)
Other Payments		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		150,233,197	138,820,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(106,328,653)	(138,752,828)
Purchase of Intangible Assets	9	(690,728)	(290,500)
Purchase of Investment Property	10	(1,299,786)	1,957,689
Proceeds on Disposal of Property, Plant and Equipment	41	(3,590)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(108,322,756)	(137,084,170)
CASH FLOWS FROM FINANCING ACTIVITIES			
There were no Financing Activities during the two years			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		41,910,441	1,736,556
Cash and Cash Equivalents at Beginning of Period		47,673,724	45,937,158
Cash and Cash Equivalents at End of Period	(6)	89,584,167	47,673,724

UMZINWUBU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

30 June 2019

Description	Original Budget		Briefing Adjustments		Approved Budget		Special Adjusted Budget		Virement		Final Budget		Unidentified Expenditure		Variance		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION																				
Current Assets																				
Investments																				
Receivables from Exchange Transactions	10,574,415		6,546,037	17,020,450																
Receivables from Non-exchange Transactions	2,500,000		2,500,000	4,500,000																
VAT Receivables																				
Cash and Cash Equivalents	37,425,367		20,652,819	57,878,150																
Operating Lease Receivable																				
Non-Current Assets																				
Property, Plant and Equipment	82,323,681		(21,300,967)	80,922,714																
Intangible Assets	1,000,000			1,000,000																
Investment Property																				
Heritage Assets																				
Total Assets	133,823,861		7,699,033	141,422,714			141,422,714		141,422,714			1,537,990,800			240		100.00		940.89	
Current Liabilities																				
Contractor Deposits																				
Provisions																				
Payables from Exchange Transactions																				
Payables from Non-exchange Transactions																				
Long-term Conditional Grants and Receipts																				
Current Portion of Long-term Liabilities																				
Non-Current Liabilities																				
Employee Benefit Liabilities																				
Non-current Provisions																				
Total Liabilities																				
Total Assets and Liabilities	133,823,861		7,699,033	141,422,714			141,422,714		141,422,714			1,537,990,800			240		100.00		940.89	
Net Assets (Equity)																				
Reserves																				
Accumulated Surplus (Deficit)																				
Total Net Assets	133,823,861		7,699,033	141,422,714			141,422,714		141,422,714			1,537,990,800			240		100.00		940.89	

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:

It has been over-budgeted for inventories.

Receivables from Exchange Transactions:

The budget is underpent as the adjustment budget includes the VAT receivable.

Receivables from Non-exchange Transactions:

Increase in the budget outcome for Non-Exchange transactions is due to increase in traffic fines recognition as a result of implementation of automated speed monitoring system.

VAT Receivable:

The budget is overpent as the adjustment budget includes the VAT receivable as part of Receivables from Exchange Transactions.

Cash and Cash Equivalents:

The variance is due to an improvement in cash flow which result from increased investments and lower spending as a result of cost containment measures implemented.

Operating Lease Receivables:

NT Budget Template not aligned to GRAP and does not provide for Operating Lease Receivables.

Current Portion of Finance Lease Receivables:

The Long-term Portion of Finance Lease Receivables was budgeted for under the Current Portion of Finance Lease Receivables. Therefore over budgeted for.

Current Portion of Long-term Receivables:

Budgeted for under Long-term Portion of Long-term Receivables.

Property, Plant and Equipment:

Capital expenditure budgeted for, not realised.

Intangible Assets:

The variance is due to savings on capital spending and procurement on other capital items did not materialise.

Investment Property:

Did not budget for Investment Property.

Heritage Assets:

NT Budget Template not aligned to GRAP and does not provide for Heritage Assets. Budget was captured under other assets.

Finance Lease Receivables:

The Long-term Portion of Finance Lease Receivables was budgeted for under the Current Portion of Finance Lease Receivable.

Long-term Receivables:

The variance is due to the outcome from the actuarial valuation which is based on the fair value method of calculation.

Consumer Deposits:

The consumer deposits were budgeted for under the Receivables from exchange transactions.

Provisions:

The variance is due to the budget amount being included under trade payables.

Payables from Exchange Transactions:

The variance is due to the expenditure amount which excludes provisions.

Payables from Non-exchange Transactions:

NT Budget Template not aligned to GRAP and does not provide for Payables from Non-exchange Transactions - included in budget for Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

The variance is due to the budget amount being included under trade payables.

Operating Lease Liabilities:

Not budgeted for straight lining of Operating Leases.

Current Portion of Long-term Liabilities:

The variance is due to the budget amount being included under trade payables.

Long-term Liabilities:

Loan is due to be settled 18/18 that is why there is no movement to date.

Retirement Benefit Liabilities:

Under budgeted for Employee Benefit Liabilities due to a cap amount incorrectly applied to retired employees that influence the valuation.

Non-current Provisions:

It was under-budgeted for Provision for Rehabilitation of Landfill Sites, which were restated during the current financial year.

Reserves:

The variance is due to the decrease in the reserve being lower than anticipated.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorized Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Property Rates	15,508,500	218,037	15,724,537	-	15,724,537	-	15,724,537	15,987,279	-	(37,250)	98.78	101.16
Fines, Penalties and Forfeits	2,500,000	2,000,000	4,500,000	-	4,500,000	100,000	4,600,000	32,981,820	-	28,381,820	718.99	1,318.28
Licences and Permits	128,800	-	128,800	-	128,800	-	128,800	188,281	-	59,481	147.14	147.14
Transfers and Subsidies	341,150,448	28,343,822	369,494,271	-	369,494,271	1,290,068	370,784,339	277,514,648	-	(89,269,691)	74.85	81.35
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Revenue from Exchange Transactions												
Licences and Permits	2,700,000	-	2,700,000	-	2,700,000	-	2,700,000	2,146,896	-	(553,104)	79.51	79.51
Services Charges	(1,865,000)	8,330,000	4,865,000	-	4,865,000	-	4,865,000	1,180,555	-	(3,684,445)	24.88	0.00
Sales of Goods and Rendering of Services	1,436,802	-	1,436,802	-	1,436,802	-	1,436,802	1,119,888	-	(317,234)	77.92	77.92
Income from Agency Services	2,000,000	-	2,000,000	-	2,000,000	-	2,000,000	1,987,447	-	(12,553)	98.37	98.37
Rental from Fixed Assets	3,089,480	284,245	3,333,725	-	3,333,725	-	3,333,725	5,172,348	-	1,838,623	155.15	168.51
Interest, Dividends and Rent on Land Earned	35,174,434	4,000,000	39,174,434	-	39,174,434	-	39,174,434	8,968,947	-	(29,177,487)	25.52	28.42
Operational Revenue	1,680,557	500,000	2,080,557	-	2,080,557	-	2,080,557	83,844	-	(1,996,713)	4.56	8.01
Gains on Other Operations	1,000,000	(1,000,000)	-	-	-	-	-	-	-	-	0.00	0.00
Total Revenue	484,581,922	48,854,104	445,216,026	-	445,216,026	1,390,868	446,606,894	348,027,335	-	(98,579,559)	77.93	86.03
Expenditure												
Employee Related Costs	75,373,581	(524,842)	74,848,739	-	74,848,739	-	74,848,739	67,308,346	-	(7,540,393)	89.93	89.30
Remuneration of Councillors	17,757,986	1	17,757,987	-	17,757,987	-	17,757,987	17,387,687	-	(380,300)	97.97	97.97
Depreciation and Amortisation	42,000,000	28,000,000	70,000,000	76,572,276	146,572,276	-	146,572,276	146,572,276	-	-	100.00	348.98
Impairment Losses	14,000,000	-	14,000,000	7,491,331	21,491,331	-	21,491,331	38,148,908	18,958,574	16,885,574	177.50	272.48
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	245,843	245,843	-	0.00	0.00
Contracted Services	49,845,748	889,084	50,834,832	-	50,834,832	1,824,000	52,658,832	44,481,533	-	(8,177,299)	84.47	86.06
Inventory Consumed	10,436,178	(1,498,887)	8,937,291	-	8,937,291	194,141	9,131,432	4,457,070	-	(4,684,362)	49.29	42.71
Transfers and Subsidies Paid	1,380,000	200,000	1,580,000	-	1,580,000	213,088	1,793,088	1,288,940	-	(504,148)	70.88	91.81
Operating Leases	1,171,104	340,000	1,511,104	-	1,511,104	-	1,511,104	783,717	-	(727,387)	51.88	68.92
Operational Costs	58,173,844	8,637,725	66,811,569	-	66,811,569	(284,141)	66,527,428	52,851,463	-	(13,676,065)	83.16	93.86
Loss on Disposal of Property, Plant and Equipment	250,000	-	250,000	-	250,000	-	250,000	188,387	-	(61,613)	75.78	75.78
Total Expenditure	270,488,241	33,045,071	303,533,312	84,083,607	387,616,919	1,883,068	389,479,987	373,706,888	18,901,217	(15,773,100)	96.95	138.18
Surplus/Deficit for the Year	134,073,681	7,409,033	141,682,714	(84,083,607)	57,619,107	(493,000)	57,126,107	(28,673,552)	(18,981,217)	(42,798,609)	-	-

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Property Rates:

The variance (Implementation of New valuation roll, billing of annual government properties and new tariffs)

Fines, Penalties and Forfeits:

A contract was entered into with TMT that resulted in an increase in the billing in tickets issued, which were previously not budgeted for.

Licences and Permits:

There was a reduction in the Revenue collected as surrounding municipalities such as Mabanuku and Bizana now offer the same services as such that resulted in the municipality losing the Revenue customers have more options to finance their vehicles wherever they want.

Transfers and Subsidies:

Capital Transfers below are included in the budget for Government Grants and Subsidies Received.

Interest, Dividends and Rent on Land Earned:

The decrease is as a result of budgeting while taking into consideration the VAT cash refund but it is not Revenue in nature and as such was allocated to the Statement of financial position.

Licences and Permits:

The Revenue collected was adversely affected by the opening up of new testing centres by neighbouring municipalities such as Mabanuku now offering more options for consumers.

Sales of Goods and Rendering of Services:

The sale of goods and rendering of services was less than expected due to the low demand for the goods & services

Income for Agency Services:

Mabanuku and Bizana now offer the services as such that made the municipality to as customers have choice to finance their vehicles wherever they want.

Rental from Fixed Assets:

There was an increase in the rental income on account of MSCOA alignment that was previously not budgeted for.

Interest, Dividends and Rent on Land Earned:

The income from external investments was more than anticipated as more money was invested in call accounts during the financial year.

Operational Revenue:

We budgeted for disposal of sites in the financial year which were not disposed.

Gains on Other Operations:

No gains were made on disposal of fixed assets sold during the year.

Gains on Disposal of Property, Plant and Equipment:

No gains were made on disposal of fixed assets sold during the year.

Profit on Sale of Land:

Delays in disposal of land but planned in the next quarter due to land claims by Sigikini Community

Employee Related Costs:

The material variance is due to non-implementation of increment for the managers and there were vacancies in posts through out the year on account of a high staff turn-over

Remuneration of Councilors:

The variance are due to the change in the remuneration as gazetted and the change in the portfolio of Councilors.

Depreciation and Amortisation:

The depreciation & amortisation on assets was higher than expected due to asset register overhaul and adjustments that were implemented because of audit findings on assets.

Impairment Losses:

There were increases in traffic tickets that were deemed to be irrecoverable, as well as debtors that are to be impaired.

Contracted Services:

Savings realised through strict adherence to cost tightening measures resulting in reduction in expenditure and adherence cost containment regulations, Repairs and Maintenance Budget is included under Contracted Services.

Transfers and Subsidies Paid:

The budgeted amount is more than the actual as cost containment played a role in the under expenditure and the requests received from local municipalities was lower than expected.

Operational Costs:

Operational cost was less than the budgeted amount due to cost containment measures implemented during the financial year.

Loss on Disposal of Property, Plant and Equipment:

The loss on disposal of PPE was higher than anticipated, due to assets that were initially anticipated for disposal being kept within the municipal register as a result of MOUs with neighbouring municipalities.

Description	Original Budget	Budget Adjustments	Adjusted Budget	Second Budget Adjustments	Second Budget	Variance	Final Budget	Actual Outcomes	Unencumbered Expenses	Variance	Actual Outcomes as of 31/03/2019 Budget	Actual Outcomes as of 31/03/2019 Budget
	R	R	R	R	R	R	R	R	R	R	R	R
Cash and Cash Equivalents at End of the Year	24,188,800	(2,222,080)	21,966,720	-	(22,188,220)	62,221,440	(12,170,622)	49,050,818	-	62,221,440	62,221,440	125,178
Increase (Decrease) in Short-term Loans	-	-	-	-	-	-	-	-	-	-	-	0.00
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	0.00
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	0.00
Proceeds from Financial Activities	-	-	-	-	-	-	-	-	-	-	-	0.00
Proceeds on Disposal of Property, Plant and Equipment	(500,000)	-	(500,000)	-	(10,400)	(590,400)	(10,400)	(590,400)	-	590,400	24,820	0.25
Purchase of Intangible Assets	-	-	-	-	-	(880,700)	(880,700)	(880,700)	-	(880,700)	(880,700)	100.00
Purchase of Property, Plant and Equipment	(122,823,881)	(7,808,022)	(130,631,903)	-	(141,425,714)	(10,793,811)	(141,425,714)	(106,228,892)	-	36,196,821	18,18	18.48
Other Payments	(128,908,874)	260,988	(128,647,886)	-	(122,748,286)	(5,900,000)	(122,748,286)	(5,900,000)	-	44,847,077	64.82	0.00
Supplier Payments	(128,908,874)	260,988	(128,647,886)	-	(122,748,286)	(5,900,000)	(122,748,286)	(5,900,000)	-	44,847,077	64.82	0.00
Payment of Contingent	(17,727,280)	(1)	(17,727,281)	-	(17,727,281)	(17,727,281)	(17,727,281)	(17,727,281)	-	266,266	97.87	64.82
Employee Related Costs	(2,272,287)	224,842	(2,047,445)	-	(1,848,728)	(1,848,728)	(1,848,728)	(1,848,728)	-	7,414,911	90.08	88.87
VAT Receivable / Payable	-	-	-	-	-	-	-	-	-	-	100.00	0.00
Other Receipts	1,882,228	8,875,221	10,757,456	-	12,482,490	16,605,264	16,605,264	16,605,264	-	662,222	100.00	0.00
External Interest and Dividends Received	26,174,424	28,174,424	54,348,848	-	28,174,424	28,174,424	28,174,424	28,174,424	-	2,988,247	28.42	88.87
Transfer and Dividends	241,150,448	(82,481,882)	158,668,566	-	227,888,221	227,888,221	227,888,221	227,888,221	-	278,818,888	100.00	82.02
Property Rates	-	1,218	1,218	-	1,218	13,462,081	13,462,081	13,462,081	-	(1,072,088)	47.48	0.00
Cash Flow from/used in Operating Activities	-	-	-	-	-	-	-	-	-	-	-	0.00
Cash Flow from/used in Investing Activities	(122,823,881)	(7,808,022)	(130,631,903)	-	(141,425,714)	(10,793,811)	(141,425,714)	(106,228,892)	-	36,196,821	18.18	18.48
Cash Flow from/used in Financing Activities	24,188,800	(2,222,080)	21,966,720	-	(22,188,220)	62,221,440	(12,170,622)	49,050,818	-	62,221,440	62,221,440	125,178

The notes and SOI processes did not deliver the desired outcome as anticipated with the report of 2018.

Capital expenditure budgeted for not realized.

Purchase of Property, Plant and Equipment:

Reduction on supplier paid due to implementation of cost containment measure.

Supplier Paid:

Income from other receipts was lower than anticipated.

Other Receipts:

The interest received from investments was lower than anticipated due to decrease in investments made during the year.

External Interest and Dividends Received:

Property Rates variance is due to poor collection rate.

Property Rates:

Proper procedure to budget for Cash Flow have been developed and implemented. Furthermore, there were no material variances that can lead to explanation.

Reasons for Variance greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Cash Flow: Explanation of Variance between Approved Budget and Actual

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the period ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2018 and 28 June 2019 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

1.3.2 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**
The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.3.3 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 3.3, and 5.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 5.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and Impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 8 and 9 to the Annual Financial Statements, if applicable.

1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.4 Going Concern Assumption

The Financial Statements have been prepared on a *Going Concern Assumption*.

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

1.5 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Standards of General Recognised Accounting Practice (GRAP) and Interpretations (IGRAP) Issued and effective.

•	GRAP 1	Presentation of Financial Statements (as revised in 2010)
•	GRAP 2	Cash Flow Statements (as revised in 2010)
•	GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
•	GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
•	GRAP 5	Borrowing Costs (as revised in 2013)
•	GRAP 6	Consolidated and Separate Financial Statements
•	GRAP 7	Investments in Associates
•	GRAP 8	Interests in Joint Ventures
•	GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
•	GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010)
•	GRAP 11	Construction Contracts (as revised in 2010)
•	GRAP 12	Inventories (as revised in 2010)
•	GRAP 13	Leases (as revised in 2010)
•	GRAP 14	Events After the Reporting Date (as revised in 2010)
•	GRAP 16	Investment Property (as revised in 2010)
•	GRAP 17	Property, Plant and Equipment (as revised in 2010)
•	GRAP 18	Segment Reporting (issued in 2011)
•	GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
•	GRAP 21	Impairment of Non-cash-generating Assets.
•	GRAP 23	Revenue from Non-exchange Transactions
•	GRAP 24	Presentation of Budget Information in Financial Statements
•	GRAP 25	Employee Benefits
•	GRAP 26	Impairment of Cash
•	GRAP 27	Agriculture
•	GRAP 31	Intangible Assets
•	GRAP 100	Discontinued Operations (as revised in 2013)
•	GRAP 103	Heritage Assets
•	GRAP 104	Financial Instruments
•	GRAP 105	Transfer of Functions Between Entities Under Common Control
•	GRAP 106	Transfer of Functions Between Entities Not Under Common Control
•	GRAP 107	Mergers
•	IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue (As revised in 2012)
•	IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
•	IGRAP 3	Determining whether an Arrangement Contains a Lease
•	IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
•	IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinfla
•	IGRAP 6	Loyalty Programmes
•	IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
•	IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
•	IGRAP 9	Distributions of Non
•	IGRAP 10	Assets Received from Customers
•	IGRAP 11	Consolidation
•	IGRAP 12	Jointly Controlled Entities
•	IGRAP 13	Operating Leases – Incentives
•	IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
•	IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
•	IGRAP 16	Intangible Assets – Website Costs

1.7 Standards, Amendments to Standards and Interpretations issued but not yet Effective.

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

<ul style="list-style-type: none"> • GRAP 20 • GRAP 32 • GRAP 34 • GRAP 35 • GRAP 36 • GRAP 37 • GRAP 38 • GRAP 108 • GRAP 109 • GRAP 110 • IGRAP 17 	<ul style="list-style-type: none"> Related Party Disclosures (effective 1 April 2019) Service Concession Arrangement Grantor (effective 1 April 2019) Separate Financial Statements Consolidated Financial Statements Investments in Associates and Joint Ventures Joint Arrangements Disclosure of Interests in Other Entities Statutory Receivables (effective 1 April 2019) Accounting by Principals and Agents (effective 1 April 2019) Living and Non-living Resources Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest In an Asset (effective 1 April 2019)
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The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-
It is expected that the Standard will affect the valuation of Receivables from Non-Exchange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-
The effect of this Standard on accounting for transactions between the municipality, another function of government or private sector and third parties, can only be determined once it becomes effective.

2. NET ASSETS

2.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are tangible nonproduction or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

<ul style="list-style-type: none"> • GRAP 20 • GRAP 32 • GRAP 34 • GRAP 35 • GRAP 36 • GRAP 37 • GRAP 38 • GRAP 108 • GRAP 109 • GRAP 110 • IGRAP 17 	<ul style="list-style-type: none"> Related Party Disclosures (effective 1 April 2019) Service Concession Arrangement Grantor (effective 1 April 2019) Separate Financial Statements Consolidated Financial Statements Investments in Associates and Joint Ventures Joint Arrangements Disclosure of Interests in Other Entities Statutory Receivables (effective 1 April 2019) Accounting by Principals and Agents (effective 1 April 2019) Living and Non-living Resources Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest In an Asset (effective 1 April 2019)
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The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-
It is expected that the Standard will affect the valuation of Receivables from Non-Exchange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-
The effect of this Standard on accounting for transactions between the municipality, another function of government or private sector and third parties, can only be determined once it becomes effective.

2. NET ASSETS

2.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are tangible nonproduction or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a nondeemed to be equal to the fair value of that asset on the date acquired).

The cost of an item of Property, Plant and Equipment acquired in exchange for a combination of monetary and non value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in the Statement of Financial Performance and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (MSCoA).

3.2 Subsequent Measurement

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

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Buildings	5 - 100	Other	
Mobile Offices	5 - 10	Transport Assets	5 - 20
Infrastructure		Computer Equipment	3 - 7
Electrification	15 - 50	Furniture, Fittings & Office Equipment	3 - 10
Roads and Paving	8 - 50	Watercraft	15
Gravel Roads	3 - 10	Bins and Containers	5
Landfill Sites	15 - 90	Specialised Plant and Equipment	2 - 15
		Other items of Plant and Machinery	2 - 5
		Library Books	5 - 20

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

Community	5 - 80	Leased Equipment	Lease period
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3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Infrastructure Assets

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

3.6 Incomplete Construction Work

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

3.7 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3.8 Derecognition

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. Gains are not classified as Revenue.

4. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

4.1 Initial Recognition

Heritage Assets are initially recognised at cost:

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

4.3 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

5. INTANGIBLE ASSETS

5.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only 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.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

- (a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
- (b) Management intends to complete the Intangible Asset and use or sell it;
- (c) There is an ability to use or sell the Intangible Asset;
- (d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
- (e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available;
- (f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in the Statement of Financial Performance and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (MScOA).

5.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an Intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a Straight-line Basis over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

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The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software	4		Website	Indefinite

5.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

6. INVESTMENT PROPERTY

6.1 Initial Recognition

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

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

The cost of selfconstructed Investment Property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

- (a) Land held for longterm capital appreciation rather than for shortterm sale in the ordinary course of operations;
- (b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner occupied property or for shortterm sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- (c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
- (d) A property owned by the municipality and leased out at a below market rental; and
- (e) Property that is being constructed or developed for future use as Investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as Investment property.

Equipment or Inventory as appropriate:

- (a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
- (b) Property being constructed or developed on behalf of third parties;
- (c) Owneroccupied property, including (among other things) property held for future use as owneroccupied property, property held for future development and subsequent use as owneroccupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owneroccupied property;
- (d) Property that is leased to another entity under a finance lease;
- (e) Property held to provide goods and services and also generates cash inflows; and
- (f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are

- (c) Owneroccupied property, including (among other things) property held for future use as owneroccupied property, property held for future development and subsequent use as owneroccupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owneroccupied property

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6.2 Subsequent Measurement

Fair value

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market

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 entity 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 entity 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.

6.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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 recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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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 had no impairment loss been recognised for the asset in prior periods.

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

8. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- * The fair values of quoted investments are based on current bid prices.

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- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

5.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Fair Value
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Fair Value
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

5.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-Exchange Transactions	Financial Liabilities at Amortised Cost

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

5.3 Initial and Subsequent Measurement

5.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost 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 interest recognised on an *Effective Yield Basis*.

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

5.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

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Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. 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 through the use of an allowance account.

8.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts 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 provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- Interest is charged on all outstanding balances at a rate of the banker's prime rate plus 1%.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

8.4.2 Financial Assets at Cost

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

8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires 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.

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.

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8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

9. INVENTORIES

9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9.2 Subsequent Measurement

9.2.1 Consumable Stores, Raw Materials, Work-In-Progress and Finished Goods

Consumable stores are for stationery only which are distributed at no charge and are valued at the lower of cost and current replacement cost. The cost is determined using the *weighted average Method*.

10. REVENUE RECOGNITION

10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

10.2 Revenue from Exchange Transactions

10.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

10.2.2 Rentals Received

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

10.2.3 Finance Income

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Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

10.2.4 Tariff Charges

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

10.2.5 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

10.3 Revenue from Non-exchange Transactions

10.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10.3.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

10.3.3 Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with GRAP 23.

10.3.4 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Unspent conditional grants are financial liabilities that are separately reflected on the statement of financial position. They represent unspent government grants, subsidies and contributions from government organs.

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This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the statement of financial performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the statement of financial performance.

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the statement of financial position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

10.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

11. PROVISIONS

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

11.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

12. EMPLOYEE BENEFIT LIABILITIES

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

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The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

12.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

12.2.1 Defined Contribution Plans

A Defined Contribution Plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the service in the current to prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12.2.2 Defined Benefit Plans

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality 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 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

13. LEASES

13.1 The Municipality as Lessee

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13.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments 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 and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. 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 shorter of the asset's useful life or the lease term.

13.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

13.2 The Municipality as Lessor

Amounts due from lessees under Finance Leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

13.3 Determining whether an Arrangement contains a lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

14. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

15. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

16. VALUE ADDED TAX

UMZIMVUBU LOCAL MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019**

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

UMZIMVUBU LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

17. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

18. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

20. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

21. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

22. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. COMPARATIVE FIGURES

24.1 Current Year

In accordance with GRAP Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

24.2 Prior Year

UMZIMVUBU LOCAL MUNICIPALITY**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

26. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2018 to 30 June 2019.

27. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

There were no changes in accounting policies during the period under review.

There were no changes in accounting estimates during the period under review.

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

Refer to Note 42 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
1. GENERAL INFORMATION		
Umzimvubu Local Municipality is a local government institution in KwaBheca, Eastern Cape Province, and is one of the local municipalities under the jurisdiction of the Alfred Nzo District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).		
2. INVENTORIES		
Consumables - Stationery Materials and Supplies	713,260	217,565 4,600
Total Inventories	713,260	222,165
Stationery are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.		
Materials and Stores at the end of the previous financial year consist out of the remainder of traffic signs which were temporary kept in storage.		
Stores issues amounted to R4457,070 for the current year (2018: R3890,560). Note 37 refers.		
No Inventories have been pledged as collateral for Liabilities of the municipality.		

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2019			
Service Debtors:	12,366,482	10,208,945	2,157,537
Refuse	6,588,422	5,053,468	1,534,954
Merchandising, Jobbing and Contracts	5,778,060	5,155,477	622,583
Other Receivables	290,763	290,763	-
Land Sale Debtors	290,763	290,763	-
Prepayments and Advances	676,280	548,687	127,593
Rent	676,280	548,687	127,593
VAT Input Accrual	512,968	417,142	95,826
Total Receivables from Exchange Transactions	13,846,484	11,465,537	2,380,946
As at 30 June 2018			
Service Debtors:	5,619,847	3,477,194	2,142,653
Refuse	5,267,487	3,207,549	2,079,948
Merchandising, Jobbing and Contracts	332,360	269,645	62,705
Other Receivables	290,763	232,596	58,167
Land Sale Debtors	290,763	232,596	58,167
Sundry Rentals	676,280	548,687	127,593
Rent	676,280	548,687	127,593
VAT Input Accrual	514,145	417,142	97,003
Total Receivables from Exchange Transactions	7,101,035	4,675,619	2,425,415

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information into its credit risk credit control. No external credit rating is performed.

Consumer receivables from rates are billed monthly. Interest is charged on overdue receivables from exchange transactions at a rate of 10% per annum.

The municipality enforces its approved credit control policy to ensure the recovery of receivables. None of the financial assets that are fully performing have been renegotiated in the last year.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R2018
R

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2019

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Refuse:					
Gross Balances	136,654	126,857	121,297	6,204,615	6,588,422
Less: Provision for Impairment	87,383	86,824	86,119	4,793,132	5,053,468
Net Balances	49,260	39,033	35,177	1,411,484	1,534,954
Merchandising, Jobbing and Contracts:					
Gross Balances	5,994	5,911	5,629	5,760,327	5,778,060
Less: Provision for Impairment	5,207	5,147	5,091	5,140,033	5,155,477
Net Balances	787	764	738	620,294	622,583
Sundry Rentals:					
Gross Balances	-	-	-	678,280	678,280
Less: Provision for Impairment	-	-	-	548,687	548,687
Net Balances	-	-	-	127,593	127,593
Land Sales:					
Gross Balances	-	-	-	290,763	290,763
Less: Provision for Impairment	-	-	-	290,763	290,763
Net Balances	-	-	-	-	-
Input VAT Accrued					
Gross Balances	-	-	-	512,968	512,968
Less: Provision for Impairment	-	-	-	417,142	417,142
Net Balances	-	-	-	95,826	95,826
Net Balances	50,048	39,798	35,916	2,255,197	2,380,957
Total Debtors					
Gross balances	142,648	131,767	127,126	13,444,953	13,846,494
Less:- Provision for Impairment	92,600	91,971	91,210	11,189,756	11,485,537
Net Balances	50,048	39,798	35,916	2,255,197	2,380,957

As at 30 June Receivables of R2 330 909 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total Past Due
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	131,767	127,126	13,444,953	13,703,846
Less: Provision for Impairment	91,971	91,210	11,189,756	11,372,937
Net Balances	39,796	35,916	2,255,197	2,330,909

As at 30 June 2018

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Refuse:					
Gross Balances	157,169	103,856	100,717	4,926,755	5,287,497
Less: Provision for Impairment	47,411	58,898	58,665	3,042,575	3,207,549
Net Balances	109,758	44,958	42,052	1,883,180	2,079,948
Merchandising, Jobbing and Contracts:					
Gross Balances	6,021	6,533	5,537	314,250	332,350
Less: Provision for Impairment	5,950	5,950	5,393	252,353	269,645
Net Balances	71	584	143	61,907	62,705

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

				2019 R	2018 R
Land Sales					
Gross Balances	-	-	-	290,763	290,763
Less: Provision for Impairment	-	-	-	232,596	232,596
Net Balances	-	-	-	58,167	58,167
Input VAT Accrued					
Gross Balances	-	-	-	514,145	514,145
Less: Provision for Impairment	-	-	-	417,142	417,142
Net Balances	-	-	-	97,003	97,003
Sundry Rentals:					
Gross Balances	-	-	-	676,280	676,280
Less: Provision for Impairment	-	-	-	548,687	548,687
Net Balances	-	-	-	127,593	127,593
Total Debtors					
Gross Balances	163,189	110,389	106,254	6,721,203	7,101,035
Less: Provision for Impairment	53,361	64,848	64,058	4,493,353	4,675,619
Net Balances	109,829	45,542	42,196	2,227,850	2,425,416

As at 30 June Receivables of R2,315,587 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total Past Due
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	110,389	106,254	6,721,203	6,937,846
Less: Provision for Impairment	64,848	64,058	4,493,353	4,622,258
Net Balances	45,542	42,196	2,227,850	2,315,587

	2019 R	2018 R
3.2 Reconciliation of the Provision for Impairment		
Balance at beginning of year		
<i>Service Debtors and Other Debtors</i>	4,675,619	3,811,655
<i>Sundry Rentals & VAT</i>	3,477,194	2,613,230
<i>Land Sales</i>	965,829	965,829
Impairment Losses recognised	232,596	232,598
<i>Service Debtors and Other Debtors</i>	6,789,918	1,367,279
Impairment Losses reversed	6,789,918	1,367,279
<i>Service Debtors and Other Debtors</i>	-	(503,315)
<i>Service Debtors and Other Debtors</i>	-	(503,315)
Balance at end of year	11,465,537	4,675,619

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2019			
Property Rates	42,347,775	25,868,435	16,479,341
Fines	27,309,342	25,723,104	1,586,238
Other Taxes to Interest/penalties	9,055	9,055	0
Total Receivables from Non-exchange Transactions	69,666,173	51,400,594	18,265,579
As at 30 June 2018			
Property Rates	40,126,376	27,107,868	13,020,488
Fines	12,000,111	7,936,006	4,062,105
Sundry Debtors	9,055	-	9,055
Total Receivables from Non-exchange Transactions	52,137,543	35,046,894	17,091,649

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
R

2018
R

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information in to its credit risk control. No external credit rating is performed.

Traffic fines are recognised in accordance with IGrapp 1. The National Prosecuting Authority (NPA) has issued a Countrywide instruction that all outstanding traffic fines issued in terms of the Criminal Procedure Act should be cancelled after 18 months as such the above Traffic fines receivable is legally enforceable as it is within the said period of Eighteen months.

Consumer receivables from rates are billed monthly. Interest is charged on overdue consumer receivables at a rate of 10% per annum.

No interest is charged on overdue traffic fines debtors.

The municipality enforces its approved credit control policy to ensure the recovery of receivables. None of the financial assets that are fully performing have been renegotiated in the last year.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximates their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratios of Other Debtors were also taken into account for fair value determination.

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2019

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	749,781	673,556	628,894	40,295,545	42,347,775
Less: Provision for Impairment	481,399	479,101	476,398	24,231,537	25,668,435
Net Balances	268,382	194,455	152,496	16,064,008	16,679,341
Fines:					
Gross Balances	613,850	1,086,950	87,500	25,521,042	27,309,342
Less: Provision for Impairment	3,113	22,899	-	25,697,092	25,723,104
Net Balances	610,737	1,064,051	87,500	(176,050)	1,586,238
Other Taxes to interest/penalties					
Gross Balances				9,055	9,055
Less: Provision for Impairment				9,055	9,055
Net Balances	-	-	-	0	0
All receivables					
Gross Balances	1,363,631	1,760,506	716,394	65,825,642	69,666,173
Less: Provision for Impairment	484,512	502,000	476,398	49,937,694	51,400,594
Net Balances	879,119	1,258,506	239,996	15,887,958	18,265,579

As at 30 June Receivables of R17 388 460 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
Gross Balances	1,760,506	716,394	65,825,642	68,302,542
Less: Provision for Impairment	502,000	476,398	49,937,684	50,916,082
Net Balances	1,258,506	239,996	15,887,958	17,386,460

As at 30 June 2018

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

				2019 R	2018 R
Gross Balances	1,286,151	1,107,548	1,078,923	36,655,764	40,128,376
Less: Provision for Impairment	859,347	833,998	826,236	24,599,309	27,107,888
Net Balances	427,804	273,552	252,687	12,056,445	13,020,488
<i>Fines:</i>					
Gross Balances	13,712	16,605	11,283	11,859,511	12,000,111
Less: Provision for Impairment	5,805	6,807	4,777	7,920,817	7,938,006
Net Balances	7,907	8,998	6,506	4,038,694	4,062,105
<i>Other debtors</i>					
Gross Balances	-	-	-	9,055	9,056
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	9,055	9,055

As at 30 June Receivables of R17 091 649 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
Gross Balances	1,123,153	1,090,206	48,624,321	52,137,643
Less: Provision for Impairment	840,603	831,013	32,610,128	35,045,894
Net Balances	282,550	259,193	16,114,195	17,091,649

4.2 Reconciliation of Provision for Impairment

	2019 R	2018 R
Balance at beginning of year		
Impairment Losses recognised	35,045,894	28,330,626
Amounts written off as uncollectable	(7,074,376)	6,715,268
Balance at end of year	51,400,594	35,045,894

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

5. VAT RECEIVABLE

VAT Receivable	5,451,696	6,147,779
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VAT is payable / refundable on the receipts / payment basis. Only once payment is received from debtors, payment made to creditors, VAT is paid over / received from to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date to SARS.

6. CASH AND CASH EQUIVALENTS

Current Investments	84,046,585	45,790,224
Bank Accounts	5,537,582	1,883,500
Net Bank, Cash and Cash Equivalents	89,584,167	47,673,724

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits	84,046,585	45,790,224
Total Current Investment Deposits	84,046,585	45,790,224

The Municipality has the following investment accounts:

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019		2018	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	Bank Statement Balances		Cash Book Balances	
FNB - Service Delivery Reserve- 620-3325-4723	16,066,414	15,278,866	16,066,414	15,278,866
FNB - Operational Investment - 620-2945-0715	25,995,161	3,815,340	25,995,161	3,815,340
FNB - Municipal Infrastructure Grant (MIG) - 620-8603-6714	10,834,116	267,365	10,834,116	267,365
FNB - Guarantee Investment - 620-8874-2157	292,761	282,699	292,761	282,699
FNB - Financial Management Grant (FMG) - 622-7618-7294	522,367	55,666	522,367	55,666
FNB - Electrification Programme - 622-8856-0925	2,310,170	73,449	2,310,170	73,449
Nedbank - Capital Replacement Reserve Account - 788-111-786	27,925,595	26,016,917	27,925,595	26,016,917
	84,046,585	45,790,224	84,046,585	45,790,224

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.90 % to 7.00 % (2018: 3.90 % to 7.00 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5.08 % to 5.68 % (2018: 5.08 % to 5.68 %) per annum.

6.2 Bank Accounts

Cash in Bank

5,537,582

1,883,600

Total Bank Accounts

5,537,582

1,883,600

The Municipality has the following operational bank accounts:

	Bank Statement Balances		Cash Book Balances	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Primary Account FNB a/c No: 620 2218 3727	2,050,483	1,623,631	2,060,028	1,658,339
Traffic fine bank account	3,457,553	220,473	3,457,553	225,161
	5,508,037	1,844,104	5,537,582	1,883,600

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

6.3 Cash and Cash Equivalents

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

7. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	5,971,779	2,427,165
Operating Lease - Straightlining	3,567,491	3,544,614
Total Operating Lease Receivables	9,539,270	5,971,779

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of 2 to 50 years (2018/19: 2 to 50 years), with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
7.2 Amounts receivable under Operating Leases		
At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:		
Up to 1 year	3,587,491	3,602,333
2 to 5 years	12,905,914	13,048,282
More than 5 years	105,365,356	107,814,090
Total Operating Lease Arrangements	121,841,761	124,465,305

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8 PROPERTY, PLANT AND EQUIPMENT

30 June 2019

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Machinery and Equipment	Furniture and Office Equipment	Computer Equipment	Transport Assets	Total
	R	R	R				R	R
Carrying values at 01 July 2018	36,425,970	137,046,009	853,214,770	1,605,395	3,841,414	3,024,199	6,832,963	1,041,993,720
Cost	36,425,970	231,707,523	2,022,894,508	7,706,906	10,212,287	9,084,447	11,111,286	2,329,142,927
- Completed Assets	36,425,970	231,707,523	1,958,419,435	7,706,906	10,212,287	9,084,447	11,111,286	2,264,667,853
- Under Construction	-	-	64,475,073	-	-	-	-	64,475,073
Accumulated Impairment Losses	-	-	(448,700)	-	-	-	-	(448,700)
Accumulated Depreciation:	-	(94,661,513)	(1,169,231,038)	(6,098,511)	(6,370,873)	(6,060,248)	(4,278,323)	(1,286,700,506)
- Cost	-	(94,661,513)	(1,169,231,038)	(6,098,511)	(6,370,873)	(6,060,248)	(4,278,323)	(1,286,700,506)
Acquisition of Assets	-	496,750	576,576	2,405,942	818,258	962,863	2,032,211	7,292,600
- Cost	-	496,750	576,576	2,405,942	818,258	962,863	2,032,211	7,292,600
- Capital Under Construction	-	36,567,322	62,468,731	-	-	-	-	99,036,053
Depreciation:	-	(4,744,013)	(137,318,015)	(724,683)	(761,968)	(1,047,143)	(1,423,646)	(146,019,468)
- Based on Cost	-	(4,744,013)	(137,318,015)	(724,683)	(761,968)	(1,047,143)	(1,423,646)	(146,019,468)
Carrying value of Disposals:	-	-	-	(6,609)	(16,625)	(142,020)	(35)	(165,288)
- Cost	-	-	-	(2,106,204)	(323,592)	(1,408,553)	(3,947)	(3,842,295)
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	2,099,595	306,967	1,266,533	3,912	3,677,007
- Based on Cost	-	-	-	2,099,595	306,967	1,266,533	3,912	3,677,007
Impairment Losses	-	(145,206)	(6,580,408)	(2,700)	(572)	-	(379)	(6,729,265)
Trfr Under Construction to Completed	-	-	(38,274,026)	-	-	-	-	(38,274,026)
Transfers Received from Under Construction	-	-	38,274,026	-	-	-	-	38,274,026
Carrying values at 30 June 2019	36,425,970	169,220,862	772,361,655	3,280,345	3,880,508	2,797,899	7,441,114	995,408,353
Cost	36,425,970	268,771,594	2,085,939,816	8,006,644	10,706,953	8,638,758	13,139,549	2,431,629,284
- Completed Assets	36,425,970	232,204,273	1,997,270,038	8,006,644	10,706,953	8,638,758	13,139,549	2,306,392,184
- Under Construction	-	36,567,322	88,669,778	-	-	-	-	125,237,100
Accumulated Impairment Losses	-	(145,206)	(7,029,108)	(2,700)	(572)	-	(379)	(7,177,965)
Accumulated Depreciation:	-	(99,405,527)	(1,306,549,053)	(4,723,599)	(6,825,873)	(5,840,859)	(5,698,056)	(1,429,042,967)
- Cost	-	(99,405,527)	(1,306,549,053)	(4,723,599)	(6,825,873)	(5,840,859)	(5,698,056)	(1,429,042,967)

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2018

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Machinery and Equipment	Furniture and Office Equipment	Computer Equipment	Transport Assets	Total
	R	R	R				R	R
Carrying values at 01 July 2017	36,425,970	136,302,113	1,023,127,671	2,418,559	4,295,209	4,134,477	5,814,467	978,748,038
Cost	36,425,970	224,892,771	2,059,573,903	8,746,252	9,973,247	9,099,043	8,777,284	2,123,915,052
- Completed Assets	36,425,970	224,892,771	1,907,631,303	8,746,252	9,973,247	9,099,043	8,777,284	2,205,545,870
- Under Construction	-	-	151,942,601	-	-	-	-	151,942,601
Accumulated Depreciation:		(88,590,658)	(1,036,446,232)	(6,326,693)	(5,678,046)	(4,964,566)	(3,162,818)	(1,145,169,014)
- Cost	-	(88,590,658)	(1,036,446,232)	(6,326,693)	(5,678,046)	(4,964,566)	(3,162,818)	(1,145,169,014)
Acquisition of Assets								
- Cost	-	6,814,752	1,547,350	167,389	459,486	578,570	2,712,001	12,277,548
- Capital Under Construction	-	-	113,818,943	-	-	-	-	113,818,943
Depreciation:		(6,070,856)	(132,784,806)	(747,756)	(886,107)	(1,647,514)	(1,244,002)	(143,381,041)
- Based on Cost	-	(6,070,856)	(132,784,806)	(747,756)	(886,107)	(1,647,514)	(1,244,002)	(143,381,041)
Carrying value of Disposals:								
- Cost	-	-	-	103,585	36,318	(39,334)	(249,503)	(148,935)
- Accumulated Impairment Losses	-	-	-	(1,206,735)	(220,446)	(591,166)	(378,000)	(2,396,347)
- Accumulated Depreciation	-	-	-	334,381	63,483	-	-	397,864
- Based on Cost	-	-	-	975,939	193,281	551,832	128,497	1,849,548
Impairment Losses	-	-	(448,700)	-	-	-	-	(846,564)
Capital under Construction - Completed	-	-	(201,286,470)	-	-	-	-	(201,286,470)
Other Movements	-	-	49,240,782	-	-	-	-	49,240,782
- Cost	-	-	49,240,782	-	-	-	-	49,240,782
Carrying values at 30 June 2018	36,425,970	137,046,009	853,214,770	1,508,395	3,541,414	3,024,199	5,832,963	1,041,993,720
Cost	36,425,970	231,707,523	2,022,894,508	7,706,906	10,212,287	9,084,447	11,111,286	2,329,142,927
- Completed Assets	36,425,970	231,707,523	1,958,419,435	7,706,906	10,212,287	9,084,447	11,111,286	2,264,667,853
- Under Construction	-	-	64,475,073	-	-	-	-	64,475,073
Accumulated Impairment Losses	-	-	(448,700)	-	-	-	-	(448,700)
Accumulated Depreciation:		(94,661,513)	(1,169,231,038)	(6,098,511)	(6,370,873)	(6,060,248)	(4,278,323)	(1,286,700,506)
- Cost	-	(94,661,513)	(1,169,231,038)	(6,098,511)	(6,370,873)	(6,060,248)	(4,278,323)	(1,286,700,506)

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

8.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

8.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

8.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

8.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was no change (2017/18: R0) in the estimated useful life of various assets of the municipality for the financial year.

8.5 Work-in-Progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

Buildings	36,567,322	44,003,290
Infrastructure: Roads	88,669,778	32,881,142
Total Carrying Amounts of Work-in-Progress	<u>125,237,100</u>	<u>76,884,432</u>

8.6 Delayed Projects

The municipality has projects that are currently experiencing delays or were halted. For each project, the reason for the delay or halting of the project are noted. The carrying amount of those assets included in the balance of Property, Plant and Equipment are listed below:

Both the additional office building and the water tanker have experienced some delays in completing the project by the projected due date. These delays are beyond the controls of the municipality, however the projects will be completed within the cost limits of the original contract amounts.

Project Details	Delayed or Halted		
Infrastructure Unit:			
Project 1: Additional Offices	Delayed	36,567,322	-
Reason: Project experienced some delays in completing the project by the projected due date. These delays are beyond the controls of the municipality, however the projects will be completed within the cost limits of the original contract amounts.			

8.7 Expenditure Incurred to repair and maintain

	2019 R	2018 R
The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:		
Maintenance of Buildings and Facilities	1,075,843	1,800,438
Maintenance of Equipment	1,321,587	425,915
Maintenance of Computer Software	4,661,637	3,151,998
Total Expenditure related to Repairs and Maintenance Projects	<u>7,059,067</u>	<u>5,378,350</u>

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

2,079,604

1,932,748

The movement in Intangible Assets is reconciled as follows:

	Website	Software Purchased	Total
Carrying values at 01 July 2018	594,816	1,337,932	1,932,748
Cost	594,816	4,239,337	4,834,154
Accumulated Amortisation	-	(2,901,406)	(2,901,406)
Acquisitions:			
Purchased	501,327	189,366	690,725
	501,327	189,366	690,725
Amortisation:			
Purchased	-	(523,353)	(523,353)
	-	(523,353)	(523,353)
Disposals:			
At Cost	-	(20,519)	(20,519)
At Accumulated Amortisation	-	(737,780)	(737,780)
	-	717,261	717,261
Carrying values at 30 June 2019	1,096,143	983,456	2,079,601
Cost	1,096,143	3,690,955	4,787,098
Accumulated Amortisation	-	(2,707,498)	(2,707,498)
	Website	Software Purchased	Total
Carrying values at 01 July 2017	477,416	1,811,144	2,288,560
Cost	477,416	4,139,391	4,616,808
Accumulated Amortisation	-	(2,328,247)	(2,328,247)
Acquisitions:			
Purchased	117,400	173,100	290,500
	117,400	173,100	290,500
Amortisation:			
Purchased	-	(644,845)	(644,845)
	-	(644,845)	(644,845)
Disposals:			
At Cost	-	(1,488)	(1,488)
At Accumulated Amortisation	-	(73,154)	(73,154)
	-	71,686	71,686
Carrying values at 30 June 2018	594,816	1,337,932	1,932,748
Cost	594,816	4,239,337	4,834,154
Accumulated Amortisation	-	(2,901,406)	(2,901,406)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 33).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

9.1 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets, but not the Website as it is considered to be constantly maintained and therefore have an indefinite economic useful life and such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

9.2 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

9.3 Work-In-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9.4 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

10 INVESTMENT PROPERTY

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July 2018	13,572,222	11,294,953
Fair Value	13,572,222	11,294,953
Transfers during the Year	1,299,786	2,428,760
Fair Value	1,299,786	2,428,760
Fair Value Adjustments	(1,231,751)	(151,491)
Carrying values at 30 June 2019	13,640,257	13,572,222
Fair Value	13,640,257	13,572,222

Investment Property includes transfers (storm water drainage: carwash) done in the current financial year has been restated to correctly disclose the properties held as Investment Property in terms of GRAP 16.

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	4,684,777	5,597,864
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Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

10.1 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

10.2 Work-In-Progress

The municipality had no capital projects for Investment Property which were not completed at year-end.

10.3 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11 HERITAGE ASSETS

30 June 2019

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Mayoral Chain	Archives	Total
	R	R	R	R	R	R
Carrying values at 01 July 2018	-	-	-	17,719	-	17,719
Cost	-	-	-	17,719	-	17,719
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2019	-	-	-	17,719	-	17,719
Cost	-	-	-	17,719	-	17,719

30 June 2018

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Mayoral Chain	Archives	Total
	R	R	R	R	R	R
Carrying values at 01 July 2017	-	-	-	17,719	-	17,719
Cost	-	-	-	17,719	-	17,719
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2018	-	-	-	17,719	-	17,719
Cost	-	-	-	17,719	-	17,719

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

11.1 Depreciation and Impairment

In accordance with GRAP 103 a Heritage Asset have an indefinite life and their value appreciates over time due to their cultural, environmental, educational, natural scientific, technological, artistic or historical significance; and shall not be depreciated but an entity shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

11.2 Impairment of Heritage Assets

No Impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

11.3 Heritage Assets measured after recognition using the Cost Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

11.4 Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

11.5 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
12 CONSUMER DEPOSITS		
Rental Deposits	91,505	76,795
Total Consumer Deposits	91,505	76,795

CONSUMER DEPOSITS - RENTAL DEPOSITS

Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

13 CURRENT PORTION OF EMPLOYEE BENEFIT LIABILITIES

Current Portion of Employee Liabilities	210,790	435,171
Long-term Service Liability	210,790	435,171
Total Provisions	210,790	435,171

The movement in provisions is reconciled as follows:

30 June 2019

Opening Balance
 Actual employer benefit payments
 Balance at end of year

**Long-term Service
R**

435,171
 (224,381)
 210,790

30 June 2018

Opening Balance
 Actual employer benefit payments
 Actuarial loss/ (gain) recognised in the year
 Balance at end of year

**Long-term Service
R**

130,984
 (205,155)
 509,342
 435,171

Current Portion of Non-Current Provisions:

Long Service Award Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Bonus	1,934,774	3,042,269
Leave Accrual	6,762,992	6,220,283
Other Payables	24,018,853	3,540,663
Retentions	1,551,476	1,698,755
Trade Creditors	10,350,403	7,804,673
Total Payables	44,618,498	22,306,643

Staff Bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions. The liability is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The liability is an estimate of the amount due at the reporting date.

The municipality did not default on any payment of its Creditors. No terms for payment have been renegotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Property Rates Received in Advance	4,927,520	4,535,292
Total Payables	4,927,520	4,535,292

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

16 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

16.1 Conditional Grants from Government	2,515,332	213,282
National Government	1,592,541	104
Provincial Government	622,791	213,178
Total Conditional Grants and Receipts	2,515,332	213,282

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilized.

See Note 24 for the reconciliation of Grants from Government and Note N/A for the reconciliation of Other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognized. No grants were withheld.

17 EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	2,016,037	1,576,834
Long Service Awards Liability	2,016,037	1,576,834
Less: Current Portion of Employee Benefit Liabilities	(210,790)	(435,171)
Long Service Awards Liability	(210,790)	(435,171)
Long Service Awards Liability	1,805,247	1,141,663
Non-Current Portion of Employee Benefit Liabilities	1,805,247	1,141,663
17.1 Long Service Awards Liability		
Opening Balance	1,576,834	1,352,536
Current Service Cost	230,823	226,520
Interest Cost	113,725	107,460
Expected Benefits Vesting	(435,171)	(202,428)
Actuarial Loss / (Gain)	529,826	92,726
Balance at end of Year	2,016,037	1,576,834
Transfer to Current Provisions	210,790	435,171
Total Non-Current Long Service Awards Liability	1,805,247	1,141,663

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by Mr C Welas, Fellow of the Actuarial Society of South Africa. 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.

At year end, 150 (2018: 145) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2019 is estimated to be R230 823, whereas the cost for the ensuing year is estimated to be R321 897 (30 June 2018: R226 520 and R230 623 respectively).

	2019 R	2018 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.07%	8.34%
Cost Inflation Rate	5.48%	6.00%
Net Effective Discount Rate	2.45%	2.21%
Expected Return on Plan Assets	8.00%	8.00%
Expected Rate of Salary Increase	6.50%	7.00%
Expected Retirement Age	63	68

The history of experienced adjustments is as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Present Value of Defined Benefit Obligation	2,016,037	1,576,634	1,403,464	1,352,536	1,171,810
Experienced adjustments on Plan Liabilities	129,970	53,712	(6,462)	57,619	64,365

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

18 NON-CURRENT PROVISIONS

Decommissioning, Restoration and Similar Liabilities: Landfill Sites

3,922,739

3,677,096

Total Non-current Provisions

3,922,739

3,677,096

Other Operational Provisions:

Decommissioning of
Landfill Sites

R

30 June 2019

Opening Balance
Increases

3,677,096
245,643

Balance at end of year

3,922,739

Decommissioning of
Landfill Sites

R

30 June 2018

Opening Balance
Other Reductions

10,477,991
(6,800,895)

Balance at end of year

3,677,096

Decommissioning, Restoration and Similar Liabilities: Landfill sites decommissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate of the municipality.

19 RESERVES

Capital Replacement Reserve

26,016,917

26,016,917

Total Reserves

26,016,917

26,016,917

19.1 Capital Replacement Reserve

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

20 ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations

1,052,972,312

1,078,645,862

Total Accumulated Surplus

1,052,972,312

1,078,645,862

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

21 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2019 R000's	July 2018 R000's (Restated)	July 2019 R000's	July 2018 R000's
Property Rates:				
Business and Commercial Properties	353,021,500	299,499,975	4,659,237	9,581,273
Residential Properties	501,259,000	398,639,447	2,507,250	3,651,532
State-owned Properties	506,550,860	476,627,254	6,520,792	1,856,846
Total Property Rates	1,360,831,360	1,174,766,676	15,687,279	15,071,651

Annual valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions. Rates tariffs were increased as follows:- State-owned Properties 0.0039 to 0.0165 and Residential decreased from 0.0157 to 0.006.

A decrease in actual levies for business and Commercial properties has been as a result of decrease in tariff from 0.0316 to 0.0132, Residential tariff decrease from 0.0148 to 0.0066 and an increase in State-owned from 0.0160 to 0.0165.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

Welfare Organisations are exempted from the payment of rates, whilst the first R15 000,00 of the valuation on improved residential properties is exempted from the payment of rates.

22 FINES, PENALTIES AND FORFEITS

Other Fines		32,981,620	2,267,449
Law Enforcement		32,000,950	1,456,324
Pound Fees		980,670	601,126
Total Fines, Penalties and Forfeits		32,981,620	2,267,449

23 LICENCES AND PERMITS

	Exchange Transactions 2019 R	Exchange Transactions 2018 R	Non-Exchange Transactions 2019 R	Non-Exchange Transactions 2018 R
Road and Transport	2,136,696	2,408,697	-	-
Drivers Licence Certificate	1,896,802	2,179,996	-	-
Motor Vehicle Licence	240,894	228,700	-	-
Trading	10,000	118,167	186,281	116,929
Total Licences and Permits	2,146,696	2,526,664	186,281	116,929

24 TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants		79,392,799	99,202,915
Allocations In-kind		-	1,547,350
Monetary Allocations		79,392,799	97,655,565
Operational Grants		198,121,850	179,709,239
Monetary Allocations		198,121,850	179,709,239
Total Government Grants and Subsidies		277,514,649	278,912,154

24.1 Capital Grants

	Monetary Allocations	
	2019	2018
Municipal Infrastructure Grant (MIG)	45,484,225	52,855,575
Integrated National Electrification Program (INEP)	29,330,830	44,999,990
Department of Cooperative Government and Traditional Affairs (COGTA)	4,577,745	-
Total Capital Grants Received	79,392,800	97,855,565

24.2 Operational Grants

	Monetary Allocations	
	2019	2018
Departmental Agencies and Accounts	135,563	115,850
Financial Management Grant (FMG)	1,770,046	1,700,434
Expanded Public Works Program (EPWP)	2,476,000	2,637,000
National Revenue Fund (Equitable Share)	193,075,000	175,184,000
Library Development (COGTA)	800,804	258,152
Public Corporations	-	6,263
Total Operational Grants Received	198,121,650	179,664,649

24.3 Reconciliation per Grant Source		
24.3.1 National Governments		
Balance unspent at beginning of year	104	5,485,878
Current year receipts	1,892,049	(8,537,575)
Conditions met - transferred to Revenue	-	1,072,000
Conditions still to be met - transferred to Current Liabilities (see Note 16)	1,892,153	104
24.3.2 National Revenue Fund - Fuel Levy & Equitable Share		
Current year receipts	193,075,000	175,184,000
Conditions met - transferred to Revenue	(193,075,000)	(175,184,000)
This grant has been used to fund operational expenses within the municipality.		
24.3.3 Departmental Agencies and Accounts		
Balance unspent at beginning of year	-	-
Current year receipts	135,563	115,850
Conditions met - transferred to Revenue	(135,563)	(115,850)
Conditions met - transferred to Revenue	-	-
24.3.4 National Revenue Fund - Financial Management Grant		
Balance unspent at beginning of year	46	434
Current year receipts	1,770,000	1,700,000
Conditions met - transferred to Revenue	(1,770,046)	(1,700,434)
Conditions met - transferred to Revenue	-	-
24.3.5 National Revenue Fund - Municipal Infrastructure Grant		
Balance unspent at beginning of year	104	5,485,878
Current year receipts	45,507,000	47,180,000
Conditions met - transferred to Revenue	(45,484,225)	(52,655,575)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities	22,679	104
24.3.6 National Revenue Fund - Integrated National Electrification Programme		
Balance unspent at beginning of year	-	-
Current year receipts	31,200,000	44,999,990
Conditions met - transferred to Revenue	(29,330,830)	(44,999,990)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities	1,869,170	-
24.3.7 National Revenue Fund - Expanded Public Works Programme		
Balance unspent at beginning of year	-	-
Current year receipts	2,478,000	2,537,000
Conditions met - transferred to Revenue	(2,478,000)	(2,537,000)
Other Adjustments/Refunds	-	-
Conditions met - transferred to Revenue	-	-
24.3.8 Provincial COGTA Grants		
Balance unspent at beginning of year	213,178	121,330
Current year receipts	5,788,182	350,000
Conditions met - transferred to Revenue	(5,378,549)	(258,152)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities	622,781	213,178
25 SERVICE CHARGES		
Refuse Removal	1,180,555	1,159,426
Total Service Charges	1,180,555	1,159,426

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

26 SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	334,809	389,782
Application Fees for Land Usage	1,862	1,681
Building Plan Approval	315,573	129,383
Cemetery and Burial	15,444	29,064
Clearance Certificates	5,170	6,999
Entrance Fees	44,708	1,825
Removal of Restrictions	1,493	
Sale of Goods	337,510	512,255
Streets/Street Markets (Informal Traders)	63,000	29
Total Sales of Goods and Rendering of Services	1,119,668	1,071,015

27 INCOME FROM AGENCY SERVICES

Commission on Vehicle Registration	1,967,447	2,051,565
Total Income from Agency Services	1,967,447	2,051,565

28 RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue		
Investment Property	4,684,777	5,597,864
Other Fixed Assets	330,663	499,154
Property Plant and Equipment	330,663	499,154
Other Rental Income		
Ad-hoc Rental Income from Other Fixed Assets	158,910	330,308
Total Rental of Facilities and Equipment	5,172,349	6,427,326

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

29 INTEREST, DIVIDENDS AND RENT ON LAND EARNED

External Investments:		
Bank Account	267,647	621,791
Investments	6,471,298	5,678,390
	6,738,945	6,298,181
Total Interest Received	6,738,945	6,298,181
Interest - Variable Rate Instruments	6,738,945	6,298,181
Outstanding Exchange Receivables:		
Outstanding Billing Debtors	3,258,001	2,926,497
Service Charges	3,258,001	2,926,497
	3,258,001	2,926,497
Total Exchange Interest Earned	9,996,947	9,224,677
Total Interest, Dividends And Rent On Land Earned	9,996,947	9,224,677

30 OPERATIONAL REVENUE

Arbor City Awards Competition		250,000
Insurance Refund		91,323
Merchandising, Jobbing and Contracts	41,844	33
Sale of Property	32,000	60,000
	20,000	
Total Operational Revenue	93,844	401,358

31 EMPLOYEE RELATED COSTS

Salaries and Wages		
Basic	43,174,332	41,058,394
Long Service Awards	524,145	387,672
Bonusses	1,014,772	177,600
Leave Payments	1,885,811	2,007,481
Overtime	624,007	138,647

Allowances		
Accommodation, Travel and Incidental	14,828	-
Bonus Allowance	1,811,355	3,042,269
Housing Benefits	2,543,945	2,897,303
Standby Allowance	1,030,906	916,398
Travel or Motor Vehicle	3,902,270	4,220,547
Social Contributions		
Bargaining Council	18,636	17,374
Medical	3,560,550	3,241,928
Pension	6,158,289	5,611,402
Unemployment Insurance	325,178	303,721
Skills Development Fund Levy	719,958	677,665
Workmen's Compensation Fund	318,261	711,226
Total Employee Related Costs	67,308,245	65,417,626
No advances were made to employees.		
Remuneration of Section 57 Employees:		
<i>Remuneration of the Municipal Manager - GPT Note</i>		
Annual Remuneration	1,091,365	783,416
Bonus	169,288	65,285
Car and Other Allowances	465,088	466,992
Company Contributions to UIF, Medical and Pension Funds	17,458	11,798
Termination Benefits	-	72,648
Total	1,743,230	1,390,140
The Municipal Manager was engaged as of 01 July 2017. The previous term ended on 30th April 2017. A month to month contract was agreed upon between the Municipality and the outgoing Municipal Manager for the period in-between.		
<i>Remuneration of the Chief Financial Officer - X Venn</i>		
Annual Remuneration	-	663,416
Bonus	-	55,285
Car and Other Allowances	-	386,992
Company Contributions to UIF, Medical and Pension Funds	-	12,049
Total	-	1,117,741
Mrs Venn's employment contract expired at 31 July 2018.		
<i>Remuneration of the Chief Financial Officer - FT Fundira</i>		
Annual Remuneration	521,529	-
Bonus	13,344	-
Backpay	111,430	-
Car and Other Allowances	237,758	-
Company Contributions to UIF, Medical and Pension Funds	6,935	-
Total	892,997	-
Mr Fundira was appointed on 1 October 2018.		
<i>Remuneration of the Manager Community Services - M Sinake</i>		
Annual Remuneration	521,055	663,416
Bonus	165,654	55,285
Car and Other Allowances	387,069	386,992
Company Contributions to UIF, Medical and Pension Funds	15,203	12,008
Total	1,389,191	1,117,700
<i>Remuneration of the Manager Corporate Services - N Kubona</i>		
Annual Remuneration	502,666	663,416
Bonus	110,569	55,285
Car and Other Allowances	387,069	386,992
Company Contributions to UIF, Medical and Pension Funds	14,509	12,049
Total	1,315,014	1,117,739
<i>Remuneration of the Manager Local Economic Development - S Bafy</i>		
Annual Remuneration	-	663,416
Bonus	-	55,285
Car and Other Allowances	-	386,992
Company Contributions to UIF, Medical and Pension Funds	-	12,049
Total	-	1,117,741
M Bafy's employment contract expired on 31 August 2018.		

Remuneration of the Manager Local Economic Development - SC Ntinzl		
Annual Remuneration	460,818	
Bonus	6,872	
Backpay	93,262	
Car and Other Allowances	214,405	
Company Contributions to UIF, Medical and Pension Funds	8,015	
Total	783,172	
Mr Ntinzl was appointed on 1 October 2018.		
Remuneration of the Manager Infrastructure and Planning - SF Ntonga		
Annual Remuneration	-	663,415
Bonus	-	55,285
Car and Other Allowances	-	386,992
Company Contributions to UIF, Medical and Pension Funds	-	12,104
Total	-	1,117,796
Mr Ntonga's employment contract expired on 31 July 2018.		
Remuneration of the Manager Infrastructure and Planning - LJ Moleko		
Annual Remuneration	512,960	
Bonus	10,008	
Backpay	105,374	
Car and Other Allowances	237,768	
Company Contributions to UIF, Medical and Pension Funds	8,616	
Total	874,816	
Mr Moleko was appointed on 1 September 2018.		
Remuneration of the Chief Operations Officer - N Zembe		
Annual Remuneration	958,286	543,225
Bonus	115,191	53,602
Car and Other Allowances	381,283	375,215
Company Contributions to UIF, Medical and Pension Funds	16,038	10,698
Total	1,470,798	1,082,740
Summary of Remuneration of Section 57 Employees:		
All Managers	8,469,315	8,061,597
Total Remuneration of Section 57 Employees	8,469,315	8,061,597
32 REMUNERATION OF COUNCILLORS		
Executive Mayor	413,875	409,011
Speaker	595,082	327,209
Chief Whip	532,864	306,759
Mayoral committee members	4,033,434	1,985,228
Total for All Other Councillors	11,819,433	14,616,031
Total Councillors' Remuneration	17,397,667	17,644,238
Remuneration of Councillors:		
Councillors were compensated within the limits set by the Remuneration of Public Office Bearers Act No 20 of 1998.		
In-kind Benefits		
Councillors may utilise official Council transportation when engaged in official duties.		
The Executive Mayor and Speaker have use of Council owned vehicles for official duties.		
Councillor Ngonyolo was appointed as the acting Mayor from December 2018 up until 27 March 2019. The Councillor Mrukwa was appointed as Mayor and Councillor Ngonyolo was appointed as a Speaker on the 27 March 2019.		
33 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	146,048,923	143,381,041
Amortisation: Intangible Assets	523,363	844,845
Total Depreciation and Amortisation	146,572,278	144,034,882
34 IMPAIRMENT LOSSES		
Impairment Losses on Fixed Assets	5,596,159	1,139,560
Impairment Losses on Financial Assets	30,218,994	6,837,689
Fair Value Adjustments	1,231,751	151,491
Total Impairment Losses	38,146,905	10,128,740

34.1 Impairment Losses on Fixed Assets		
Impairment Losses		
Property, Plant and Equipment	6,696,159	1,139,560
	<u>6,696,159</u>	<u>1,139,560</u>
34.2 Impairment Losses on Financial Assets		
Impairment Losses		
Other Receivables from Non-exchange Revenue	23,429,076	
Trade and Other Receivables from Exchange Transactions	6,789,918	95,437
Bad Debts Written Off (Directly to Statement of Financial Performance)	-	8,742,261
Refer to Note 3 and 4.		
	<u>30,218,994</u>	<u>8,837,698</u>
35 INTEREST, DIVIDENDS AND RENT ON LAND PAID		
Interest Paid	245,643	427,034
Interest costs Employee Benefits (Refer to Note 18).	245,643	427,034
Total Interest, Dividends and Rent on Land	<u>245,643</u>	<u>427,034</u>
36 CONTRACTED SERVICES		
Outsourced Services		
Consultants and Professional Services	21,116,079	15,878,612
Contractors	9,844,967	16,066,871
	13,520,487	12,449,845
Total Contracted Services	<u>44,481,533</u>	<u>44,395,328</u>
36.1 Outsourced Services		
Business and Advisory		
Catering Services	3,428,929	260,653
Internal Auditors	275,341	302,442
Personnel and Labour	924,889	493,486
Professional Staff	8,107,668	7,067,220
Security Services	501,800	-
Traffic Fines Management	6,926,107	7,424,432
	949,426	330,380
	<u>21,116,079</u>	<u>15,878,612</u>
36.2 Consultants and Professional Services		
Business and Advisory		
Infrastructure and Planning	6,022,891	9,552,315
Legal Cost	2,576,779	2,893,633
	1,243,297	3,321,023
	<u>9,844,967</u>	<u>16,066,871</u>
36.3 Contractors		
Artists and Performers		
Building	802,921	661,250
Catering Services	639,315	1,130,472
Employee Wellness	2,629,251	2,560,650
Event Promoters	310,710	35,461
Graphic Designers	964,413	1,739,612
Maintenance of Buildings and Facilities	-	140,160
Maintenance of Equipment	1,075,643	1,800,438
Maintenance of Computer Software	1,321,567	425,915
Plants, Flowers and Other Decorations	4,661,637	3,151,996
Safeguard and Security	2,000	-
Stage and Sound Crew	303,000	73,600
Tracing Agents and Debt Collectors	413,000	445,814
	396,811	254,266
	<u>13,520,487</u>	<u>12,449,845</u>
37 INVENTORY CONSUMED		
Materials and Supplies		
	4,457,070	3,890,560
	<u>4,457,070</u>	<u>3,890,560</u>
38 TRANSFERS AND SUBSIDIES PAID		
Operational Grants		
Bursaries for scarce skills	1,266,949	884,622
Monetary Allocations	419,661	655,916
	647,268	208,704
Total Transfers and Subsidies Paid	<u>1,266,949</u>	<u>884,622</u>

39 OPERATING LEASES

Furniture and Office Equipment	552,580	543,357
Other Assets	-	139,066
Transport Assets	121,037	22,555
Total for Operating Leases	783,717	705,288

40 OPERATIONAL COSTS

Included in General Expenses are the following:

Achievements and Awards	662,330	514,798
Advertising, Publicity and Marketing	2,793,319	1,577,302
Bank Charges, Facility and Card Fees	426,588	343,754
Bonuses (Employees)	223,630	324,018
Communication	4,719,065	4,272,871
Drivers Licences and Permits	232,418	217,645
Entertainment	1,993	658
External Audit Fees	4,522,573	4,283,728
External Computer Service	873,928	849,581
Fines and Penalties	2,230,332	-
Hire Charges	8,927,458	8,573,876
Indigent Relief	5,241,345	4,760,325
Insurance Underwriting	251,481	1,857,319
Leaverships and Internships	332,564	572,340
Licences	79,551	41,827
Municipal Services	1,234,737	1,448,995
Printing, Publications and Books	447,131	458,360
Professional Bodies, Membership and Subscription	291,403	1,058,088
Registration Fees	2,105,898	3,255,766
Remuneration to Ward Committees	3,814,783	3,162,495
Resettlement Cost	35,238	-
Samples and Specimens	-	15,500
Seating Allowance for Traditional Leaders	155,600	34,400
Signage	161,904	198,380
Transport Provided as Part of Departmental Activities	1,914,248	1,641,983
Travel Agency and Visa's	294,183	431,275
Travel and Subsistence	6,738,109	6,549,912
Uniform and Protective Clothing	1,145,238	998,548
Wet Fuel	2,952,958	2,280,061
Total Operational Costs	52,851,453	49,707,985

40.1 Travel and Subsistence

Domestic	5,725,899	5,541,035
Accommodation	3,844,170	4,209,339
Transport without Operator	2,620,280	1,998,985
Transport with Operator	261,239	334,717
National	12,420	8,877
Transport without Operator	12,420	8,877
	6,738,109	6,549,912

No other extra-ordinary expenses were incurred.

41 GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Property, Plant and Equipment	(189,397)	(148,087,533)
Total Gains / (Losses) on Disposal of Capital Assets	(189,397)	(148,087,533)
Total Gains on Disposal of Capital Assets	-	-
Total Losses on Disposal of Capital Assets	189,397	148,087,533

42 CORRECTION OF ERROR

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 165 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

The implementation of MSCOA as stated above resulted in certain reclassification of descriptions and figures. Other corrections were also made during the previous financial years. Details of the corrections are described below:

42.1 Reclassification of Revenue

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the Correction of Error is as follows:

	Prior Year 2017/18 Audited	MSCOA Reclassification	MSCOA Restated Amount	Correction of Error	Restated Amount 2017/18
Property Rates	15,071,651	-	15,071,651	-	15,071,651
Fines, Penalties and Forfeits	1,456,324	801,125	2,257,449	-	2,257,449
Licences and Permits - Non-exchange	-	116,929	116,929	-	116,929
Transfers and Subsidies	277,335,151	121,114	277,456,265	1,455,889	278,912,154
Public Contributions and Donations	5,263	(5,263)	-	-	-
Licences and Permits - Exchange	2,642,793	(115,929)	2,526,864	-	2,526,864
Service Charges	1,159,426	-	1,159,426	-	1,159,426
Sales of Goods and Rendering of Services	1,071,018	-	1,071,018	-	1,071,018
Income from Agency Services	2,051,565	-	2,051,565	-	2,051,565
Rental from Fixed Assets	6,427,326	-	6,427,326	-	6,427,326
Interest, Dividends & Rent on Land	-	9,224,677	9,224,677	-	9,224,677
Interest Earned - External Investments	6,296,161	(6,296,161)	-	-	-
Interest Earned - Outstanding Debtors	2,926,497	(2,926,497)	-	-	-
Operational Revenue	1,316,332	(916,978)	401,356	-	401,356
	317,763,626	-	317,763,626	1,455,889	319,219,416

Fines:

The revenue for Pound Fees were previously classified under Operational Revenue but with the Municipal Standard Chart of Accounts (MSCOA) it needs to be classified with Fines, Penalties and Forfeits.

Grants and Subsidies Received:

The revenue for the Sector Education Training Authority (SETA) was previously disclosed under Operational Revenue but with MSCOA it needs to be classified with Transfers and Subsidies. Public Contributions and Donations were a revenue stream on its own but with MSCOA it is classified under Grants & Subsidies Received.

Licences and Permits - Exchange & Non-Exchange

Licences and Permits Revenue were previously classified under Exchange Transactions with MSCOA it needs to be disclosed under Non-Exchange Transactions. Example Trading Licences. The municipality does not get anything in exchange.

Interest Earned - External Investments and on Debtors

The interest received on investments as well as Debtors were previously disclosed separately but with MSCOA it was classified under Interest, Dividends and Rent on Land.

Operational Revenue:

As can be seen with the above paragraph items like the Pound Fees and the SETA Training Grant, which previously were classified under Operational Revenue, are now classified under Fines, Penalties and Forfeits and Transfers and Subsidies etc.

42.2 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2017/18 Audited	MSCOA Reclassification	MSCOA Restated Amount	Correction of Error	Restated Amount 2017/18
Employee Related Costs	65,263,191	154,434	65,417,625	-	65,417,625
Remuneration of Councillors	17,644,238	-	17,644,238	-	17,644,238
Depreciation and Amortisation	97,495,845	-	97,495,845	46,539,047	144,034,892
Impairment Losses	11,640,133	95,436	11,735,571	(1,606,831)	10,128,740
Actuarial Losses	41,798	(41,798)	-	-	-
Interest, Dividends and Rent on Land	427,034	-	427,034	-	427,034
Contracted Services	44,399,303	(331,161)	44,068,142	327,166	44,395,328
Inventory Consumed	2,210,348	1,680,212	3,890,560	-	3,890,560
Transfers and Subsidies Paid	-	864,622	864,622	-	864,622
Operating Leases	706,966	(4,696)	702,270	-	702,270
Operational Costs	51,403,236	(2,417,049)	48,986,187	721,798	49,707,985
Loss on Disposal of PPE	142,802,174	-	142,802,174	5,285,350	148,087,523
	434,037,287	-	434,037,286	51,268,559	485,303,845

Employee Related Costs

Skill Development Levies and Workmen's Compensation Assurance (WCA) were classified under Operational Expenses as per MSCOA but in accordance with Municipal Finance Management (MFMA) Act No 56 of 2003 it needs to be disclosed under Employee Related Cost.

Inventory Consumed

Inventory Consumed is a new expenditure classification as per MSCOA and refers to items from the stores being utilised. This cost previously falls under Operational Costs.

Transfers and Subsidies Paid

Bursaries and career skills assistance were previously classified under Operational Cost but was with MSCOA reclassified as Transfers and Subsidies Paid.

Actuarial Losses

Actuarial Losses was disclosed as a separate expenditure line item during the last financial year. As per MSCOA this cost should be disclosed under Operational Costs

Operational Costs/ Contracted Services

Some items previously classified under Operational Expenditure and Contracted Services were re-classified under MSCOA to Inventory Consumed and Transfers and Subsidies Paid.

Depreciation and Amortisation

The municipality embarked on a total revamp of the Assets Register and accordingly depreciation was restated. Overhaul entailed the addition of assets that were previously not accounted for, restatement of segments to actual road lengths and widths as per GIS and Roadlinks resulting in increase in the depreciation calculation in the prior year.

Impairment loss

There was reduction in impairment losses in the prior as there were assets that could not be verified and as such were written off. The impairment that had been raised for those assets therefore had to be reversed resulting in a net decrease.

Operating leases

The expenditure that had previously been recognised under operating leases has now moved to Inventory consumed as a MSCOA alignment reclassification.

Loss on disposal of Property, plant and equipment

There has been an increase in the loss on disposal of PPE as there were more assets that had to be written off after verification.

4.2.3 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2017/18 Audited	MSCOA Reclassification	MSCOA Restated Amount	Correction of Error	Restated Amount 2017/18
Current Assets					
Inventories	222,165	-	222,165	-	222,165
Receivables from Exchange Transactions	2,425,415	-	2,425,415	-	2,425,415
Receivables from Non-exchange Transactions	17,096,648	(4,999)	17,091,649	-	17,091,649
VAT Receivable	6,147,779	-	6,147,779	-	6,147,779
Cash and Cash Equivalents	47,669,725	4,999	47,673,724	-	47,673,724
Operating Lease Receivables	5,971,779	-	5,971,779	-	5,971,779
Non-Current Assets					
Property, Plant and Equipment	799,006,570	-	799,006,570	242,987,160	1,041,993,720
Intangible Assets	1,932,640	-	1,932,640	108	1,932,748
Investment Property	65,024,878	-	65,024,878	(51,452,656)	13,572,222
Heritage Assets	17,719	-	17,719	-	17,719
Current Liabilities					
Consumer Deposits	-	76,795	76,795	-	76,795
Provisions	435,171	-	435,171	-	435,171
Payables from Exchange Transactions	20,224,925	-	20,224,925	2,081,918	22,306,843
Payables from Non-exchange Transactions	4,612,087	(76,795)	4,535,292	-	4,535,292
Unspent Conditional Grants and Receipts	213,282	-	213,282	-	213,282
Non-Current Liabilities					
Retirement Benefit Liabilities	1,141,663	-	1,141,663	-	1,141,663
Non-current Provisions	3,677,096	-	3,677,096	-	3,677,096
Net Assets					
Reserves	26,016,917	-	26,016,917	-	26,016,917
Accumulated Surplus / (Deficit)	889,193,177	-	889,193,177	189,452,666	1,078,645,842

Property, Plant and Equipment:

During the current financial year the municipality performed a complete verification and reconciliation of all municipal assets. To ensure completeness of Property Plant and Equipment a full property reconciliation was performed. This resulted in a number of misstatement being identified that was subsequently corrected.

The opening balances for Property, Plant & Equipment have been restated to correctly include newly found Road and Stormwater components.

Furthermore, the opening balances for Property, Plant & Equipment have been restated to include Road and Stormwater assets that was previously excluded due to demarcation boundaries.

The opening balances for *Property, Plant & Equipment* has also been restated due to certain Roads lengths and sizes that was corrected.

The opening balances for *Property, Plant & Equipment* has also been restated due to certain Land parcels that was previously incorrectly classified as Investment Properties.

Lastly, the opening balances for *Property, Plant & Equipment* were restated for properties belonging to the municipality housing structures on them that do not belong to the municipality.

The prior year amounts for *Property, Plant & Equipment* and Depreciation have been restated to correctly disclose the impact of the revised opening balances on the Depreciation expense for the year.

Investment Property:

The opening balances for *Investment Property* has been restated due to certain Land parcels that was previously incorrectly classified as Investment Properties.

Furthermore, the opening balances for *Property, Plant & Equipment* were restated for properties belonging to the municipality housing structures on them that do not belong to the municipality.

Lastly, the opening balances for *Investment Property* were restated for properties previously incorrectly included in the Asset Register.

Consumer Deposits / Payables from Non-Exchange Transactions

Half Deposits previously classified under Payables from Non-Exchange revenue needs to be classified under Consumer Deposits as per MSCOA.

Cash and Cash Equivalents / Receivables from Non-exchange Transactions

An amount of R4 999 previously disclosed under Cash and Cash Equivalents was a deposit paid in advance which need to be Receivables from Non-Exchange Transactions.

Intangible Assets

The prior year amounts for Intangible Assets and Amortisation have been restated to correctly disclose the impact of the revised opening balances on the Depreciation expense for the year.

Accumulated Surplus / (Deficit)

The accumulated surplus had to be adjusted due to the changes in Property, Plant and Equipment, Intangible Assets and Investment Property.

43 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	-25,673,552	-166,084,429
Adjustment for:		
Appropriations to/from Internal Reserves		129,909,955
Depreciation and Amortisation	146,542,821	144,034,592
Impairment Losses on Property, Plant and Equipment	6,729,265	2,207,022
Losses / (Gains) on Disposal of Property, Plant and Equipment	189,397	12,592,186
Other Movement on Property, Plant and Equipment		152,045,656
Contribution to Post-retirement Employee Benefits		173,370
Contribution to Long Service Awards Liability	663,564	226,520
Expenditure Incurred from Long Service Awards Liability	-224,381	107,480
Contribution to Provisions - Current	-664,785	319,554
Expenditure Incurred from Provisions - Non-current	245,643	-
Fair value adjustment IP	1,231,751	-
Contribution to Impairment Provision	30,215,994	-
Bad Debts Written-off		9,109,084
Operating surplus before working capital changes	159,358,737	284,941,355
Decrease/(Increase) in Inventories	-491,095	101,369
Decrease/(Increase) in Receivables from Exchange Transactions	-6,745,459	-1,256,539
Decrease/(Increase) in Receivables from Non-exchange Transactions	-24,603,006	-12,522,199
Decrease/(Increase) in VAT Receivable	695,083	-1,571,073
Decrease/(Increase) in Operating Lease Receivables	-3,567,491	-3,544,614
Increase/(Decrease) in Consumer Deposits	14,710	-
Increase/(Decrease) in Payables from Exchange Transactions	22,576,441	6,119,944
Increase/(Decrease) in Payables from Non-exchange Transactions	392,228	2,327,503
Increase/(Decrease) in Conditional Grants and Receipts	2,302,050	-5,374,115
Cash generated by / (utilized in) Operations	150,233,197	133,323,246

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised Expenditure

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

Reconciliation of Unauthorised Expenditure:

Opening balance		
Unauthorised Expenditure current year	98,399,127	98,399,127
Approved by Council or condoned	16,901,217	
Unauthorised Expenditure awaiting authorisation	(113,500,344)	
		<u>98,399,127</u>

44.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance		
Fruitless and Wasteful Expenditure current year	2,160,825	
Expenditure recovered	(1,348,458)	
Fruitless and Wasteful Expenditure awaiting condonement	812,367	
		<u>812,367</u>

An amount incurred by Umzimvubu Local Municipality owing to fraud perpetrated through a scam by individuals whose identity is yet to be determined. The amount has resulted in fruitless and wasteful expenditure as envisaged in Section 32 (d) of the Municipal Finance Management Act 56 of 2003. The amount paid to service provider was totalling to R2 160 825.18 and an amount of R1 348 458.30 was transferred back to the municipal bank account. The balance of R812 367 is still under investigation.	The matter is still under investigation by South African Police Services (SAPS), case number CAS 69/11/2018, in line with Section 32 (b) of the MFMA. Investigations are still ongoing in efforts to recover the expenditure in terms of Section 32 (2) of the MFMA to recover this expenditure.
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44.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

Reconciliation of Irregular Expenditure:

Opening balance		
Irregular Expenditure current year	15,093,688	59,642,555
Irregular Expenditure prior year, but identified in current year	24,905,403	139,497,412
Condoned or written off by Council	1,017,104	
Irregular Expenditure awaiting condonement	(39,782,079)	(184,046,279)
	<u>1,234,116</u>	<u>15,093,688</u>

Two senior managers are being remunerated above the gazetted upper limits to the value of R1 234 116. The packages were paid based on the advice that was received from the Department of Local Government and Traditional Affairs, emanating from the application for waiver that was done by the municipality.	Disciplinary steps / Criminal Proceedings Refer to Council for investigation.
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45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**45.1 Contributions to organised local government - SALGA**

Opening Balance		
Council Subscriptions	771,722	704,826
Amount Paid - current year	(771,722)	(704,826)
Balance Unpaid (included in Creditors)		

45.2 Audit Fees

Opening Balance		
Current year Audit Fee	672,902	25,609
Amount Paid - current year	5,201,304	3,610,626
Amount Paid - previous years	(5,874,206)	(3,636,435)
Balance Unpaid (included in Creditors)		<u>672,902</u>

45.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

45.4 PAYE, Skills Development Levy and UIF

Opening Balance		
Current year Payroll Deductions	135,201	
Amount Paid - current year	16,048,092	14,972,082
	(16,183,293)	(14,836,881)
Balance Unpaid (included in Creditors)		<u>135,201</u>

45.5 Pension and Medical Aid Deductions

Opening Balance		
Current year Payroll Deductions and Council Contributions	14,695,120	13,252,201
Amount Paid - current year	(14,695,120)	(13,252,201)
Balance Unpaid (included in Creditors)		

Interest charged on outstanding debtors - MFMA 54 (2)(g)

In terms of section 54 (2)(g) of the MFMA the municipality must charge interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework. The municipality does not charge interest on long outstanding debtors, as the municipality does not deliver basic services. Amendment was made to the policy for the 2017/18 financial year.

Revenue not disclosed per source in the SDBIP - MFMA 11

In terms of section 1 of the MFMA the municipality must project for each month revenue to be collected, by source. The SDBIP of the municipality discloses the revenue to be collected by vote and not by source. Amendment was made to the 2017/18 SDBIP to disclose revenue by source.

45.6 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Supplier name and Reason for Deviation	845,356	611,566
Mascor Mount Currie - Repairs and maintenance	15,757	
Repairs for John Deere Tractors cannot be done anywhere else other than Mascor Mount Currie Tractors as the municipal does not know what needs to be repaired as such a diagnoses needs to be done prior, hence it will be possible to source for quotations from different.		
Mzintlaba Development Trading Project - Repairs and maintenance		
Pipe was damaged during Freedom Day Event when a tent was erected. The Infrastructure department was called for repairs and they could not repair the damages. Alfred Nzo Municipality was also requested to come and do repairs but they could not repair it too. The municipality did not have any other option but to call a service provider repair the damages.	3,523	
Visual Advertising - Repairs and maintenance	9,472	
Request for deviation of repairs for repairs of the electronic billboard situated at EMaxeibeni. The screen is offline and it has to be diagnosed as the municipality does not know what the problem is. It is with reason that the services of Visual Advertising are required are as the company is the one that installed the billboard. Therefore it will not be possible to follow SCM processes in terms of requested quotation due to the diagnosis that will be done prior to repairing the screen.		
Mercedes-Benz South Africa - Repairs and maintenance	163,660	
Repairs GLE 250d Mercedes Benz cannot be done anywhere else other than Mercedes-Benz as the municipal does not know what needs to be repaired as such a diagnoses needs to be prior repairs, hence it will be possible to source for quotations from different suppliers.		
Truvelo Manufacturers - Repairs and maintenance		27,304
The machine needs repairs and it was not known as to what needs to be repaired a diagnoses had to be done prior making repairs. The municipality will incur cost of diagnoses of the machine as well as the risk of different service providers losing certain parts on that process of diagnoses. With the above mentioned reasons it makes it impractical to follow normal SCM processes.		
Alfred Nzo Community Radio - Promotion, adverts, broadcasts:		302,600
Alfred Community Radio is the only community radio that has high listenership and good coverage under the community of Alfred Nzo. The target market for the advert is the community of Alfred Nzo district.		
Neffcon Road Testing Station - Machinery & Equipment:		19,141
The machine needs repairs and it was not known as to what needs to be repaired a diagnoses had to be done prior making repairs. The municipality will incur cost of diagnoses of the machine as well as the risk of different service providers losing certain parts on that process of diagnoses. With the above mentioned reasons it makes it impractical to follow normal SCM processes.		
Babcock Africa - Repairs and maintenance and Plant Hire:	357,285	79,294
Volvo Machinery & Plant (TLB) had a breakdown the municipality could not be bale to request quotations as it was not known what needs to be repaired different service providers could not be called to come and diagnose the TLB as it would be too costly for the municipality to do so hence Babcock Africa has been chosen to come and repair the TLB. Four occurrences tot the total value of R357 285.		
Barfoworld Equipment - Transport Asset :Vehicle Maintenance:		106,060
Volvo Machinery & Plant (TLB) had a breakdown the municipality could not be bale to request quotations as it was not known what needs to be repaired different service providers could not be called to come and diagnose the TLB as it would be too costly for the municipality to do so hence Babcock Africa has been chosen to come and repair the TLB.		

Randdata PTY LTD - Stationery:

An Authorization for deviation of Sec 58 notice books, Rand Data is the service provider that specializes with this type of service and is authorized service provider by Department of Transport to supply the traffic notice books.

31,977

Government Printing Works - Printing

Gazette of Municipal by-Laws is the only service provider done this type of service by Government Printing works.

75,660

45,000

46 COMMITMENTS FOR EXPENDITURE**46.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

Approved and Contracted for:-

Land and Buildings

Infrastructure

Community

Heritage

Value Added Tax (To be Claimed)

	117,320,397	52,338,211
	80,425,617	-
	21,592,119	51,344,921
	-	618,284
	-	375,006
	15,302,660	-
	25,649,656	52,338,211
	91,470,740	-
	<u>117,320,397</u>	<u>52,338,211</u>

This expenditure will be financed from:

Government Grants

Own Resources

47 FINANCIAL INSTRUMENTS**47.1 Classification****FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Receivables from Exchange Transactions			
Refuse	Amortised cost	1,534,954	2,079,948
Merchandising, Jobbing and Contracts	Amortised cost	622,663	62,705
VA1 Input Accrual	Amortised cost	95,826	97,003
Other Debtors	Amortised cost	-	58,167
Sundry Rental	Amortised cost	127,593	127,593
Control, Clearing and Interface Accounts	Amortised cost	-	-
Receivables from Non-exchange Transactions			
Property Rates	Amortised cost	15,679,341	13,020,488
Fines	Amortised cost	1,586,238	4,082,105
Over Payment of Contractors	Amortised cost	0	9,055
Cash and Cash Equivalents			
Call Deposits	Amortised cost	84,046,585	45,790,224
Bank Balances	Amortised cost	5,537,582	1,883,500
Total Financial Assets		<u>110,230,702</u>	<u>67,190,789</u>
		<u>110,230,702</u>	<u>67,190,789</u>

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Payables from Exchange Transactions			
Bonus	Amortised cost	1,934,774	3,042,269
Leave Accrual	Amortised cost	5,762,992	6,220,283
Other Payables	Amortised cost	24,018,653	3,540,653
Retentions	Amortised cost	1,651,478	1,698,755
Trade Creditors	Amortised cost	10,350,403	7,504,873
Payables from Non-exchange Transactions			
Property Rates Received In Advance		4,927,520	4,535,292
Total Financial Liabilities		<u>49,548,018</u>	<u>26,542,135</u>

47.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2019, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

47.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2018.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

47.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the Internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

47.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 49.8 to the Annual Financial Statements.

47.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

47.6.1 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

47.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Receivables from Exchange Transactions	13,846,494	7,101,035
Receivables from Non-exchange Transactions	69,686,173	52,137,643
Bank, Cash and Cash Equivalents	89,584,167	47,673,724
Maximum Credit and Interest Risk Exposure	173,096,833	106,912,302

**UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019
R

2018
R

48 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

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 as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, of which the latest available details are provided below.

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 into 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 of R0 (2018: R0) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

DEFINED CONTRIBUTION SCHEMES

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the costs of current service costs.

Municipal Employees Pension Fund:

Employees contribute 1.6% of their salary to the fund and the Council 16%. Total contributions for the year : R3 210 277.

Total members to the fund during the year were 86.

Councillors Cape Joint Pension Fund:

Councillors contribute 12% of their allowance to the fund and the Council 15%. Total contributions for the year : R546 743.

Total members to the fund during the year were 33.

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.

The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R10 775 589 and R546 056 (30 June 2011: R9 930,837 in total) million, with funding levels of 99.9% and 108% (2011: 100,3% and 116,9%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,60%) is sufficient to fund the benefits accruing from the fund in the future.

Employees contribute 7.5% & 9% of their salary to the fund and the Council 15%. Total contributions for the year : R1 073 037.

Total members to the fund during the year were 36.

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147,3%.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,6% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

No further information could be obtained.

Councillors contribute 13,75% of their allowance to the fund and the Council 15%. Total contributions for the year : R765 764.

Total members to the fund during the year were 12.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019 **2018**
R **R**

National Fund for Municipal Workers - Provident Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 01 July 2010. The net assets available for benefits were R4 191 (2008: R3 617) million.
The statutory valuation performed as at 1 July 2010 revealed that the fund had a deficit of R9,6 (1 July 2008: R6,3) million, with a funding level of 89,77% (1 July 2008: 89,63%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.
Employees contribute 7,5% of their salary to the fund and the Council 15%. Total contributions for the year : R1 326 266.
Total members to the fund during the year were 66.
None of the above mentioned plans are State Plans.

48 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

48.1 Interest of Related Parties

Councillors and/or Management of the Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Canca Nokwazi	Official	Owner (Husband) of Lito Trading Enterprise
Dikweyo Siphosaz	Official	Owner (Husband) of DNMP Trading CC
Nshangutana Mygiri	Official	Owner (Husband) of Mizestozz Trading Enterprise
Madlanga Lindlewa	Official	Owner (Brother) of Mpi Attorneys
Mr Mdzirwa	Chief Whip	Owner (Wife) of 2nd World BnB
Madlanga Lindlewa	Demand Officer	Owner (Brother) of SOC Clearing

48.1 Councillors and Key Management Personnel - Family of the Municipality

Name of Related Person	Family Member	Department	Relationship	2019	2018
				Remuneration	
Assistant Manager - Z Ndevu	Moko B	Budget & Treasury	Cousin	262,151	217,209
Manager - MN Sineke	Sineke S	Citizens & Community	Cousin	107,014	92,694
Councillor - S Madlanga	Madlanga L	Budget & Treasury	Brother	226,188	187,412
				695,353	497,315

48.2 Services rendered to Related Parties

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

30 June 2019	Rates Charges	Service Charges	Sundry Charges	Outstanding Balances
	R	R	R	R
For the year ended 30 June 2019				
Councillors				
Councillor Mdzirwa	643	110		753
Councillor Gerene	1,380	926		2,306
Councillor Danglea	680	37		717
Total Services	2,704	1,072		3,776

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

48.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

48.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Note 31.

UMZIMVUBU LOCAL MUNICIPALITY
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				2019	2018
				R	R
49.5 Purchases from Related Parties					
The municipality bought goods from the following companies, which are considered to be Related Parties:					
Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for 2019	Purchases for 2018
Sips and Zoso Trading	Dikwayo Siphokazi	Owner (brother)	Personal Assistant	15,052	-
Misizozo Trading	Mygih Ntshangulana	Owner (husband)	Official	28,750	-
Glenhope Trading	Qaba Zembe	Owner (wife)	SPU & Comm	87,240	185,000
Litso Trading	Candca Nkhwazi	Owner (husband)	Disaster Officer	1,125,455	586,063
MPI Attorney	Madlanga Lindiswa	Owner (brother)	Demand Officer	417,554	540,920
2nd World	Mr Mdzirwa	Owner (husband)	Councillor	28,221	9,100
Brotherly Love Trading & Projects	Qaba Zembe	Owner (wife)	SPU & Comm	142,410	-
Total Purchases				1,845,682	1,331,073

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

50 CONTINGENT LIABILITIES

50.1 Court Proceedings:

	2019	2018
(1) Umzimvubu Local Municipality vs Norman Lilza Nqetho and Others (Case No. 2144/13): The matter has since been finalised but there are people who broke into the RDP houses and took occupation. The Municipality is in the process of evicting those illegal occupants from RDP houses and hand the houses over to owners. The sheriff is awaiting instructions from the municipality. The estimated costs including sheriff's costs are R 400,000.	400,000	400,000
(2) Prince Madikizela - General (Case No. 4258/2016): In this matter the plaintiff is suing the Municipality, claiming a sum of R 600,000 arising out of malicious and unlawful arrest contumelia. The matter was before the High Court on 27 June 2018. The plaintiff asked for postponement and tendered the wasted costs. We shall apply for a trial date immediately after we receive the Plaintiff's response. The estimated legal fees are in the sum of R 200,000.	800,000	800,000
(3) Lindiswa Nyokana vs Umzimvubu Local Municipality (Case No. 40/18): In this matter the Plaintiff suing the Municipality for negligence. She is claiming a sum of R 37,484.55. The estimated legal fees are in the sum of R 20,000.00. The matter is still new, legal processes are still exchanged between parties.	100,000	57,484
(4) Mr Mamele and all other unlawful occupiers. (Case No. 34/2017): The matter has been finalised but still awaiting court judgement.	40,000	40,000
(5) Veronica Jizane vs Umzimvubu Local Municipality: The plaintiff is claiming the value of beast which was sold on public auction by the municipality after the criminal court case has been finalised	69,000	-
(6) Madodane Maysideo vs Umzimvubu Local Municipality: The plaintiff is claiming the value of his goats which were sold on Auction by the Municipality after they impounded. The estimated value of the goats is R 15,000 as per the letter sent to us by the Plaintiff's attorneys. There no summons issued as yet, hence there is no court case number.	15,000	15,000
(7) Christome Moodley and Other vs Umzimvubu Local Municipality (Case No. ECOMTHA/RG611/2015): The municipality is being sued by MH Thobejane for termination of contract and defamation. Mr Thobejane's contract has been terminated after being found guilty to 26 cases of fraud. In terms of the Systems Act the Municipal Manager instituted action against Mr Thobejane in terms of which he cannot enter into employment at Local Government for 10 years because of misconduct. This is a counterclaim by Mr Thobejane on the municipality's claim against him to recover losses incurred because of the misconduct. The case has been referred to the municipality's Attorney to defend. Plaintiff's plea against counterclaim has been filed. The outcome of the matter is still uncertain.	400,000	400,000
(8) Ngangelizwe Jama vs Umzimvubu Local Municipality (Case No. 1034/2011): High Court claim a sum of R 600,000 plus interest, being damages allegedly suffered by the the Plaintiff due to his wrongful arrest and detention by the traffic officer acting within the lawful course and scope of his employ by the Municipality. Defendant (ULM) have applied for the Minister of Police to be joined. The matter is still pending.	590,000	590,000
(9) Sunset Beach Trading 299CC JV Nyamezela Consulting Engineers (Pty) LTD (Case No. 2308/2013): Re-cancellation of contract by ULM, challenged by Sunset Beach Trading in the High Court: claim for damages allegedly suffered by the Plaintiff for loss of profit in the amount of R 1,875,126 plus interest. The matter was set down for hearing on the 30th of May 2018. The matter was postponed for the Defendant to amend its plea. The matter must proceed until it reaches its final logical conclusion. ULM has prospects of success.	2,000,000	2,000,000
	6,992,766	6,555,065

UMZIMVUBU LOCAL MUNICIPALITY
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	2019 R	2018 R
(10) Imbumba Mzameni the Immediate Contractors vs Umzimvubu Local Municipality (Case No. Ec/Mthw/Rc569/2013): The claim is based on non payment of a sum of R 156,097.52 plus interest for services rendered by the Plaintiff to the Municipality. ULM have prospects of success and the Plaintiff has up to date not discharged their obligation as required in terms of the Magistrate Court Rules.	212,000	212,000
(11) Umzimvubu Local Municipality vs Millennium Development Trust (Case No. GOM/UJLM/0069/ed): Millennium Development Trust (Litigation) Exbation & Development/ Assisting LLM and providing legal opinion on merits of success with regard to cancellation/ termination of agreement between ULM and MDT and instructions to institute High Court legal proceedings with the assistance of Junior and Senior Counsel.	1,500,000	1,500,000
(12) Siyabulela Ndzumo (Case No. 64/2015): Magistrate Court's claim for R 200,000 in damages suffered by the Plaintiff due to allegedly unlawful demolition of his house including furniture and a kraal by the Municipality. The Plaintiff's case was dismissed but subject to appeal, and no Court dates have been given.	40,000	40,000
(13) Ndzameko Kene (Case No. 67/2015): Magistrate Court's claim for R 200,000 in damages suffered by the Plaintiff due to allegedly unlawful demolition of his house including furniture and a kraal by the Municipality. The Plaintiff's case was dismissed but subject to appeal, and no Court dates have been given.	40,000	40,000
(14) Tameanga Tuzwe (Case No. 69/2015): Magistrate Court's claim for R 200,000 in damages suffered by the Plaintiff due to allegedly unlawful demolition of his house including furniture and a kraal by the Municipality. The Plaintiff's case was dismissed but subject to appeal, and no Court dates have been given.	40,000	40,000
(15) Yelela Nindor (Case No. 63/2015): Magistrate Court's claim for R 200,000 in damages suffered by the Plaintiff due to allegedly unlawful demolition of his house including furniture and a kraal by the Municipality. The Plaintiff's case was dismissed but subject to appeal, and no Court dates have been given.	40,000	40,000
(16) Ross Jakuja (Case No. 62/2015): Magistrate Court's claim for R 200,000 in damages suffered by the Plaintiff due to allegedly unlawful demolition of his house including furniture and a kraal by the Municipality. The Plaintiff's case was dismissed but subject to appeal, and no Court dates have been given.	40,000	40,000
(17) Gideon Kondlo (Case No. 65/2015): Magistrate Court's claim for R 200,000 in damages suffered by the Plaintiff due allegedly unlawful demolition of his house including furniture and a kraal by the Municipality. The Plaintiff's case was dismissed but subject to appeal, and no Court dates have been given. There was a High Court application for interdict to declare the Municipality's decision to prioritise electrification of Mochegwini village over Sivumela village unlawful and for the decision to be set aside. The matter is subject to appeal at the Supreme Court of Appeal.	40,000	40,000
(18) Mzolis Gqunu (Case No. 133/2015): This matter came before Court on the 27th of August 2015 for an interdict application that was brought on urgent basis by applicants who were interdicting the Municipality from stopping applicant's in their building Badibanise location, Lubhaxweni Administrative Area, Kwa-Bhaca.	80,000	80,000
(19) Ex-Part Application (Case No. 26/2016): Seek an order to sell the impounded animals for both the towns of Mount Frere and Mount Ayliff (Names from attorneys correspondence).	11,000	-
(20) Umzimvubu Local Municipality vs Mbas Rural Developers CC (Arbitration): Enforcing an arbitration award and have been endeavouring to attach movables to satisfy the claim. However, the Writ has been misfaced by the office's Sheriff of Kokstad and we are taking the necessary steps to re-issue the Writ.	220,601	220,601
(21) Umzimvubu Local Municipality vs Rawuini Ylookise Gawulane & Others	180,000	
(22) Umzimvubu Local Municipality vs Zola Manqumakazi	135,165	

51 CONTINGENT ASSETS

The municipality has a case of fraud, in which funds were lost to the Municipality. In the year under review a contingent asset of R812 307 has been recognised and further detail is outlined in Note 44.2.

52 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations and assistance during the 2018/19 financial year.

53 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

54 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2019.

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

55 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note N/A) and Prior Period Errors (Note 42).

56 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern position of Umzimvubu Local Municipality:

- (i) The Council adopted the 2019 to 2020 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

COGTA EC STANDARDISED PERFORMANCE INDICATORS

Chapter: Organisational Transformation and Institutional Development –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	100%	98%	98%	None
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	100%	100%	100%	None
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	100%	100%	100%	None
4	Percentage of Managers in Technical Services with a professional qualification	100%	100%	100%	None

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
5	Level of PMS effectiveness in the DM – (DM to report)	<p>THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM</p> <p>LM- Performance management if fully effective, SDBIP report are done on a quarterly basis, report are tabled to the council. All municipal employees (sec 56 managers, and other employees) performance is reviewed on a quarterly basis by performance reviews committee.</p>			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	100%	100%	100%	None
8	Percentage of councillors who attended a skill development training within the current 5 year term	100%	100%	100%	None
9	Percentage of staff complement with disability	0%	0.50	0.50	There is no target
10	Percentage of female employees	64%	51%	51%	Target not met
11	Percentage of employees that are aged 35 or younger	0%	30%	30%	There is no target

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
12	Adoption and implementation of a District Wide/ Local Performance Management System	100%	100%	100%	None

Chapter: Basic Service delivery performance highlights (KPA 2)

Annual performance as per key performance indicators in water services

Annual performance as per key performance indicators in Electricity services

Annual performance as per key performance indicators in sanitation services

Annual performance as per key performance indicators in road maintenance services

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)
Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Yes		
2	Percentage of LED Budget spent on LED related activities.			
3	Existence of LED strategy	<p>The LED Strategy for Umzimvubu Local Municipality was developed in 2007.</p> <p>With the passing of time the need to update and review the strategy has been identified. The review of the Umzimvubu LED Strategy was a project funded by the Department of Local Government and Traditional Affairs and project managed by the Alfred Nzo District Municipality on behalf of the beneficiary, the Umzimvubu Local Municipality. Urban-Econ Eastern Cape, an Economic Development consultancy firm was appointed to undertake the review of the Umzimvubu LED Strategy.</p> <p>This document serves as a review and update of the 2005 LED strategy, and is developed in the context of a dynamic regional economic landscape that has been affected by macro- and micro level developments between 2005 and 2011. The projects that are in our LED Strategy are continuously being implemented. A Council resolution was taken that, there must be an LED Strategy Review Summit in order to:</p> <ul style="list-style-type: none"> - To develop a strategy that will guide local economic development aligned to Spatial Development Framework for a Sustainable Rural and Urban Development 		

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		<ul style="list-style-type: none"> - To identify potential economic prospects presented by the economic drivers which will aid development of interventions/projects - To incorporate Precinct Plans developed in the LED Strategy - To integrate existing projects/ programmes - To promote local economic development initiatives - To establish partnerships and empower local communities - To identify anchor projects which are sustainable for the area and Identify economic drivers within ULM - To develop business retention model and attract investors 		
4	Number of LED stakeholder forum meetings held	4	13	
5	Plans to stimulate second economy		<p>The following are projects that seek to stimulate second economy in our local municipality</p> <ul style="list-style-type: none"> - Agrarian Programme - Value-Addition Programmes:- 	

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
			<ul style="list-style-type: none"> - Peach-Value Addition - Aloe-Value Addition - Umzimvubu Nursery - Umzimvubu Trading Facility - Tourism Development Programme 	
6	Percentage of SMME that have benefited from a SMME support program	2	<p>Assisted in the establishment of Umzimvubu Local Farmers Association and a Truck Owners Association.</p> <p>Also assisted 4 arts and craft and sewing projects with training on skills development programme in order to improve the quality of their products.</p>	
7	Number of job opportunities created through EPWP		N/A	
8	Number of job opportunities created through PPP		N/A	

Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R141 682 714	R108 322 756	77%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	R92 606 726 (31%)	R84 705 932	30%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	R89 594 167	R32 284 510	38.4%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	R75 820 755 (17%)	R70 512 686	21%

		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction			
6	Percentage of MIG budget appropriately spent	R45 507 000	R45 484 225	99.9%
7	Percentage of MSIG budget appropriately spent	n/a	n/a	n/a
8	AG Audit opinion	Qualified Opinion		Qualified Opinion
9	Functionality of the Audit Committee	Good		Good
10	Submission of AFS after the end of financial year	31 August 2019		31 August 2019

CHAPTER: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	100% ward committees to be established	Out of 270 ward committees 268 are in place due to 1 deaths and 1 resignation of the ward committee members for the following ward 24, & 10	99% achievement
2	% of ward committees that are functional	100%	100 % of ward committees are functional. They sit on monthly basis and submit their reports to the office of the Speaker	100 % of ward committees are functional. They sit on monthly basis and submit their reports to the office of the Speaker
3	Existence of an effective system to monitor CDWs	<ul style="list-style-type: none"> • The CDWs are placed in the office of the Speaker. • Their monitoring function is included in the KPAs of the Manager in the office of the Speaker. • They have monthly round table session with the Public Participation office and submit their reports monthly with POEs • There are nine CDW vacancies that exist within the LM space thus posing great challenges in terms of servicing the geographical spread of the LM. • Issue of tools of trade was amongst some of the challenges that were highlighted during the Round Table sessions held with CDWs. 		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
4	Existence of an IGR strategy	There is an effective IGR Strategy with terms of reference		
5	Effective of IGR structural meetings	There is an effective IGR System and two IGR Meetings were held under the financial year under review exclusive of Exco IDP Outreach sessions wherein Sector Department participated.		
6	Existence of an effective communication strategy	<ul style="list-style-type: none"> • Effective Communication strategy is in place. • The strategy is reviewed and approved by the council annually. 		
7	Number of mayoral imbizos conducted	Two	100%	Two Exco IDP Outreach sessions conducted for the financial year under review.
8	Existence of a fraud prevention mechanism	There is an Antifraud and Corruption Policy that is implemented and reviewed on an annual basis. There is also a Fraud Risk Assessment that is conducted on an annual basis as well.		