



**UMZIMVUBU**  
LOCAL MUNICIPALITY

**UMZIMVUBU LOCAL  
MUNICIPALITY – EC 442**

**ANNUAL REPORT FOR  
2019/2020 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 2020 with the submission of the Annual Financial Statements for the financial year ending June 2020 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 March 2021, 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 May 2021 in line with Circular 104 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 2019/2020 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 2019/2020 financial year.

All communities should have access to at least a minimum level of services. This is not a goal, but a constitutional obligation. Mpondomise: Construction in progress with poles being installed. Stringing of MV & LV lines done and installation of transformers in progress. Mmangweni: Site establishment has been done by contractor and delivery of materials. Stringing of MV & LV lines has commenced. Installation of transformers to resume. Colana & Ntlabeni: Contractor has done pre-marketing of the areas and surveys done. Materials have been delivered and contractor to commence with the works.

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 2018/2019 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 2020. 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. Mnkwa**  
**The Honourable Mayor**

## **Component B: Executive Summary**

### **Municipal Managers Foreword**

The 2019/2020 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, 63 & 104. 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 2019/2020 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 honourable Mayor, Councillor S. Mnkwa for his 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**



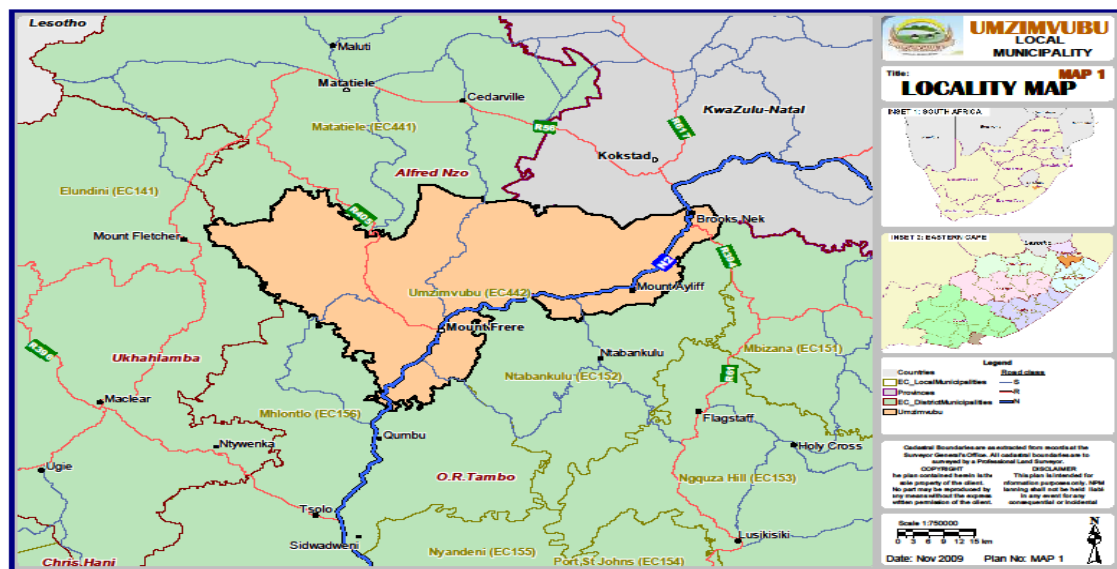
## 1.2. Municipal Functions and population Overview

### (a) Brief Description of the Municipal Area

Umzimvubu Local Municipality is a Category B municipality (Area: 2 506km<sup>2</sup>) 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 km<sup>2</sup> 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**

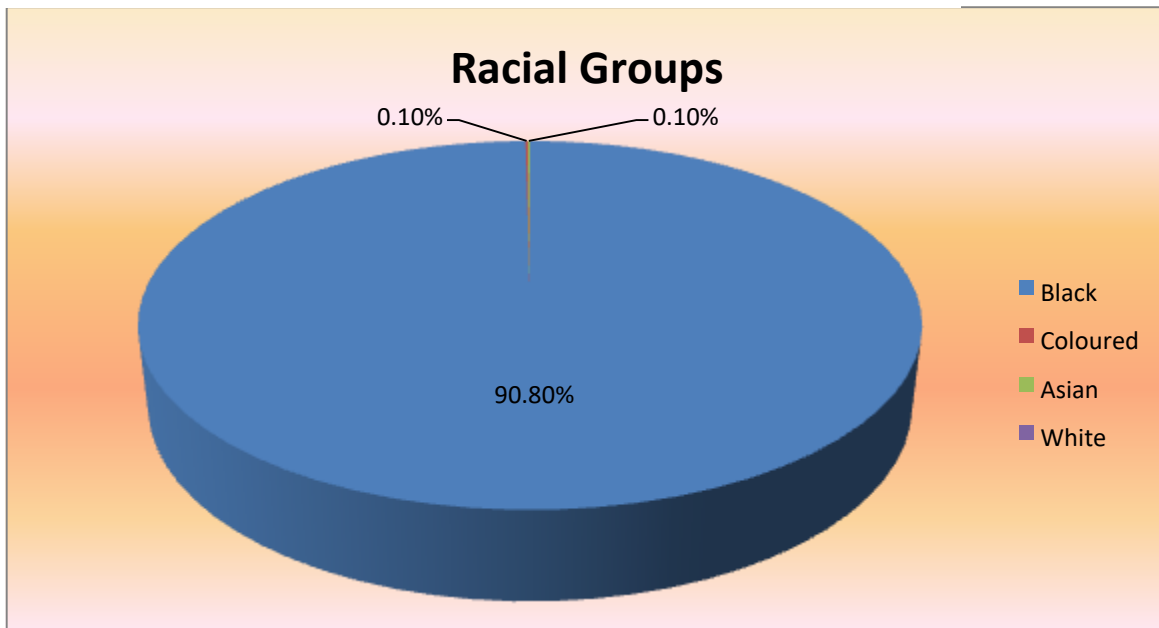
Municipality	<i>Census: Community Survey 2016</i>		
	Total Population	Number of Households	Average households size
EC443: Mbizana	281905.1	48 447	5.8
EC441: Matatiele	203842.6	49 526	4.1
EC442: Umzimvubu	199620.4	46 891	3.8
EC444: Ntabankulu	123976	24 396	5.1
DC44:Alfred Nzo	801344.1	169 261	4.7

StatsSA: 2016 Community Survey

**(d) Total Population Distribution by race**

The population of Umzimvubu municipal areas is predominantly African. African people constitute 99.8% of the population. The table below reflects the overall race breakdown of the population in the municipal area.

### Population by Race



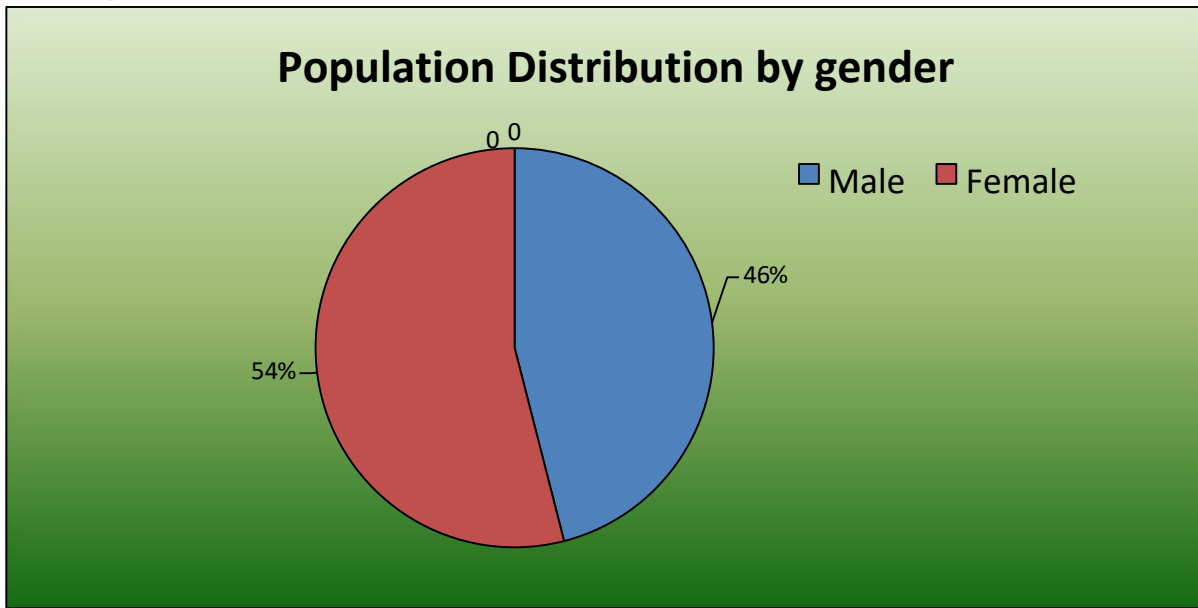
**Figure 3.3.3 Racial Groups**

StatsSA: 2016 Community Survey

#### (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*  
**Gender profile**



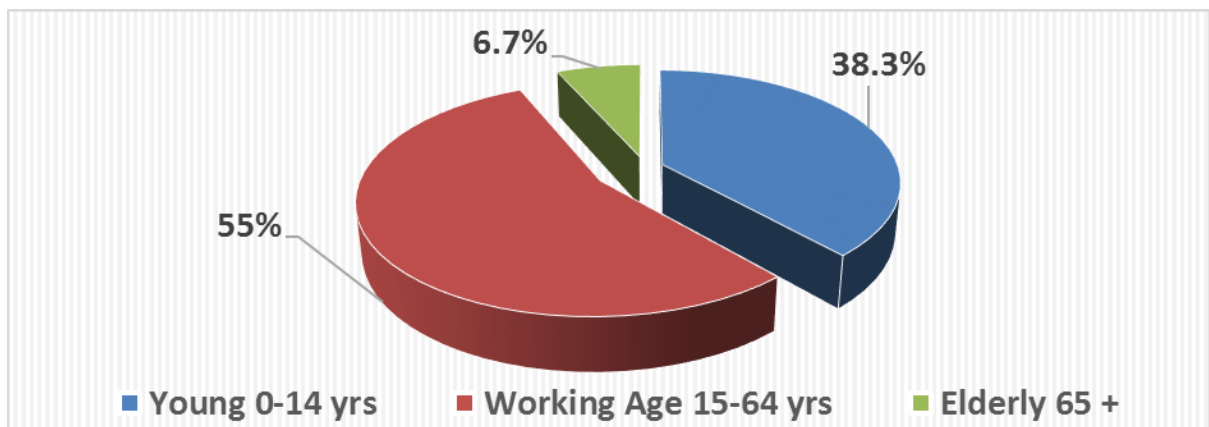
StatsSA: 2016 Community Survey

**(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*

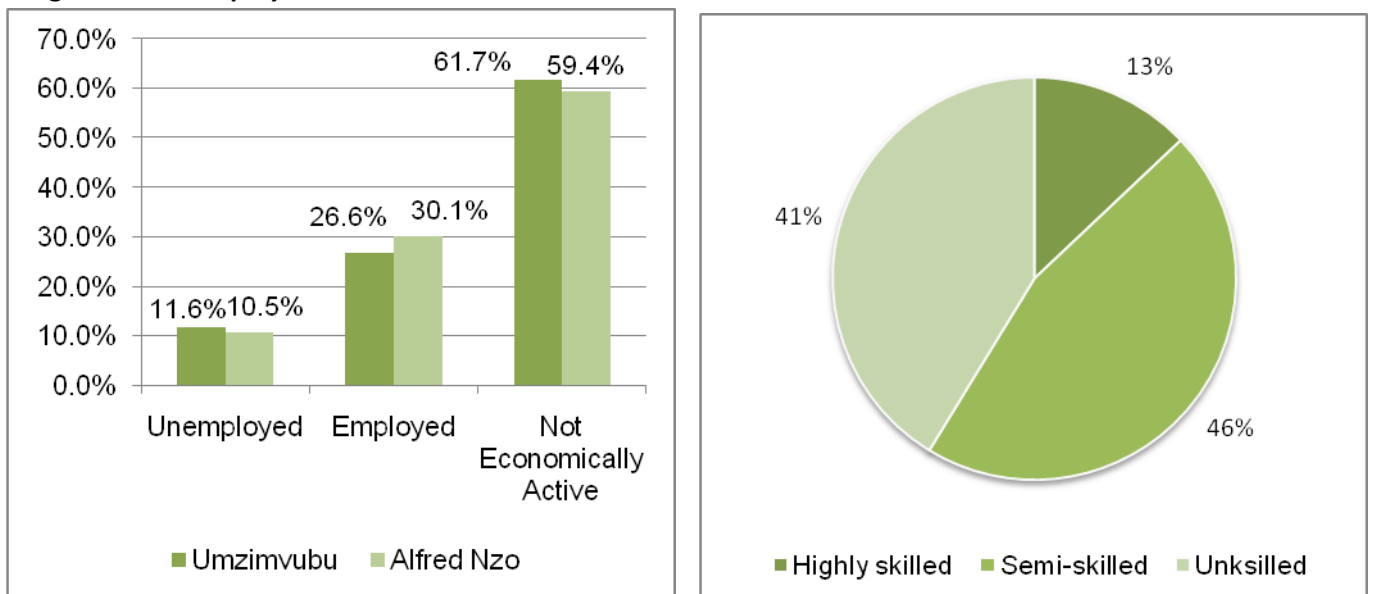


**(g) Employment Profile**

The employment sector is dominated by elementary occupations and occupations requiring low skills levels. Elementary occupations constitute 34.3% of the employment sector. Craft and related workers, service shop market and sales workers, and clerks jointly constitute a further 22.5% of the employment sector. Professionals, technicians and associate professionals and legislators /senior managers jointly constitute only 36.8 % of the employment sector. If one compares Matatiele Local Municipality to Umzimvubu Municipality, there is a significantly higher number of the latter group in Umzimvubu Local Municipality which is probably attributable to a high number of government services in the municipal area, including a Local Municipality, District Municipality and the District offices of several Government Departments as Mt Ayliff was declared by the Provincial Legislature as the home of district offices of sector departments.

This dominance of elementary and other low level occupations is testimony to the low skills base of the area. This is aggravated by an absence of tertiary educational institutions which contribute significantly to the low levels of graduates in the area. Consequently there is an acute shortage of skilled artisans, engineers, project managers, business management skills and technical skills in agriculture, tourism, forestry and environmental management.

**Figure 3.4.2: Employment Levels**

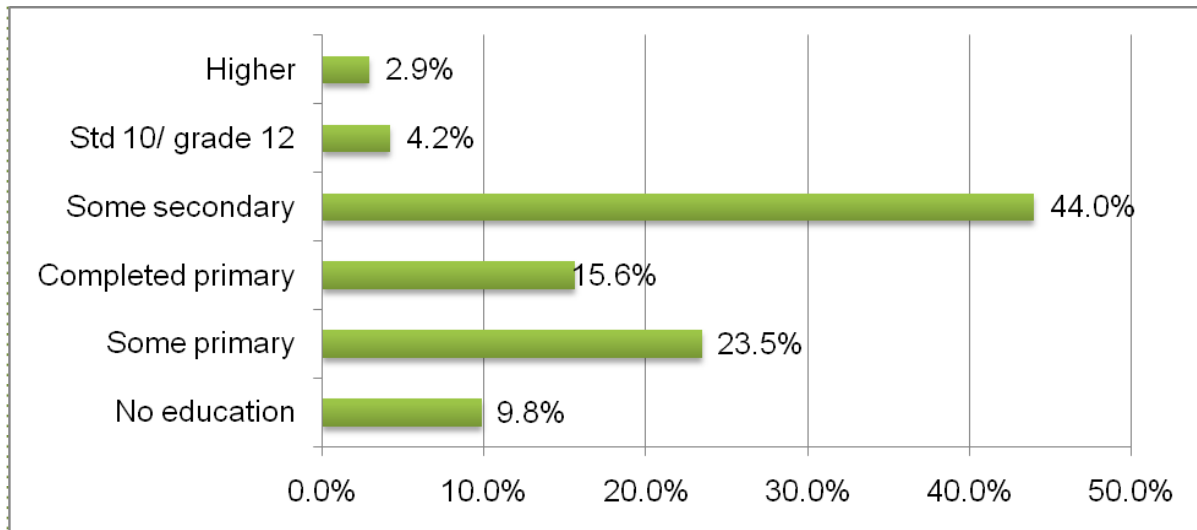


### (h) Educational Profile and Literacy Levels

The average educational attainment levels of residents of the Umzimvubu area are presented in table below, The area has a low number of high and primary schools as well as one higher learning institute (Ingwe Training College). 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 appears to be an adequate number of primary education facilities in the area, 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.

#### Educational & Literacy Level



StatsSA: 2016 Community Survey

### (a) 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%

StatsSA: 2016 Community Survey

About 63.2% of the total population earn less than R19, 600.

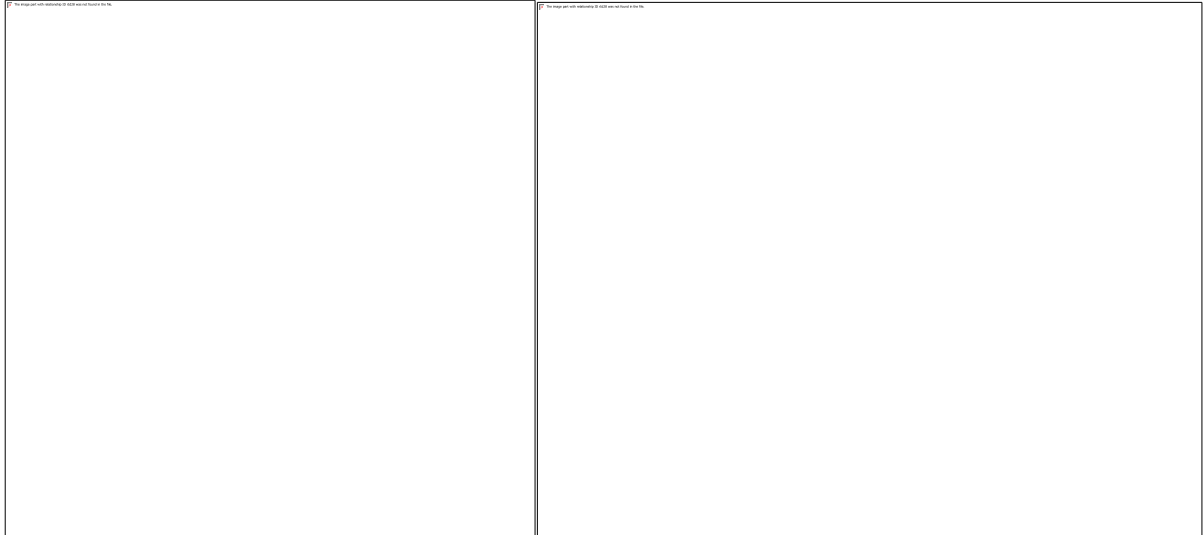
Household income is concentrated and compressed in the lower brackets, with a cumulative 65.4% of all households earning less than R1 600 per month. Although South African government does not prescribe to any universal measure of poverty, based on the Bureau of Market Research’s Minimum Living Level and the UNDP’s parity US\$1 per day, **over 65.4% of all households subsist to varying degrees in income poverty.**

The low levels of income have wide-ranging ramifications on the Umzimvubu economy, perpetuating depressed HDI score cycles and limited access to economic opportunities within the area. This corresponds with a high percentage of the population being dependant on grants, subsidies and other forms of transfer payments from the government for their daily livelihoods. The low levels of household income negatively affect the effective dependency ratios, which compares the portion of those in the population not **able** to work with those that make up the productive labour pool in Umzimvubu.

Umzimvubu has made a provision for economic infrastructure in a form of a trading facility in Mt Ayliff, Fresh produce market in Mt Frere, Nursery in Mt Frere, Aloe treatment plant in Mt Ayliff and Peach value addition in Mt Ayliff in a attempt to uplift the economic standard of the area.

**(b) 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 2019/2020 financial year the municipality received an MIG Allocation of R46 411 000. 16 km of new roads were constructed at Gabeni Access Road, Madlangeni Access Road, Tshisane Access Road, Mahobe Access Road and Mpungutyana Phase 2. An amount of 15 803 663,00 was spent on the maintenance of 105, 02 km's of gravel roads. A further 12 900 000,00 was spent towards the construction of Construction of 3 sport facilities( Badibanise Stadium Phase 3, Completion of Tela Cluster Sport Facility and Completion of Sirhoqobeni Cluster Sport Facility. A tune of R18 180 000,00 was spent on the construction of Construction of Mahobe ,Tshisane ,Madlangeni Marwaqa , Silindini and Tyinirha Bridges. A further tune of about R12 900 000,00 was spent towards Construction of 3 sport facilities( Badibanise Stadium Phase 3, Completion of Tela Cluster Sport Facility and Completion of Sirhoqobeni Cluster Sport Facility. During 2019/2020 financial year, we saw the completion of 3.5 km for KwaBhaca street surfacing at a tune of R17 500 000.00. We further saw the construction of Municipal Office Block and Completion of 4 Community Halls at a cost of 32 400 000,00. The municipality further received an Integrated National Electrification Programme (INEP) Grant of about R74 019 000 and Electrification Of 1091HH (Mmangweni Phase 1, Ntlabeni, Mpondomise Phase 1, Colana)

## 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 R11 885 million which is 13% increase as compared to prior year.

Umzimvubu Local Municipality continues to show itself as being in good financial health. Yearly, efforts are made to improve fiscal control and it must be noted that last year, Umzimvubu Local Municipality received Small Town Revitalization from the Department of COGTA. Overall it is noted that there has been a substantial improvement in the billing of consumers and an increase in revenue collection. Compliance reporting occurs as required and a positive cash flow is observed.

### 1.4. Revenue Trends of the Municipality



		2019-2020 Collection report													
SEGMENT DESCRIPTION	ACCOUNT TYPE	FINANCIAL YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Total
Licenses or Permit Trading	I	2020	0 216,44	7 824,16	1 700,77	9 486,99	2 287,24	899,96	3 000,00	2 596,47	25 626,83	10 634,47	3 594,37	2 121,91	78 171,70
Refuse Removal 202110070	I	2020	100 250,34	100 265,95	100 265,95	100 265,95	100 265,95	100 265,95	100 265,95	100 265,95	100 265,95	100 265,95	100 265,95	100 265,95	978 974,41
Found Fee 207116062	I	2020	73 247,00	101 917,20	78 287,20	112 090,00	115 227,00	74 382,50	31 974,00	27 325,00	41 821,00	24 900,10	20 780,00	77 423,40	807 705,00
Funeral Plan Fee 207116026	I	2020	3 739,15	1 291,31	685,21	2 055,86	1 370,04	3 786,71	2 055,86	1 370,44	3 426,10	2 055,11	2 326,87	1 756,93	26 898,37
Tender Fee 203116091	I	2020	141 851,20	5 138,15	685,21	45 261,91	22 887,04	3 786,71	13 019,18	22 617,47	15 760,06		342,61		271 488,85
Interest/Outstanding Debtors 200113000	I	2020	213 981,27	212 301,69	214 931,33	214 701,25	216 481,96	218 481,92	221 827,61	223 894,19	226 960,74	223 796,12	226 640,71	154 481,72	2 265 942,11
Assessment rates 200100005	I	2020	290 891,97	10 191 485,36	289 010,13	609 332,37	290 119,37	289 332,37	289 332,64	4 631 791,63	297 445,18	366 249,11	798 254,25	13 976 469,24	4 022 126,43
Interest current account 200112010	I	2020	64 401,51	18 963,43	6 116,33	20 434,37	10 720,20	46 249,04	6 095,60	8 098,41	24 976,59	4 106,88			212 120,55
Interest investments 200112010	I	2020		1 352 856,34	679 293,06	568 621,00	489 942,29	632 351,16	783 379,18		261 157,87	608 181,05	482 481,71	380 178,05	6 478 374,52
Laundry Income Ntshonko 200116037	I	2020										566 179,00	76 500,00	2 747,91	643 426,91
Clearance Certificate 200116017	I	2020	120,00	720,00	600,00	480,00	360,00	120,00	120,00	360,00					2 880,00
Trading Facility Unit 1 200103015	I	2020		9 000,00	4 000,00	7 000,00	6 000,00	6 000,00	6 000,00	6 000,00			6 000,00		50 000,00
Trading Licence 200109030	I	2020	15 443,51	31 747,02	6 434,00	1 286,96	6 006,10	11 582,64	5 147,84	11 582,64	21 449,61	13 999,96	13 706,88	1 957,89	150 987,99
Building Plan Fee 203116010	I	2020	14 960,87	226 126,51	8 913,04	8 725,05	6 380,37	3 723,74	20 178,61		5 109,39				328 960,53
Advertising Signage Park Billboards 203116005	I	2020	26 275,51	10 141,62	1 830,78	16 967,96	3 290,30	103 764,21	7 724,29	17 198,59	3 290,30	1 037,74		84 124,96	274 264,86
Responing Certificate 203116074	I	2020						127,12			500,88				628,00
Insulation 203116035	I	2020							1 773,91		2 242,61				4 016,52
Special Consent 203116079	I	2020	1 583,22		1 583,22										3 166,44
Wastebag Eco Parks 207116024	I	2020										313,04			313,04
Library Subsidies 200107041	I	2020										84 199,61			84 199,61
Parks 207116024	I	2020			313,04	1 252,16	313,04	626,08		626,08					3 130,40
U.S. 2071201100040	I	2020				68 785,40				22 216,97			48 887,21		140 969,58
Plant Rental 203116060	I	2020	1 840,00		263,48	1 200,87	790,43			526,96	263,48		790,44	263,48	6 218,14
Laundry Income 200116037	I	2020												39 133,10	39 133,10
Street Trading 200116033	I	2020										31,17			31,17
Office Rental 200111053	I	2020	238 824,00		318 432,00	79 608,00	159 216,00			79 608,00	170 361,11		255 541,67	1 301 290,79	
Hall Rental 207111060	I	2020	5 990,44	9 786,96	6 527,84	8 582,61	8 348,56	6 824,34	6 624,36	6 025,83	5 113,04				60 248,87
Soapha Recreational 207111010	I	2020			2 246,96	1 412,17	2 124,76	2 214,77	16 824,34	7 972,17	3 168,70				39 873,13
Vehicle Restriction 209104080	I	2020	132 089,06	166 899,41	228 728,13	163 412,36	244 600,50	125 886,51	245 956,69	134 225,44	187 902,42				1 752 962,74
Drivers' Licenses 209104010	I	2020	232 815,00	182 043,00	182 818,00	207 647,00	196 970,00	138 884,00	178 138,00	181 120,00	174 048,00				1 733 276,00
Found Fee 207116062	I	2020			676,00	1 600,00						3 000,00			5 276,00
Vehicle Restriction 209104085	I	2020	19 347,00	10 730,00	27 691,20	29 283,00	29 364,00	4 734,00		4 719,00	21 125,00				170 020,50
Interest investments 200111010	I	2020								622 629,28		4 932,24			627 561,52
Tender Fee 203116091	I	2020									342,61				342,61
Trading Facility Unit 1 200103015	I	2020										6 000,00	6 000,00	4 000,00	16 000,00
Traffic Fine 209103060	I	2020	90 275,00	97 210,00	77 480,00	64 637,00	66 125,00	84 485,00	60 565,00	48 682,00	16 350,00	2 300,00	8 800,00	34 025,00	661 034,00
Library Subsidies 200107041	I	2020										1 890,00			1 890,00
Lease Royalties Group 200	I	2020	12 843,40	11 787,00	10 032,62	9 163,05	9 289,27	89 138,27	9 288,27	6 659,57	6 659,57	6 659,57	6 659,57	6 659,57	264 653,73
Library Subsidies 200107041	I	2020		440,00	68 398,00	23 500,00		28 945,00	31 138,00						121 241,00
SARS VAT Refunds	I	2020	1 629 911,36	1 772 459,67	2 211 625,15	2 223 929,99	1 132 344,34	2 790 901,95	762 232,87	1 259 706,84	607 217,00	2 002 383,33	817 884,20		17 658 529,70
Total			3 618 196,96	14 538 462,89	5 127 840,07	4 996 042,29	3 431 173,06	5 077 747,05	3 075 000,07	3 990 585,29	2 994 228,71	3 243 029,51	2 485 315,28	13 536 893,33	38 495 527,26

#### 1.4 Auditor General's Report.



# UMZIMVUBU LOCAL MUNICIPALITY

Audit Report

*For the year ended 30 June 2020*



AUDITOR-GENERAL 22  
SOUTH AFRICA

*Auditing to build public confidence*

# 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

1. I have audited the financial statements of Umzimvubu Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amount for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, 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 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the Municipal Finance Management Act 56 of 2003 (MFMA) and Division of Revenue Act 16 of 2019 (Dora)

### Basis for qualified opinion

#### Revenue from non-exchange transaction

3. I was unable to obtain sufficient and appropriate audit evidence that property rates for the current year had been correctly accounted for due to the status of accounting records. I was unable to confirm property rates by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property rates stated at R16,7 million in the financial statements.
4. During 2019, I was unable to obtain sufficient appropriate audit evidence for revenue from traffic fines and to confirm the revenue by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to R33.5 million. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current year financial statements was modified because of the possible effect of this matter on the comparability of the revenue from traffic fines for the current period.



## Impairment losses

5. I was unable to obtain sufficient appropriate audit evidence for impairment losses, as the municipality did not maintain an accurate and complete schedule used to determine impairment losses. I could not confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to impairment loss, stated at R 12.4 million in note 36 to the financial statements.

## Context for the opinion

6. 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.
7. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International *code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of matters

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

## Restatement of corresponding figures

10. As disclosed in note 46 to the annual financial statements, the corresponding figures for 30 June 2019 have been restated as a result of errors in the financial statements of the municipality for the year ended, 30 June 2020.

## Other matters

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

## Unaudited disclosure notes (MFMA125)

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

## **Responsibilities of the accounting officer for the financial statements**

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do 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.

19. 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 municipality's annual performance report for the year ended 30 June 2020:

Development priority	Pages in the annual performance report
<i>KPA 2 – basic services delivery</i>	x – x

20. 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.

21. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

**KPA 2-basic service delivery**

22. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to confirm that the indicator is well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report.

No	Planned indicators/ measures per annual planning document.	Planned targets per SDBIP
1	Percentage of Municipal streets maintenance identified attended to within the prescribed times	Street repairs and maintenance
2	Percentage of Municipal streetlights maintenance identified attended to within the prescribed times	Streetlights maintenance



3	Number of houses facilitated as and when the need arises.	Facilitate housing project as and when and when need arises.
4	Percentage of kilometre of roads upgraded leading to graveyard	Surfacing of road leading to graveyard with proper drainage system and walk ways
5	Percentage of qualifying households assisted in disaster affected areas.	100%

### Other matters

23. I draw attention to the matters below.

#### Achievement of planned targets

24. Refer to the annual performance report on pages... to... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 22 of this report.

#### Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic services development priority. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

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

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

## Annual financial statements

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

## Strategic planning & performance

29. Performance targets were not set for each of the KPIs for the financial year, as required by section 41(1)(b) of the Municipal Systems Act 32 of 2000 and municipal planning and performance management regulation 12(1).

## Other information

30. 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 the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report
31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
32. 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 priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. 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

34. 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 qualified opinion, the findings on

the selected development priorities and the findings on compliance with legislation included in this report.

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

*Auditor General*

East London

31 March 2021



AUDITOR - GENERAL  
SOUTH AFRICA

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## 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’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Umzimvubu Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also 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, the actions taken to eliminate threats or the safeguards applied.




## 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="201 658 486 692">Councillor C. N. Mnyaiza</p>	Chairperson	Local Economic Development
 <p data-bbox="201 1084 448 1117">Councillor M. Mataka</p>	Chairperson	Corporate Services
 <p data-bbox="201 1576 486 1610">Councillor N. Sonyabashi</p>	Chairperson	Citizens & Community Services



Name of Councillor	Portfolio	Committee
 <p data-bbox="201 645 446 689"><b>Councillor N. Garane</b></p>	Chairperson	Special Programmes & Communications
 <p data-bbox="201 1066 507 1111"><b>Councillor P. Thingathinga</b></p>		Executive Committee Member
 <p data-bbox="201 1500 440 1547"><b>Councillor T. Mambi</b></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"> <li>• 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;</li> <li>• 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;</li> <li>• Implementation of the Municipality's Integrated Development Plan and monitoring the progress with regard to implementing the plan;</li> <li>• Administering and implementing the Municipality's by-laws and other legislation;</li> <li>• Advising the political structure and political office bearers of the Municipality;</li> <li>• Rendering support to the office of the Mayor, Speaker and the Office of the Chief Whip.</li> </ul>
<p><b>Municipal Manager: Mr. G.P.T. Nota</b></p>	<ul style="list-style-type: none"> <li>• Manages budget and treasury department</li> <li>• Implements integrated development plan and strategic goals of the budget and treasury</li> <li>• Provides support and advice to the Council and municipal manager</li> <li>• Implements service delivery budget implementation plan</li> <li>• Prepares and implement municipal budget</li> <li>• Prepares annual financial statements and other legislative financial management reports</li> <li>• Performs duties and functions delegated to CFO by the Finance Management Act</li> <li>• Manage efficient provision of municipal service</li> <li>• Establish, operate and maintain the support structures, processes and systems</li> <li>• Leads and directs staff in the department to ensure that they meet the objectives in line with the municipality's requirements and resources.</li> </ul>
	
<p><b>Chief Finance Officer: Mr. T. F. Fundira</b></p>	



**Citizens & Community Services  
Manager: Mrs .K. Tshazi**

- 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. T  
Ngcongca Madotyeni**

- 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 CITEZENS 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.

### **(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.

### **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, acquisition management, logistics management, risk management, performance management and disposals within the municipality.

The unit is headed by a Supply Chain Management Manager, who reports directly to the Deputy Chief Financial Officer. In turn, there are Senior Supply Chain Management Officer, Demand management, acquisition management and logistics officer who report to the manager. Further to this, there are two SCM Trainees 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, Implimentation of Supply Chain Management policy is 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	Advert to Municipal website for a period of 7 days	CFO
R75 001 – R200 000	Advert to Municipal website for a period of 7 days	Accounting Officer
R200 001	Competitive bidding process	Accounting Officer

### 2.11. MPAC Committee

In accordance with the provisions of Section 79 (1) (a) and (b) of the Municipal Structures Act 1998, a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members.

Furthermore Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

MPAC has been established to exercise oversight as delegated by Council, promote transparency, public accountability and ensure good governance in the municipality as in terms of Section 53 and 59 of the Local Government: Municipal Systems Act, Act 32 of 2000.

The MPAC of Umzimvubu Local Municipality consist of eight (8) councillors including the chairperson represented by each political party.

#### **ROLES AND RESPONSIBILITIES OF THE MPAC**

a) MPAC has no executive powers;

b) The oversight role of MPAC is to review the Umzimvubu Local Municipality's Annual Report with specific focus on the financial aspects as contained in the Auditor General's Report on the Annual Financial Statements of the Municipality and also when instructed by Council to advise Council in respect of unauthorised, irregular or fruitless and wasteful expenditure.

c) The Municipality's oversight report as envisaged in Section 129 of the MFMA is prepared for adoption by Council by following due process. MPAC's due process entails -

- consider and make recommendations on the Report to Council regarding specific reports of the Auditor-General; and queries, comments and responses in respect thereof;

- investigate the alleged misappropriation of municipal funds by Councillors and/or officials and report thereon to Council as the case may be;

- recommend on any proposals in respect of the oversight process for improving efficiency, effectiveness and economy in the financial sphere of the Municipality; and

- liaise with the Audit Committee and any other relevant combined assurance committees and role-players.

- Investigate unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32 and 102 of the MFMA, as instructed by Council, and as guided by the National Treasury Circular 68: Unauthorised, Irregular and Fruitless and Wasteful Expenditure.

## Recommendations on Annual Report 2019/2020

### NAMES OF MEMBERS AND NUMBER OF MEETINGS ATTENDED (2019/20)

Initial and Surname	F/T OR P/T	Committee	Political Organization	Number of planned meetings	Attended	Absent
Clr S Myingwa				26/08/2019	x	
Clr N Ntshayisa					x	
Clr NN Gcadinja					x	
Clr NE Ngalonkulu					x	
Clr N.A Mantshongo						x
Clr P Makhinzi						x
Clr LL Nqatsha						x
				13/09/2019		
Clr S Myingwa					x	
Clr N Ntshayisa					x	
Clr NN Gcadinja						x
Clr NE Ngalonkulu						x
Clr N.A Mantshongo					x	
Clr P Makhinzi					x	
Clr LL Nqatsha					x	
Clr S Myingwa				25/09/2019	x	
Clr N Ntshayisa					x	
Clr NN Gcadinja					x	

Clr NE Ngalonkulu					x	
Clr N.A Mantshongo						x
Clr P Makhinzi					x	
Clr LL Nqatsha					x	
Clr S Myingwa				11/02/2020	x	
Clr N Ntshayisa					x	
Clr NN Gcadinja						
Clr NE Ngalonkulu						x
Clr N.A Mantshongo					x	
Clr P Makhinzi					x	
Clr LL Nqatsha					x	
Clr S Myingwa				24/03/2020	x	
Clr N Ntshayisa					x	
Clr NN Gcadinja					x	
Clr NE Ngalonkulu						x
Clr N.A Mantshongo						x
Clr P Makhinzi						x
Clr LL Nqatsha					x	
Clr V Bulana					x	
Clr S Myingwa				27/05/2020	x	
Clr N Ntshayisa					x	
Clr NN Gcadinja					x	

Clr NE Ngalonkulu						x
Clr N.A Mantshongo					x	
Clr P Makhinzi					x	
Clr LL Nqatsha					x	
Clr V Bulana					x	
Clr S Myingwa				09/06/2020	x	
Clr N Ntshayisa					x	
Clr NN Gcadinja						x
Clr NE Ngalonkulu					x	
Clr N.A Mantshongo					x	
Clr P Makhinzi						x
Clr LL Nqatsha					x	
Clr V Bulana					x	

## 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 1091 households connections benefitting in the rural electrification programme in Mmangweni Phase 1, Ntlabeni, Mpondomise Phase 1, Colana.

#### 3.2. Waste Management and Refuse Removal

Effective solid waste management systems can contribute to improving public health outcomes through reducing opportunities for disease spreading vermin to thrive, such as occurs at unregulated local dumpsites. They contribute to enhancing environmental quality by protecting watercourses, ground water and preventing illegal dumping and littering. Well-designed solid waste management systems support both higher levels of economic activity and can contribute directly to poverty alleviation through job creation. Conversely, a failure to provide effective solid waste systems is felt most severely by poor households. Umzimvubu Local Municipality adopted “waste hierarchy” indicated on The National Environmental Management: Waste Act (2008) as its overarching principle for waste management. The Act also provides tools to implement the waste hierarchy through integrated waste management planning, Umzimvubu Local Municipality developed and adopted the IWMP 2020. The Municipality performs waste collection services (refuse removal, street sweeping, litter picking, refuse bag provision/curb side collection and waste bin provision/servicing) in 2 urban centres or towns and 8 rural areas, 5 days a week in residential area and 7 days a week in urban areas.

At present the municipality collects an estimated 11% of the sorted and unsorted Municipal waste from households, suitable properties and businesses to waste facilities (GCB-) for recycling and final disposal. The higher waste collection backlog percentage is sitting with rural areas and illegal waste dumps.

The Municipality operates and manages two GCB- waste facilities, they are both permitted. Currently, the Municipality is working on appointing service provider/s for the upgrade and maintenance of Mount Frere Landfill site through MIG budget. Extension of Mount Ayliff landfill site is underway (2021/22 financial year). Both landfill sites have working faces/landfill cells for a final waste disposal off and cell operations (compaction, covering and litter picking), controlling and directing waste vehicles from households and businesses for proper working face areas. Access control, logging of vehicles that access the facilities and direct vehicles for proper working face.



#### Waste Educational/ Awareness Programs:

The Municipality is conducting a number of Community Awareness Campaigns to facilitate awareness raising on environmental and solid waste management problems and solutions.

- i. Coordinating a door-to-door visit campaign to increase knowledge and change attitudes of citizens pertaining solid waste management at source, including waste separation, contracts with service providers, reduce open burning, littering and the dumping of waste and increase recycling.
- ii. Organizing community clean-up events. This activity encouraged the community to organize quarterly clean ups and it became a usual practice by the end of the project period.
- iii. Establishing and participate on a school program. The school program engaged students in workshops, and supported waste and environmental education knowledge sharing in schools. Thereby students and schools could adopt better waste practices and students can share their knowledge with their families and other community members.
- iv. Organizing community group visits. The group visits increased know-how, changed attitudes concerning waste, encouraged improved waste management practices and motivated individuals and groups to keep their environment clean, and to educate others

#### Clean up campaigns:

Organizing community clean-up events. The Municipality has quarterly clean ups to discourage illegal dumping, littering and burning of waste. Furthermore, EPWP food for waste programme is also responsible for the rehabilitation of illegal dumping site on the public open space and watercourses.

#### Waste Recycling Initiatives: for environmental and economic benefit

There are two established material recycling facilities (MRFs) and recycling co-operatives in the municipality, which also function as buy back centres; The Xesi Recycling Primary Co-Operative operating at the Mount Ayliff landfill site, and the Mount Frere Recycling Co-Operative operating at the Mount Frere landfill site. ULM equipped both MRFs with balers. Only the Xesi Recycling Primary Co-Operative is functioning well. The recycling companies that collect materials from the facilities are based in Durban. The companies collect the baled materials when the stock reaches a mass of approximately 32 tonnes - thus achieving viable payloads for the long-haul vehicles used. All recyclable material is transported to Durban to be processed. The co-operatives do not collect and sell glass, steel or aluminum. There is an informal market for steel recovery, with community members stockpiling steel next to the N3 and selling it to passing trucks. This market is not organized with co-operatives managing the activities.

#### Challenges in Waste Management:

- Vehicles  
Illegal dumping

Solid Waste Service Delivery Levels: House Holds						
Description	2017/18	2018/2019	2019/2020	Original Budget No	Adjusted No	Actual No
	Actual No	Actual No	Actual No			
Solid Waste Removal:	R1 159 426.35	R1 160 554.88	R1 096 784.95	R4 699 996.00	0	0
Removed Once a week	No	No	No			
Removed More than once a week	Yes	Yes	Yes			
Total Number of House holds	2061	2061	8000			

Employees :Waste Management and Refuse Removal services					
Level	2018/19	2019/20			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	43	80	43	37	46%
4-6	5	13	5	8	62%
7-9	0	0	0	0	0
10-12	5	6	5	1	2%
13-15	0	0	0	0	0
<b>Total</b>	53	99	53	46	46%

Financial Performance Year 2019/2020: Waste Management and Refuse Removal					
Details	2018-19	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	23444469	4 212 000.00	50 000.00	24 319 156.52	20057156.52
Expenditure	4786651.81	6782707.00	0	6732970.79	49736.21
Employees	10941354.58	14 649 675.00	0	12175004.61	0
Repairs and Maintenance	1094611.83	366 4497	0	630086.08	0
Other			0		0
<b>Total Operating Expenditure</b>	168 22618.22	25096879.00	0	19538061.48	49736.21
<b>Net Operational Expenditure</b>	6621850.78	20824879.00	50 000	4781094.94	200007420.31

Capital Expenditure Year 2019/2020: Waste Management and Refuse Removal					
Capital Project	2019/2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Landfill site	R500 000	00	R350 000		R350 000
Plant and equipment					

### **3.3. Housing/ Human Settlement**

The purpose of UMzimvubu Local Municipality Human Settlements Unit is to facilitate the development of sustainable and integrated human settlements, and to provide housing opportunities to qualifying beneficiaries – enabling secure tenure and quality living environments.

The provision of housing is informed by national policies including Outcome 8 of the Programme of Action, which calls for the creation of sustainable human settlements and improved quality of household life, and by Chapter 8 of the National Development Plan. This chapter emphasizes the contribution of housing projects to overcoming spatial patterns which exacerbate social inequality and economic inefficiency, the realization of constitutional housing rights, and introduces principles to create spaces that are liveable, equitable, sustainable, resilient, efficient, and support economic opportunities and social cohesion.

At the local level, the Human Settlement Unit works to effect facilitate for provision housing needs to the community of UMzimvubu Local Municipality's: creating a quality living environment. The key elements of the Unit's contribution are facilitation for approval of emergency housing assistance when needs arises, housing provision for the destitute households and middle income housing.

#### **What is the housing situation in UMzimvubu Local Municipality?**

According to a Census 2011, the municipality was estimated to have 46 875 households. The 2017 dot counting shows that 6500 of households are destitute and desperate in need of formal housing shelter. The housing backlog (including backyard informal dwellings [7500] and informal shacks in town stands at approximately 3000 units. Nationally, household formation grows at about 3% annually. UMzimvubu is also seeing the rapid influx of people from rural areas, few of whom have the means to build or buy formal houses in town.

The priority is to upgrade informal settlements where they are currently located through the Informal in-situ Upgrade Program. Other important means of creating quality housing opportunities include construction of new integrated human settlements, facilitating rental opportunities through social housing institutions and private developers, and rehabilitation of houses built by the state.

The municipality has 2 informal built settlement; Santombe in EMaXesibeni and Silver City in KwaBhaca. Although these are built in informal, however the municipality has approved general plan for these settlement and there is a need for upgrading of the two informal settlements. This has been determined by the housing prioritization model. This model looks at various criteria to determine which settlements will upgraded first. The criteria which are taken into account include walking distance to public transport, close to essential social facilities and nodes of high economic activity, and the presence of existing bulk infrastructure.

Certain settlements are located in areas which are unsuitable for development, like floodplains or areas of geological instability, amongst others. In this case, relocations are necessary.

Those informal settlements that are unlikely to be upgraded in the short term are provided with interim services by the Alfred Nzo District Municipality including ablution blocks for water and sanitation services, standpipes for potable water, UMzimvubu provide them with basic road network with associated storm water controls and. Over 2000 pit latrine facilities have been provided by district municipality to approximately 2000 informal settlements.

Employees :Housing					
Level	2018-2019	2019-2020			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6	1	1	1	0	0
7-9	1	1	1	0	0
10-12	2	2	2	0	0
13-15	1	1	1	0	0
<b>Total</b>	5	5	5	0	0

Financial Performance Year 2019/2020: Housing					
Details	2018/2019	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	1 300 000.00	1 200 000.00	0.00	1 200 000.00	R0.00
Expenditure	1 300 000.00	600 000.00	0.00	600 000.00	600 000.00
Employees	N/A	N/A			
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A

<b>Total Operating Expenditure</b>	N/A	N/A			
<b>Net Operational Expenditure</b>	1 3000 000.00	1 2000 000.00	0.00	600 000.00	600 000.00

<b>Capital Expenditure Year 2019-2020 Housing</b>					
<b>Capital Project</b>	<b>2019-2020</b>				
	<b>Budget</b>	<b>Adjusted Budget</b>	<b>Actual Expenditure</b>	<b>Variance from Original Budget</b>	<b>Total Project Value</b>
Housing Sector Plan	N/A	N/A	N/A	N/A	N/A

The Housing Plan was adopted in 2017-2018 FY year and there has not been major changes on our housing developments.

Below is the project budget from the department of human settlements

<b>KEY PERFORMANCE INDICATOR</b>	<b>ANNUAL TARGETS FOR 2019/2020</b>
DESTITUTE AND VULNERABLE	579
UNITS	579
FULL SERVICES	N/A

PARTIAL SERVICES	N/A
RECTIFICATION	N/A
BUDGET	R 108 344 658,00

**Successes:** the municipality has facilitated for the construction of housing units in more than 4500 households to date, the municipality has also assisted for the provision of more than 2500 to date emergency shelters on households affected by disaster, fire, etc. 252 emergency were facilitated in 2019-2020 FY.

**Challenges:**

- Budget constraint affects the annual targets and service delivery
- Poor road conditions or sometimes nonexistence of access roads to individual sites.
- The terrain challenges which results to double and/or sometimes triple handling of material is grossly affecting the production on site.
- Lack of bulk material supply within the local suppliers resulting on contractors sourcing material from distant suppliers.
- Projects earmarked for destitute, results to beneficiary administration challenges since units are scattered and spread over various wards.
- Vandalism of completed units and theft of material.
- Poor performance of contractors results to blocking of projects.

**3.7. Local Economic Development and Tourism**

To create a conducive environment for economic growth and job opportunities

**2019/ 2020 CROPPING SEASON:**

*Maize cropping performed well in the last season, field per 15 ha was +-30 tones which is equivalent to 750 bags /40kg*



## ANALYSIS OF THE CROPPING AND HARVEST REPORT

Maize cropping performed well in the last season, field per 15 ha was +/-30 tones which is equivalent to 750 bags /40

### MAIZE PLANTED:

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Not yet registered	Phepheni project	1	30 members	15ha	15ha	10 <sup>th</sup> November 2019
Not yet registered	Lubaleko	2	30 members	15ha	15ha	15 <sup>th</sup> November 2019
Not yet registered	Ntlavini	3	30 members	15ha	15ha	10 <sup>th</sup> December 2019
	Danti		30 members	15ha	15ha	
Not yet registered	Betshwana	4	30 members	15ha	15ha	15 <sup>th</sup> November 2019
Not yet registered	Mapheleni	5	30 members	15ha	15ha	15 <sup>th</sup> November 2019
Not yet registered	Sisulwini Gardens	6	30 members	15ha	15ha	10 <sup>th</sup> November 2019
Not yet registered	Skemane	7	30 members	15ha	15ha	15 <sup>th</sup> November 2019
	Ntsakeni		30 members	15ha	15ha	
Not yet registered	Lugelweni	8	30 members	15ha	15ha	15 <sup>th</sup> November 2019
Not yet registered	Goso (5ha)	9	30 members	15ha	15ha	15 <sup>th</sup> November 2020
	Sugarbush (5ha)		30 members	15ha	15ha	
	Luxwesa (5ha)		30 members	15ha	15ha	
Not yet registered	Mtsila	10	30 members	15ha	15ha	15 <sup>th</sup> November 2019

Not yet registered	Lutshikini	11	30 members	15ha	15ha	10 <sup>th</sup> November 2019
Not yet registered	Mpoza	12	30 members	15ha	15ha	15 <sup>th</sup> November 2019
Not yet registered	Mkalatye	13	30 members	15ha	15ha	15 <sup>th</sup> December 2019
Not yet registered	Mndini	14	30 members	15ha	15ha	10 <sup>th</sup> December 2019
Not yet registered	Zwelitsha	15	30 members	15ha	15ha	15 <sup>th</sup> November 2019
Not yet registered	Mabhaceni	17	30 members	15ha	15ha	15 <sup>th</sup> November 2019
	Ngqantosi		30 members	15ha	15ha	
	Sdikidiki		30 members	15ha	15ha	
	Cwalinkungu		30 members	15ha	15ha	
Not yet registered	Qumrha	19	30 members	15ha	15ha	15 <sup>th</sup> November 2019
	Mntwana		30 members	15ha	15ha	
	Semen		30 members	15ha	15ha	
Not yet registered	Mpembha	20	30 members	15ha	15ha	10 <sup>th</sup> November 2019
	Lwandlana		30 members	15ha	15ha	
	Ngxabaxa		30 members	15ha	15ha	
Not yet registered	Zibukwana	21	30 members	15ha	15ha	15 <sup>th</sup> November 2019
	Qoqa		30 members	15ha	15ha	
Not yet registered	Ngqwarha	22	30 members	15ha	15ha	15 <sup>th</sup> December 2019
Not yet registered	Pondomise	23	30 members	15ha	15ha	15 <sup>th</sup> November 2019
	Qwolidlana		30 members	15ha	15ha	
Not yet registered	Sivumela	24	30 members	15ha	15ha	15 <sup>th</sup> November 2019

Not yet registered	Gojini	25	30 members	15ha	15ha	10 <sup>th</sup> November 2019
Not yet registered	Solani	26	30 members	15ha	15ha	10 <sup>th</sup> November 2019
	Thuthukeni		30 members	15ha	15ha	
	Manqinqo		30 members	15ha	15ha	
Not yet registered	Mbhodleni	27	30 members	15ha	15ha	15 <sup>th</sup> November 2019

### CONTRACTOR DEVELOPMENT PROGRAM

*Whenever there is a project be it contractual we encourage subcontracting of 30% of the total value to be distributed to local Contractors*

### INFORMAL TRADING: MARKET PLACE

The municipality in collaboration with ECDC is embarking to construct 68 hawker stalls at Kwa-Bhaca with 68 SMMEs that are utilising them on different commodities, the challenge with these hawker stalls is that there is no water, electricity and they need to be renovated some stalls leak during summer time.

There were 8 stalls at EmaXesibeni that were demolished during the Mall development. Currently there land that was identified for the construction of new hawker stalls.

There are 600 street traders in both towns, the challenge there is no enough space for them to trade some are trading on non-designated areas, there is no shelter, some stands are designated on non-paved areas and during summer time their products are damaged. Some stands are close to the national road and it is against the municipal by-laws.

### TOURISM

Umzimvubu area is a prime destination for those who seeks to visit heritage and historical battle sites. There are natural attractions in the area (Ntsizwa Mountain, Ntenetyana Dam, Goxe caves etc) but they are underdeveloped. These attractions have a potential to attract more tourists and boost the economy.

### CHALLENGES:

There is no Infrastructure to the attractions (Roads).  
There is no funding to develop these attractions.  
Marketing of these attractions is minimal

**SUCCESES:**

The municipality is hosting annual events (Masibuyelembo, Annual Fashion Show, Annual Agricultural Show, Annual Tourism Celebrations) these events assist to attract people to visit the area to spend a day or two and spend their money.

Jobs Created by LED Initiatives excluding				
Year ( Top 3 Initiatives	No of jobs created	Jobs lost/ displaced by other initiative	Net Total jobs created in a year	
2016-17				
2017-18				
2018-19				
2019-2020				
Jobs created by EPWP projects				
Year	No of EPWP projects	No of Jobs created		
2019-2020	27	30		

Financial Performance Year 2019/2020: LED and Tourism					
Details	2018-2019	2019- 2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue		<b>R 26 566 126,00</b>			
Expenditure					
Employees		R 1 923 334,00		R 1 072 550,16	

Repairs and Maintenance		N/A			
Other					
<b>Total Operating Expenditure</b>		R 22 340 403.00	N/A	R 22 340 403.00	
<b>Net Operational Expenditure</b>		R 22 340 403.00		R 22 340 403.00	

Employees : Local Economic Development and Tourism					
Level	2018-2019	2019-2020			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	02	02	4613 6009	n/a	
4-6	N/A	N/A	N/A	N/A	N/A
7-9	03	01	4272 4464 4562	01	70%
10-12	01	01	4267	01	60%
13-15					
<b>Total</b>					

Capital Expenditure Year 2019-2020: Local economic Development					
Capital Projects	2019 -2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Anchor Project	7,5M	N/A	6 888 189,06	7,5 M	6 888 189,06
SMME & Cooperative Support Fund	1,5 M	4 442.664,80	3 986 170,08	1,5 M	3 986 170,08

### Component E: Environmental management and Signage Control

#### 3.12. Pollution control, Biodiversity, Landscape

##### 1.12. Pollution control, Biodiversity, Landscape and Coastal Protection

Capital Expenditure Year 2019/2020: Environmental Management and Biodiversity					
Capital Projects	2019-2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
NONE					

Financial Performance Year 2019/2020: Environmental Management and Biodiversity					
Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	150 000	300 000.00	0	213 449.20	
Total Operating Expenditure					
Net Operational Expenditure	150 000	300 000.00	0	213 449 .20	

Employees : Environmental Management and Biodiversity					
Level	2018/2019	2019/2020			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6					
7-9					
10-12					
13-15					
<b>Total</b>					

## Component D: Community and Social Services

### 3.8. Libraries and Community Facilities

Umzimvubu Local Municipality operates and manages two libraries, one in Mount Frere and one in Mount Ayliff and four Modular libraries to assist in the provision and promotion of a culture of reading, library usage and learning so as to enrich communities. Umzimvubu Municipality in collaboration with Department of Sport, Recreation, Arts and Culture) to develop, administer and manage libraries

### 3.9. Cemeteries:

Umzimvubu Local Municipality operates and manages four Cemeteries (two Mt Ayliff and Two Mount Frere), and they are all maintained on regulars basis. The maintenance activities include the following:

- Landscaping and Greening
- Grass cutting,
- Removal of unwanted vegetation,
- Grave digging and allocation, and
- Access control



- Cemetery management System

Furthermore, Mount Ayliff cemetery is currently under maintenance and upgrade through OTP small town revitalization funding.

### **3.14 Fire and Disaster Management**

Umzimvubu disaster section is playing a role of coordination during disaster incidents reported or that have taken place. As a section we always coordinate resources available to help affected people. We are always in touch with Disaster Dept. of Alfred Nzo District Municipality whenever a need arises. Going to attend reported disaster incidents and doing assessments, we do all that in conjunction with the district municipality disaster department. Umzimvubu disaster unit is only limited to the supply of immediate relief materials e.g. supply of blankets, mattresses and at certain instances supply groceries to the affected households.

## **COMPONENT F: SAFETY AND SECURITY**

### **3.15. PROTECTION SERVICES**

Protection of asset of the municipality has been given to private service providers to do guard duties for the municipality. This includes protection services for employees and visitors. Currently protection services for the municipality is done by Phiko security services for both Mount Ayliff and Mount Frere municipal sites. They physical guard the sites, do searches at the entrances and protection of all employees and visitors are their primary responsibility. All incidents that occur in any of the municipal sites are reported immediately by the security company to the office of the Assistant Manager (Community Safety Division).

### **TRAFFIC SECTION:**

Traffic section which is called Law Enforcement in our municipality is responsible for traffic management, by-laws management and crime prevention as the key priorities of the section. Law Enforcement Officers are sworn-in police, and they focus exclusively on maintaining traffic safety and efficiency on our roads. This is the focus of their duties, which can include amongst other things directing traffic, managing accidents, administering traffic money, and educating the public on laws and safety guidelines. At sometimes law enforcement officers may be asked to testify in court regarding parking violations or citations issued. They are usually required to keep a daily log of events during their shift. This log should include all citations, complaints received and any special situations. Law enforcement officers may write reports about any problems they typically encounter and make recommendations for changes.

### **ACTIVITIES:**

The primary duties of the law enforcement officers are to protect people and property. Common duties of law enforcement officers include patrolling neighbourhoods, responding to emergency calls, delivering warrants, arresting violators and submitting incident reports in a timely manner. They include educational outreach to the public to help prevent and solve crime.

Law enforcement officer can issue traffic offenders with citations, issue compliance notices for by-laws transgressions, patrol the streets, attend to accident scenes and disasters, arrests for crime committed in their presence, do escort duties, conduct roadblocks and side checks.

#### **NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE**

Automatic number plate recognition (ANPR) system fitted in one of the patrol vehicles, pro-laser 3 and 4 cameras, alcohol breathalysers testing machines.

#### **CHALLENGES:**

Lack of enough manpower. The limited number of officers reduce the interests to work more because all tasks face same individuals e.g. enforcement of by-laws, traffic offences and crime prevention are a problem if they are put together to be the main tasks of individuals.

#### **RECOMMENDATIONS:**

To employ more personnel to counter act existing and still to arise new challenges. Buy better vehicles for the law enforcement section.

#### **DRIVING LICENCE TESTING CENTRE:**

Driving Licence Testing Centre (DLTC) functions that are rendered at the DLTC are: Appointments for Learners and driving licenses tests, go for an eye test, issuing temporary driving licences, issuing learners' licences, issuing duplicate learners' licences, renewal of driving licences, renewal of professional driving permit. In our municipality, DLTC is situated in Mount Ayliff municipality main offices where all the tasks related to licensing are done.

## **REGISTERING AUTHORITY:**

Registering authority (RA) is the registration of a motor vehicle with a government authority. The purpose of motor vehicle and an owner or user of the vehicle. The link might be used for taxation or crime detection purposes. Vehicles are uniquely identified by a vehicle identification number, only registered vehicles display a vehicle registration number plate and carry a registration certificate. Motor vehicle registration is different from motor vehicle licensing and roadworthiness certification.

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**SECURITY:** secures premises and personnel by patrolling property, monitoring surveillance equipment, inspecting buildings, equipment and access points, permitting entry. Obtains help by sounding alarms. Prevents losses and damage by reporting irregularities, informing violators of policy and procedures, restraining trespassers

Control traffic by directing drivers. Complete reports by recording observations, information, occurrences and surveillance activities, obtaining signatures. Maintain environment by monitoring and setting building and equipment controls. Maintain institution's stability and reputation by complying with legal requirements. Ensure operation of equipment by completing preventive maintenance requirements, troubleshooting malfunctions, calling for repairs, evaluating new equipment and techniques. Ensure the security, safety and wellbeing of all personnel, visitors and the premises. Provide excellent customer service. Adhere to all institution service and operating standards, respond to emergencies to provide necessary assistance to employees and customers. Protect the institution's assets relative to theft, assault, fire and other safety issues. Follow procedures for various initiatives, including fire prevention, property protection etc.

## **NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE**

Metal detectors, two way radios, cellular phones, vehicles searching equipment

## **PROGRESS:**

The high visibility and awareness of active guarding at specific entrances has been proven to be a preventative layer in community security. Metal detectors play a vital role in identifying people carrying dangerous weapons upon entering the premises.

## **CHALLENGES:**

Non-compliance by employees who sometimes refused to be searched. Mostly the senior leaders and managers entering the premises sometimes are not cooperative when it comes to searching them.

## **POUND:**

A pound is a place where stray, lost, abandoned or surrendered animals are housed. Animals are kept and taken care of by pound officials until they are claimed by their owners.

Traffic Police Service data				
Details	2018-2019	2019-2020		2020/2021
	Actual Number	Estimated Number	Actual Number	Estimated Number
Number of road traffic accidents during the year	94	150	67	89
Number of by-law infringements attended	80	65	45	48
Number of traffic officers on the field on an average day	13	16	9	16
Number of officers on duty on an average day	13	16	9	16

Employees : Protection Services including security services					
Level	2018/2019	2019-2020			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	6	6	6	11	51
4-6	60	68	68	68	100
7-9					

10-12	11	16	10	19	52
13-15					
<b>Total</b>	77	90	84	98	85

Capital Expenditure Year 2019-2020: Protection Services					
Capital Projects	2019-2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Security cost	R10 700 000.00	R1 000 000.00	R10 700 00.00	0.00	R11 700 000.00
Financial Performance Year 2019-2020:					
Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R9 000 000.00	R12 400 000.00	R1 000 000.00	R13 400 000.00	0.00
Expenditure	R9 000 000.00				
Employees	77	R9 564 996.00	0.00	R9 564 996.00	0.00
Repairs and Maintenance	R69 996.00	R200 000.00	R88 200.00	R288 200.00	0.00
Other	n/a	n/a	n/a	n/a	n/a
<b>Total Operating Expenditure</b>	R7 199 083.52	R	R	R	R
<b>Net Operational Expenditure</b>	R16 269 079.52	R15 304 885.00	R2 500 000.00	R	R

### 3.16. Driver's Licensing and Testing Centre

In South Africa, the driving licence is the official document which authorizes the holder to drive a motor vehicle on a public road. Driving licenses are issued by authorized driving license testing centers, which are run by the municipalities under the supervision of the provincial and national Departments of Transport. At Umzimvubu Municipality, we have Mount Ayliff Driving Licensing Testing Centre (DLTC).

### ACTIVITIES

The key function of the DLTC is to test people for Learners' licences, Driving licences, eye test, issue temporary driving licence, issue card licences, issue duplicate driving licences issue Professional Driving Permits (PrDP).

All of the DLTC's functions and operations are regulated in terms of the National Road Traffic Act 93 of 1996.

### NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

None

### SUCSESSES

2018/2019 FY = 2115 people tested for learners' licences

2018/2019 FY = 2582 people tested for driving licences

2019/2020 FY = 2431 people tested for Learners' licences

2019/2020 FY = 1376 people tested for Learner's licences

### CHALLENGES

Shortage of just one Examiner of driving licences at Mount Ayliff DLTC. Finger trouble, as well as faulty fingerprinting and non-standard photographs, are causing delays in the issuing of credit card-style driving licences, and that result in in some driving licences being issued reflecting incorrect information.

DLTC Data		
Details	2018-2019	2019-2020
	Actuals	Actuals
Total Number of learner's licences processed	2115	2431
Total Number of driver's licences processed	2582	1376
Average turnaround time – leaners licence	1 hour	1 hour

Average turnaround time – Drivers- licence	1 hour 5 minutes	1 hour 5 minutes
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Employees : DLTC					
Level	2019-2020				
	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	4	7	4	3	30
13-15					
<b>Total</b>	8	11	8	3	30

Capital Expenditure Year 2019-2020: DLTC					
Capital Projects	2019-2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
None					
Financial Performance Year 2019-2020: DLTC					
Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R14 507 000.00	R264 000.00	0.00	R179 488.00	R84 512.00

Expenditure	R6 264 186.71	R264 000.00	0.00	R179 488.00	
Employees	11			11	70
Repairs and Maintenance	R43 380.81	R200 000.00	0.00	R150 000.00	R50 000.00
Other	n/a	n/a	n/a	n/a	n/a
<b>Total Operating Expenditure</b>	R14 507 000.00	R464 000.00	0.00	R329 488.00	R134 512.00
<b>Net Operational Expenditure</b>	R14 507 000.00	R464 000.00	0.00	R329 488.00	R134 512.00

## INTRODUCTION

Motor vehicle registration is the registration of a motor vehicle with a government authority, either compulsory or otherwise. The purpose of motor vehicle registration is to establish a link between a vehicle and an owner or user of the vehicle. While almost all motor vehicles are uniquely identified by a vehicle identification number, only registered vehicles display a vehicle registration number plate and carry a vehicle registration certificate.

## BACKGROUND OF THE REGISTERING AUTHORITY

A title holder of new, pre-owned, built or rebuilt motor vehicle, must register it at his/her relevant registering authority to get a registration certificate. If the vehicle is financed, the title holder is the financing institution. When it has been registered and licenced one gets a motor vehicle licence disc. The motor vehicle registration is recorded on the national traffic information system (eNaTIS).

All the transactions done by RA must comply with Regulation 32A of NRTA 93/96 enforced as effective from 01 November 2015, stating that anyone who wishes to transact with the licensing authority is compelled to verify their particulars on eNaTIS including the proof of address. Vehicles with expired licence disc cannot be registered.

Registering Authority Services:

- Renewal of motor vehicle licences
- Registration and licensing of motor vehicles
- Duplicate registration certificate
- De-registrations
- permits

## REGISTERING AUTHORITY'S PERFORMANCE AND ACCESSIBILITY



Registering is accessible to all the people of South Africa who wishes to register and licence their vehicles. As long the individuals comes forward with proof of ownership of the vehicle to be licence, the registering authority come to party in licensing the vehicle.

#### ACTIVITIES CONDUCTED IN REGISTERNG AUTHORITY

Registering Authority Services:

- Renewal of motor vehicle licences
- Registration and licensing of motor vehicles
- Duplicate registration certificate
- De-registrations
- permits

#### NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

eNaTIS system and special printers dedicated for the printing of all documents related to the licensing of the vehicles.

#### SUCCESES

Licensing of all vehicles are done at Mount Frere Registering Authority. Every owner that comes to licence his/her vehicles are helped if all papers are in order. Currently we are maintaining a 9315 number of vehicles registered at Mount Frere RA.

#### CHALLENGES

During the covid-19 period, Registering Authorities were all non-operational. Since the lockdown level 5 has been lifted, registering authorities started to open their doors for the public to start licensing their vehicles. The systems were not serviced during the level 5 lockdown, so when the operations started, they gave lot of problems. People were coming in large numbers and all wanted to be serviced even if impossible to do so.

Registering Authority Data		
Details	2018-2019	2019-2020
	Actuals	Actuals
Total amount collected for the Department of transport(DOT)	R8 722 734.75	R6 750 387.48
Total amount collected for the municipality	R2 527 180.79	R2 021 473.20
Total for Registration and Penalties	n/a	n/a
Total for transaction fees (RTMC)	R721 584.00	R628 488.00

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Employees : Registering Authority					
Level	2018/2019	2019/2020			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3					
4-6	3	3	3	3	0
7-9					
10-12	1	1	1	1	0
13-15					
<b>Total</b>	4	4	4	4	0

<b>Capital Expenditure Year 2019/2020: Registering Authority</b>					
--	--	--	--	--	--

Capital Projects	2019-2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
None					

<b>Financial Performance Year 2019/2020: Registering Authority</b>					
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Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	none				
Expenditure					
Employees					
Repairs and Maintenance					
Other					

Total Operating Expenditure					
Net Operational Expenditure					

### 3.17. POUND SECTION

#### Background:

A pound is a place where stray, lost, abandoned or surrendered animals are housed. Animals are kept and taken care of by pound officials until they are claimed by their owners.

#### ACTIVITIES

Pound is basically where impounded stray animals are kept. When stray animals are impounded from the public road or space they are taken directly to the pound. Upon arrival at the pound, they get registered in the impoundment register. They are released to the owner upon payment of the impoundment fee and if they stay more than one day at the pound, sustenance fee is being charged per day. All people are allowed to impound stray animals or animals that have damaged property can be brought to the pound.

#### NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

None

#### SUCSESSES

All stray animals found straying on public roads in the urban areas and sometimes along N2 get impounded by Rangers. Impoundment and sustenance fees collected in 2018/2019 financial year was R715 998.00 and for 2019/2020 financial year was R487 235.00.

#### CHALLENGES

The so called farmers on the side of Mount Ayliff are always a problem when their animals are impounded as they claim the town of Mount Ayliff was built on their land. They always attack the Mount Ayliff pound and forcefully remove the impounded animals, even those that do not belong to them. They damage the pound fence when they come to still the impounded the animals at night.

Pound Data
------------

Details	2018-2019	2019-2020
	Actuals	Actual
Total Number of animals impounded	2969	2653

Employees : Pound					
Level	2019-2020				
	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
0-3	10	10	10	10	100
4-6					
7-9	9	9	9	10	99
10-12	2	2	2	2	100
13-15					
<b>Total</b>	21	21	21	22	

Capital Expenditure Year 2019-2020: Pound					
Capital Projects	2019-2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
n/a					
Financial Performance Year 2019-2020: Pound					
Details	2018-2019	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	n/a				
Expenditure	n/a				
Employees	n/a				
Repairs and Maintenance	n/a				
Other	n/a				

<b>Total Operating Expenditure</b>	n/a				
<b>Net Operational Expenditure</b>	n/a				

### 3.3. Housing

The purpose of UMzimvubu Local Municipality Human Settlements Unit is to facilitate the development of sustainable and integrated human settlements, and to provide housing opportunities to qualifying beneficiaries – enabling secure tenure and quality living environments.

The provision of housing is informed by national policies including Outcome 8 of the Programme of Action, which calls for the creation of sustainable human settlements and improved quality of household life, and by Chapter 8 of the National Development Plan. This chapter emphasizes the contribution of housing projects to overcoming spatial patterns which exacerbate social inequality and economic inefficiency, the realization of constitutional housing rights, and introduces principles to create spaces that are liveable, equitable, sustainable, resilient, efficient, and support economic opportunities and social cohesion.

At the local level, the Human Settlement Unit works to effect facilitate for provision housing needs to the community of UMzimvubu Local Municipality's: creating a quality living environment. The key elements of the Unit's contribution are facilitation for approval of emergency housing assistance when needs arises, housing provision for the destitute households and middle income housing.

#### **What is the housing situation in UMzimvubu Local Municipality?**

According to a Census 2011, the municipality was estimated to have 46 875 households. The 2017 dot counting shows that 6500 of households are destitute and desperate in need of formal housing shelter. The housing backlog (including backyard informal dwellings [7500] and informal shacks in town stands at approximately 3000 units. Nationally, household formation grows at about 3% annually. UMzimvubu is also seeing the rapid influx of people from rural areas, few of whom have the means to build or buy formal houses in town.

The priority is to upgrade informal settlements where they are currently located through the Informal in-situ Upgrade Program. Other important means of creating quality housing opportunities include construction of new integrated human settlements, facilitating rental opportunities through social housing institutions and private developers, and rehabilitation of houses built by the state.

The municipality has 2 informal built settlement; Santombe in EMaXesibeni and Silver City in KwaBhaca. Although these are built in informal, however the municipality has approved general plan for these settlement and there is

a need for upgrading of the two informal settlements. This has been determined by the housing prioritization model. This model looks at various criteria to determine which settlements will be upgraded first. The criteria which are taken into account include walking distance to public transport, close to essential social facilities and nodes of high economic activity, and the presence of existing bulk infrastructure.

Certain settlements are located in areas which are unsuitable for development, like floodplains or areas of geological instability, amongst others. In this case, relocations are necessary.

Those informal settlements that are unlikely to be upgraded in the short term are provided with interim services by the Alfred Nzo District Municipality including ablution blocks for water and sanitation services, standpipes for potable water, UMzimvubu provide them with basic road network with associated storm water controls and. Over 2000 pit latrine facilities have been provided by district municipality to approximately 2000 informal settlements.

Employees :Housing					
Level	2018-2019	2019-2020			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6	1	1	1	0	0
7-9	1	1	1	0	0
10-12	2	2	2	0	0
13-15	1	1	1	0	0
<b>Total</b>	5	5	5	0	0

Financial Performance Year 2019/2020: Housing					
Details	2018/2019	2019-2020			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	1 300 000.00	1 200 000.00	0.00	1 200 000.00	R0.00
Expenditure	1 300 000.00	600 000.00	0.00	600 000.00	600 000.00
Employees	N/A	N/A			

Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
<b>Total Operating Expenditure</b>	N/A	N/A			
<b>Net Operational Expenditure</b>	1 3000 000.00	1 2000 000.00	0.00	600 000.00	600 000.00

Capital Expenditure Year 2019-2020 Housing					
Capital Project	2019-2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Housing Sector Plan	N/A	N/A	N/A	N/A	N/A

The Housing Plan was in 2017-2018 FY year and there has not been major changes on our housing developments.

Below is the project budget from the department of human settlements

KEY PERFORMANCE INDICATOR	ANNUAL TARGETS FOR 2019/2020
DESTITUTE AND VULNERABLE	579
UNITS	579

FULL SERVICES	N/A
PARTIAL SERVICES	N/A
RECTIFICATION	N/A
BUDGET	R 108 344 658,00

**Successes:** the municipality has facilitated for the construction of housing units in more than 4500 households to date, the municipality has also assisted for the provision of more than 2500 to date emergency shelters on households affected by disaster, fire, etc. 252 emergency were facilitated in 2019-2020 FY.

**Challenges:**

- Budget constraint affects the annual targets and service delivery
- Poor road conditions or sometimes nonexistence of access roads to individual sites.
- The terrain challenges which results to double and/or sometimes triple handling of material is grossly affecting the production on site.
- Lack of bulk material supply within the local suppliers resulting on contractors sourcing material from distant suppliers.
- Projects earmarked for destitute, results to beneficiary administration challenges since units are scattered and spread over various wards.
- Vandalism of completed units and theft of material.
- Poor performance of contractors results to blocking of projects.

**Valuation**

**Town Planning**

The municipality has adopted Land Use Scheme and Bylaws, which regulate legal rights to land use and building design. This management activity includes the following:

**Rezoning:** *to change the use permitted on the property by changing the zone of the property. It is a permanent change in land use.*

**Subdivision:** *to subdivide a piece of land into two or many smaller units.*



**Consolidation:** when two or more properties are joined together to form a single erf.

**Departures:** to change land use restrictions in a Zoning Scheme.

**Consent use:** obtaining permission from council to use a property for alternative use for a stipulated period of time, that is, other than the permitted use.

**Removal of restrictive conditions:** to remove restrictive conditions as conditions registered in title deeds during the process of township establishment, by the township developer in terms of which restrictions are placed on the use of land.

#### **Land administration:**

The municipality has developed land use management scheme and Spatial Planning and Land Use Management by-laws to regulate, control and manage land use within the municipal area. This was done to ensure that the municipality achieve desirable and harmonious development of the built environment that reflect and are a translation of the overall vision of the Municipality as expressed in the Integrated Development Plan (IDP) and the Spatial Development Framework (SDF). The Development Planning unit has the responsibility of receiving, processing and making recommendations or decisions on land development applications within the provisions of the legislation regulating land development.

#### **Geographic Information Services**

The municipality has implemented the Geographic Information Systems to enhance the integration of municipal processes and systems, improve information management within the municipality, and create a knowledge management culture. The municipality had expanded its organogram in order to develop its capacity. The staff complement of the Development Planning Section has been increased to include GIS Technician.

#### **Key stakeholders**

The main key stakeholders are and their key roles are:

Stakeholder	Key role
Department of Corporative governance and Traditional Affairs	Assist with the approval of land development applications
Alfred Nzo District Municipality	Support the municipality in terms of development
Economic Development, Environmental Affairs and Tourism	Assist with the approval of Environmental Impact Assessment Reports and issuing of Record of Decision

Department of Human Settlements	Facilitate and coordinate the provision of quality, integrated and sustainable human settlements that offer its communities a better living environment.
Chief Surveyor General	Assist with the provision of updated cadastral information
Department of Rural Development and Agrarian Reform	Assist with coherent and coordinated rural development for improved quality of life

### Challenges and Successes

- Challenges facing the development planning unit are:
- Limited person to assist with land use management and settlement planning
- Limited funding for Development Planning Projects

### Implementation of by-laws

The municipality has adopted the Spatial Planning Land Use Management Bylaws which were gazette in 2015 to regulate, control and manage land use within the municipal area as required by the Spatial Planning and Land Use Management Act, 2013.

### Land audits

A land use audit and analysis study was completed for uMzimvubu Local Municipality in 2014 and the purpose of the study was to analyse the existing land within the municipality in terms of the ownership, extent, cadastral boundaries, zoning and institutional capacity that is designated to organise the land. The study was completed for the Alfred Nzo District Municipality and included the two towns, Mount Frere and Mount Ayliff. The information gathered assisted the municipality in terms of identifying land that is viable for development, land that is owned by the municipality must be utilised accordingly by providing social facilities that lack in certain areas of the municipality.

### Issues of land claims

Following are the status of claims as submitted to the Land Claims Commission on 31st December 1998 for uMzimvubu Local Municipality:

Property Description	Claimant	Status
Portion of Erf 188, Mount Ayliff	Dutyini	Settled but not finalised
Portion of Erf 188, Mount Ayliff	Sigidini	Land Transfer
Portion of Erf 188, Mount Ayliff	Betshwana	Negotiations
Portion of land within the village	Spolweni	Settlement in progress

Portion of Erf 351	Lubhacweni	Court referral/land invasion
Portion of land within Amagqamzeni administrative area	Imikhonde	Settled
Land from Maxesibeni to Franklin	Amaxesibe community claim	Finalised

Applications for Land Use Development										
Detail	Planning application received		Determination made in the year of receipt		Determination made in the following year		Applications Withdrawn		Applications outstanding at the year end	
	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20
Subdivisions	1	4	1	2	1	2	0	0	0	2
Consolidations										
Rezoning	2	5	2	3	2	3	0	0	0	2
Applications relating to land restrictions										
Special consents	1	2	1	2	1	1	0	0	0	1
Township Establishment	2	2	0	0	0	0	0	0	2	2
Other application must be mentioned										

## 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.**

**Recruitment and Selection:** The recruitment process is undertaken in terms of the provision of Section 66 of the Municipal Systems Act, 2000 and the Recruitment Policy of the Municipality.

**Positions on Organisational Structure: 147**

**Filled positions:** Out of 223 approved positions 217 are filled and 6 vacant having the municipality at a 2,69% vacancy rate during the 2019/20 FY.

**Vacant Positions filled during 2019/2020:** 30 positions were filled in the 2019/20 FY.

#### **Skills Development and Training:**

The Skills Development is done in terms of Skills Development Act of 1998, Skills Development Levies Act of 1999 and Umzimvubu Training and Development Policy.

60 females' employees and councillors were trained

64 males' employees and Councillors were trained

### **3.19 Information and Communication Technology Services**

#### **Printing Solutions**

Umzimvubu Local municipality has a centralized printing solution situated at registry, where users use sever authentication BIOS to access the printer. Users are allocated number of printing papers and usage is reported to MANCO every month.

#### **MUNICIPAL LICENSES AND SLAs**

Umzimvubu ICT pays annual licenses and sign annual SLAs every year. SLAs are monitored and performance meetings held quarterly as per SLAs

#### **PROCUREMENT OF HARDWARE**

Procurement of hardware is per ICT strategy and is approved at MANCO with is a total of R2,8 Million for the networking of new municipal building and R750,000.00 for new laptops

#### **Network Infrastructure**

Umzimvubu has a stable network that covers the main offices in (KwaBhaca) and (EmaXesibeni) both towns are connected by Telkom 10Mgpps VPN line running data, VOIP, and video streaming. Umzimvubu uses Cisco Core managed switches on both sides with Cisco Wireless access points with central Cisco wireless access controller that manages both Umzimvubu internal network and free Wi-Fi for the community. Umzimvubu network expands for main office to Library, Sophia park, and Vehicle testing station (VTS) where users use VIOP telephony, ESS leave management system, Electronic document management system, and payday ESS Clocking system. Umzimvubu network is managed by a DC controller with Umzimvubu domain with SAN management servers with VSphere virtualization.

We have state of the art networking infrastructure that includes Cisco Managed switches, Cisco Wireless management system console. Other building are connected via optic fibre network which have security cameras, Wireless APs and Umzimvubu provides free Wi-Fi to Umzimvubu community.

### ICT Governance

Umzimvubu ICT governance has been adopted with three committee’s namely Executive committee comprising of Councillors and Management, where ICT issues are discussed at a strategic level and ICT used as an enabler of business and service delivery in the institution. Strategic ICT Projects are Umzimvubu Free Wi-Fi, schools development project where Umzimvubu saw a need to introduce ICT in schools around kwaBhaca and Emaxesibeni, ICT also has embarked on the paperless institution, Electronic document management system, leave management and clocking systems are all paperless computerised systems.

Umzimvubu has adopted its ICT Governance framework and has trained its councillors on ICT governance. ICT strategy which is aligned to the municipal IDP has also been adopted, annual SDBIPs are also aligned to the institutional IDP.

### Policies

Information Technology Policies				
	Name of Policy	Completed	Reviewed	Adopted
1	Access Control Policy	√	√	√
2	Change Control Policy	√	√	√
3	ICT Asset Management Policy	√	√	√ (SCM)
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	√	√	√

## Chapter 4: Organisational Development Performance

### Component A: Introduction to Municipal Personnel

#### 4.1. Employee Totals, Turnover and Vacancies

Employees				
Description	2019/2020			
	Approved Posts	No. Of Employees	Vacancies	Vacancy Rate in %
Section 56 Managers	7	7	0	0
Deputy Manager	1	1	0	0
Assistant Managers	19	18	1	5,26%
Support Personnel (Officers, Coordinators, Administration Clerks & General Workers)	196	191	5	2.55%
Totals	223	217	6	2.69%

Vacancy rate :2019/2020			
Designation	Total No. Of approved posts	Vacancies(Total time that vacancies exist using fulltime equivalent	Vacancies (as proportion of total posts in each category)
Section 56 Managers	7	60 working days	0
Deputy Managers	1	60 working days	0
Assistant Managers	19	60 working days	1
Support Personnel	196	60 working days	5
Total	223	60 working days	6

## Managing the Work Force

### 1.2. Policies

Human Resources Policies				
No.	Name of Policy	Completed	Reviewed	Adopted
1	Acting Policy	Yes	Yes	Yes
2	Overtime Policy	Yes	Yes	Yes
3	Induction & Orientation Policy	It is under the Employment Policy	Yes	Yes
4	Leave Policy	Yes	Yes	Yes
5	Disciplinary Code and Procedures	It is under the Labour Relations Policy.	Yes	Yes
6	Grievance Procedure	It is under the Labour Relations Policy.	Yes	Yes
7	Job Evaluation	Yes	Yes	Yes



8	Recruitment & Selection	It is under the Employment Policy	Yes	Yes
9	Training & Development	Yes	Yes	Yes
10	Retention Policy	Yes	Yes	Yes
12	Retirement Policy	Yes, under Service termination Policy	Yes	Yes
13	Standby Policy	Yes	Yes	Yes
14	Organisational Des	Yes	Yes	Yes
15	Benefit Policy	Utilising Main Collective Agreement	N/A	N/A
16	Attendance & Punctuality Policy	No	No	No
17	Employee Wellness Policy	Yes, under EAP Policy	Yes	Yes
18	Fleet Management Policy	Yes, under BTO	Yes	Yes
19	Special Risk Policy	No	no	No

#### 4.3. Suspensions

Five (5) employees were placed under precautionary suspension pending the finalisation of internal investigation. The employees were suspended for allegedly involved in theft of municipal funds.

#### 4.4. Performance Rewards

HOD and Others Managers. A performance reward is granted to an employee in recognition of performance based on the Performance Management Regulations of 2006. Section 8 of the regulations state that a performance bonus, based on affordability, may be paid to the employee, only after:

- An evaluation of performance in accordance with the provisions of Regulation 23;
- The approval of such evaluation by the municipal council, and
- The annual report for the financial year under review has been tabled and adopted through an oversight report by the municipal council.

As per the Performance Regulations, the Section 57 Managers and fixed term contract employees shall be able to qualify for performance bonuses according to the following score:

- A score of 130% to 149% is awarded a performance bonus ranging from 5 – 9%, and
- A score of 150 and above is awarded a performance bonus ranging from 10% - 14%.

During the 2019/20 financial year: 24 Manager who were evaluated for 2019/20 annual financial year in February and March 2020. Eight (8) Managers received Performance Bonus and 16 Managers did not meet minimum requirements to get performance Bonus

Non-management employees shall be rewarded for best performance through reward system as identified by the Municipal Manager.

- The monetary value of the first prize does not exceed 0.5% of the total Municipal personnel expenditure of the post in the previous financial year.
- The monetary value of the second prize does not exceed 0.4% of the total Municipal personnel expenditure of the post for the previous financial year.
- The monetary value of the third prize does not exceed 0.3% of the total municipal personnel expenditure of the post for the previous financial year.
- A winning employee or group of employees choose either the cash prize or a gift to the approximate value of the cash prize, subject to the Municipal Manager deciding the best form of a reward.
- All performance and recognition rewards, such as Long Service Awards, Deceased, and retired employees shall be handed over in a special annual ceremony organised to confer the awards and honour good performance in a very symbolic and prestigious manner

On the 07 December 2019 – all employee were given vouchers as token of appreciation, and performance was rewarded and/or recognised as per the following categories

- Long service employee (5 years, 10 years, 15 years, and 25 years)
- Best performed employee of the section
- Best performed employee of the department
- Municipal Prestigious Awards
- Employee of the Year

### Component C: Capacitating the Workforce

#### 4.4. Skills Development and Training this must also include skills development expenditure

Skills Development Matrix						
Management Level	Gender	Employees in	Learnerships	Skills programme	Other forms of training	

		posts as at 30 June 2019			s and other short courses				Totals	
		No of employees	Target 18/19	Actual 19/20	Target 18/19	Actual 19/20	Target 18/19	Actual 19/20	Target 2019/20	Actual 2019/20
Municipal Manager & S57 managers	Female	2	N/A	N/A						
	Male	5	N/A	N/A						
Councillors	Female	19	N/A	N/A						
	Male	34	N/A	N/A						
Technicians and Associate Professionals	Female	0	N/A	N/A						
	Male	4	N/A	N/A						
Professionals	Female	32	N/A	N/A						
	Male	31	N/A	N/A						
Sub totals	Female	53	N/A	N/A						
	Male	74	N/A	N/A						
<b>Totals</b>		<b>127</b>	<b>N/A</b>	<b>N/A</b>			<b>97</b>	<b>104</b>		<b>104</b>

Financial Development Competencies					
Description	Number of officials employed	Total number	Competency assessment completed	Number of officials with performance agreements complying with regulation 16	Total number of officials meeting prescribed competency levels

Financial Officials					
Accounting Officer	1	1	Yes	1	1
Chief Finance Officer	1	1	Yes	1	1
Heads Of Departments	5	5	Partly	5	3
Assistant Manager Supply Chain	1	1	Yes	1	1
Other Financial Officials	5	5	Partly	5	3
Totals	<b>13</b>	<b>13</b>		<b>13</b>	<b>9</b>

Employees :Corporate services		
Level	2018/2019	2019/2020

	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
0-3			88	2	2,22%
4-6			28	2	6,67%
7-9			6	0	0
10-12			66	1	2,33%
13-16			21	1	4,55%
17-20			7	0	0
21-26			1	0	0
Total			<b>217</b>	<b>6</b>	<b>2.69%</b>

Management Level	Gender	Employees in posts as at 30 June 2020						
			Skills programmes and other short courses		Other forms of training		Total	
			No of employees	Original Budget	Actual	Original Budget	Actual	
Municipal Manager & S57 managers	Female	3						
	Male	4						
Councillors & Managers	Female	29						
	Male	32						
Technicians and Associate Professionals	Female	1						
	Male	4						
Professionals	Female	27						
	Male	24						
Sub total	Female	60						
	Male	64						
<b>Total</b>		<b>124</b>	<b>R1 564 400</b>	<b>R1 331 427, 67</b>			<b>R1 564 400</b>	<b>R1 331 427, 67</b>

**Capital Expenditure Year 2019-2020: Corporate Services**

Capital Projects	2019-2020				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
IT Equipment(Computer Equipment)	R500 000 .00	R90 000.00	R407 084. 15	R92 915 .85	R407 084.15
Vehicles					
Furniture & Equipment	R108 400.00	R50 000.00	R112 200.67	R3800.67	R112 200.67
ICT					
Training & Development	R1.500 000.00	-	R1.500 000.00	-	R1 500 000.00
Protective Clothing					
Vehicle Fuel & Oil					
Advertising Fees	R316 800.00	-	R259 824.43	R56 975.57	R259 824.43
Water & Sanitation					
Training: Students	R1,012 180.00	-	R271 338.14	R740 841.86	R271 338.1422
Study Assistance(internal bursary )	R 369 600.00	-	R351 683.80	R17916.20	R351 683.80
EAP	R73 920.00	-	R4144.00	R69 776.00	R4144.00
Tracker					
Telephone	R1,689,600	R1.632 956.00	R3081,513.30	R1 391 913.30	R3081 513.30
Travelling & Accommodation					
Subsistence & Travelling	R 221 904.00		R105 517.30	R116 386.70	R105 517.30
Printing & Stationery	R26400.00	R10 000.00	R29745.70	R3345.70	R29745.70
Labour Relation					
ICT License	R1,500 000.00	R607 105.00	R742 894.96	R757 105.04	R742 894.96
License Fees					
Insurance External					
Conference & Workshops	R105 600.00	-	R64 257.39	R41 342.61	R64 257.39
Cleaning Material	R314 000.00	-	R274.387.75	R39612.25	R274 387.75
R&M Equipment & Vehicles					
R & M Building & Installation					
TOTAL					

### 3.17. Executive and Council Structures.

Refer to the information provided above on committees

#### *Career Exhibition*

The Career Expo was for Grade 9 learners and Grade 12 and 5200 learners attended. The event took 2 days. There were 18 exhibitors who also attended the event. An amount of R1 051 130 was spent.

<i>DATE</i>	<i>VENUE</i>	<i>NO. OF SCHOOLS</i>	<i>TIME</i>
11-12 March 2020	KwaBhaca-Badibanise Stadium	44	09H00

### *Chapter 5*

#### Chapter Five: Financial Management

##### 5.1. Statement of Financial Performance

Umzimvubu Local Municipality recorded a pre-audit surplus of R15 421 803 from an audited deficit of R (1 889 735) for the 2019/2020 and 2018/2019 financial years respectively. The pre-audit 2019/2020 Statement of Financial Performance is as follows:



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### Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	22	991 222	1 119 689
Service charges	23	1 096 785	1 160 555
Rental of facilities and equipment	24	1 712 231	5 172 349
Interest received	25	9 917 190	9 996 946
Income from Agency services	26	1 752 963	1 967 447
Licences and permits	27	1 903 327	2 146 696
Operational Revenue	28	1 183 069	93 844
Fair value adjustments	44	564 741	-
<b>Total revenue from exchange transactions</b>		<b>19 121 528</b>	<b>21 657 506</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	29	16 728 512	15 687 276
Licences and Permits	30	228 708	186 281
<b>Transfer revenue</b>			
Government grants and subsidies	31	297 357 242	277 514 649
Fines	32	11 368 448	33 545 365
<b>Total revenue from non-exchange transactions</b>		<b>325 682 910</b>	<b>326 933 571</b>
		19 121 528	21 657 506
		325 682 910	326 933 571
<b>Total revenue</b>	21	<b>344 804 438</b>	<b>348 591 077</b>
<b>Expenditure</b>			
Employee related costs	33	(74 618 811)	(67 308 248)
Remuneration of councillors	34	(18 008 834)	(17 397 688)
Depreciation and amortisation	35	(104 123 378)	(128 012 870)
Impairment losses	36	(19 117 312)	(33 486 233)
Finance costs	37	(281 058)	(245 643)
Lease rentals on operating lease	38	(343 772)	(783 717)
Inventory Consumed	41	(7 442 188)	(4 457 070)
Contracted services	42	(52 499 059)	(44 481 533)
Transfers and Subsidies Paid	43	(1 203 218)	(1 266 949)
Fair value adjustments	44	-	(189 398)
Operating costs	45	(51 745 005)	(52 851 463)
<b>Total expenditure</b>		<b>(329 382 635)</b>	<b>(350 480 812)</b>
		-	-
Total revenue		344 804 438	348 591 077
Total expenditure		(329 382 635)	(350 480 812)
Operating surplus/deficit		-	-
Surplus (deficit) before taxation		15 421 803	(1 889 735)
Taxation		-	-
<b>Surplus (deficit) for the year</b>		<b>15 421 803</b>	<b>(1 889 735)</b>

#### 5.2. Grants

Umzimvubu Local Municipality has received grant funding for the 2019/2020 financial year as indicated in the Division of Revenue Act of 2019. The grant funding for 2019/2020 financial year is as follows:-

Description	2018/19 Adjusted Budget	2019/20 Budget	2020/2021 Budget
EQUITABLE SHARES	193 075 000	217 928 000	230 629 000
FINANCIAL MANAGEMENT GRANT	1 770 000	1 770 000	1 700 000
MIG	46 411 000	45 507 104	56 112 000
MIG – OPERATIONAL	-	-	-
ELECTRIFICATION GRANT	31 200 000	22 749 180	14 706 000
EPWP GRANT	2 476 000	2 512 000	2 700 000
OTP	-	3 000 000	32 000 000

- **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	2019/2020 Adjusted Budget	2020/2021 Budget	2021/2022 Budget
LIBRARY SUBSIDY	1 257 788	750 000	786 750
Rhode paving- Cogta	1 029 379	0	0

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

### 5.3. Asset Management

The objective of the asset management section of the Municipality is to manage, control and maintain all the municipal assets in line with the governing accounting standards. The asset management unit safeguards municipal assets and ensures the asset register is prepared and kept in accordance with the requirements of GRAP 17. The Municipality continues to annually increase its repairs and maintenance budget as per asset management

guidelines and will continue to implement asset management systems in line with prescribed accounting standards. The municipality performs at least twice a year an asset verification in line with its asset management policy. The municipality continues to improve internal controls and procedures around asset management.

### SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> <li>• Asset Management Policy</li> <li>• GRAP compliant Fixed Asset Register</li> <li>• Competent Staff with available external expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarding of assets</li> <li>• Management and control of asset movement</li> <li>• Non-appointment of Asset management champions in each department.</li> <li>• Lack of close working relationship between Infrastructure department and BTO</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Integration of the Fixed Asset Register to the Munsoft system.</li> <li>• Effective use of the available GIS system in managing Assets.</li> <li>• Improved working relationship between all departments</li> </ul>	<ul style="list-style-type: none"> <li>• Theft</li> <li>• Incomplete Asset register due to weak relations with Infrastructure department</li> <li>• Ownership disputes on assets without barcodes.</li> </ul>

## Component B: Spending Against Capital Budget

### 5.4. Capital Expenditure

The following table shows the capital expenditure incurred by the municipality for the 2019/2020 financial period:-

Description	2019/2020 Adjusted Budget	ACTUAL
ROAD INFRASTRUCTURE	46 237 817	41 884 758
ELECTRICITY INFRASTRUCTURE	22 749 180	18 722 190
COMMUNITY HALLS	7 525 730	6 544 140.01
SECURITY EQUIPMENT	1 238 074	574 766.76
VEHICLES	1 500 000	2 221 578
COMPUTER HARDWARE AND EQUIPMENT	905 000	418 481
FURNITURE AND OFFICE EQUIPMENT	994 036	818 258
LAND AND BUILDINGS	27 899 392	12 247 279

### 5.5. Sources of Finance

Grants and subsidies continue to comprise the most significant portion of the funding utilised for capital expenditure. The largest being the National Government, which is focused on developing new infrastructure and improvement of the existing ones.

Apart from grant funding, the municipality also has other funding streams. It is important to note that these streams still form a very limited portion of the overall revenue generated and strategies and plans still need to be crafted to turn the situation around.

Row Labels	Total Actual	Total Budgeted
<b>Revenue</b>	<b>- 48,411,831,25</b>	<b>- 61,129,535,00</b>
<b>Exchange Revenue</b>	<b>- 20,086,164,09</b>	<b>- 23,044,424,00</b>
Agency Services	- 1,752,962,74	- 2,000,000,00
Fines Penalties and Forfeits	- 1,096,784,95	- 1,000,000,00
Interest Dividend and Rent on Land	- 10,946,568,56	- 11,773,581,00
Licences or Permits	- 1,903,326,50	- 1,700,000,00
Operational Revenue	- 1,145,426,91	- 1,316,588,00
Rental from Fixed Assets	- 1,712,230,87	- 3,631,818,00
Sales of Goods and Rendering of Services	- 1,528,863,56	- 1,622,437,00
<b>Non-exchange Revenue</b>	<b>- 28,325,667,16</b>	<b>- 38,085,111,00</b>
Fines Penalties and Forfeits	- 11,368,448,00	- 21,350,000,00
Licences or Permits	- 228,707,52	- 130,000,00
Property Rates	- 16,728,511,64	- 16,605,111,00

## Component C: Cash Flow Management and Investment

### 5.8 Cash flow

Managing the cash resources of ULM remains a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored by ULM, with daily cash flows being prepared and reported on in order to provide a clear indication of the current cash position. This enables the Municipality to meet its obligations as they become due. Both major revenue (grants, equitable share and high revenue inflow periods, etc.) and expenditure (operational and materials and supplies, etc.) categories have been identified and accounted for appropriately to ensure that payments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

ULM's cash generating ability remains stable. While own funds invested have increased, there is an increase in both current and long-term debtors. The effects of the global economic crisis are also a cause of real concern to the Municipality. Operations have settled and tight cash controls have ensured that cash optimization in spending occurs, rather than a focus on cash generation. The area of revenue collection requires close attention so that it can be improved. This is critical to the financial sustainability of the Municipality.

ULM makes payments to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximize the interest-earning potential of any surplus funds. Investment diversification is not currently in practice at ULM, However, in an attempt to minimize risk and maximize interest earning potential the diversification will be implemented in the future.

Operating activities have not changed significantly over the past financial year.

The cash flow summary clearly indicates an increase in Cash and Cash Equivalent at the year-end: from R89 584 million in 2018/19 to R 101 459 million in 2019/20. Some of the key factors that have resulted in the increase include increased government grants and improved collection in property rates.

Unspent conditional grants have increased slightly to R 4 028 million, from R 2 515 million in 2018/2019 due to unspent INEP Grant.

**Umzimvubu Local Municipality**

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**Cash Flow Statement**

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property Rates		13 067 149	6 393 504
Government Grant and Subsidies		298 870 028	279 816 699
Service Charges		1 096 785	1 074 101
Interest income - investments		9 917 189	9 996 947
Other receipts		10 275 863	19 220 988
		<b>333 227 014</b>	<b>316 502 239</b>
<b>Payments</b>			
Employee Related Costs		(73 441 020)	(67 433 828)
Remuneration of Councillors		(18 008 834)	(17 397 687)
Finance costs		(281 058)	(245 643)
Suppliers paid		(122 742 741)	(80 870 111)
		<b>(214 473 653)</b>	<b>(165 947 269)</b>
Total receipts		333 227 014	316 502 239
Total payments		(214 473 653)	(165 947 269)
<b>Net cash flows from operating activities</b>	<b>47</b>	<b>118 753 361</b>	<b>150 554 970</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(106 242 035)	(106 650 427)
Proceeds from sale of property, plant and equipment	10	-	(3 590)
Proceeds from sale of investment property	9	-	(1 299 786)
Purchase of other intangible assets	11	(625 921)	(501 327)
<b>Net cash flows from investing activities</b>		<b>(106 867 956)</b>	<b>(108 455 130)</b>
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11 885 405</b>	<b>41 910 442</b>
Cash and cash equivalents at the beginning of the year		89 584 166	47 673 724
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>101 469 571</b>	<b>89 584 166</b>

**Comment on Cash Flows**

Property Rates: Improved collection on Property rates in the current year resulting in improved cash balance

Government Grants and subsidies: a favourable increase in Government grants realised.

Cash and Cash Equivalents: Variance due to conservative cash flow budgeting and increase in Grants and subsidies received.

## 5.9. Borrowing and Investment

Though the municipality did not have any borrowings in the current financial year and previous financial year, it did have investments which earned it Revenue of pre-audit R9 917 190 and audited interest Revenue of R9 996 946 in 2019/2020 and 2018/2019 respectively.

### Component D: Other Financial Matters

## 5.10. GRAP Compliance

The municipality has been fully compliant with the GRAP reporting requirements and reporting. The Financial Statements for 2019/2020 were compiled in line with the GRAP requirements.

## Chapter Six: Auditor General's Audit Findings

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

#### 6.1. Prior Year Comments

<b>Auditor-General Report on Financial Performance: 2018/2019</b>	
<b>Audit Report Status*:</b>	Qualified
<b>Non-Compliance Issues</b>	Remedial Action Taken
	As per audit action plan

## Component I: Annual Performance Report

### ANNUAL PERFORMANCE REPORT 2019/2020 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 2019/2020 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 2019/2020 Adjusted Service Delivery and Budget Implementation Plan that was approved by the Mayor in January 2020 and its revision after the Mid-Year Performance Assessment. The report covers the period: July 2019 to June 2020. 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 2019-2020 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 third Annual Performance Report derived from the five year Integrated Development Plan that was endorsed by Council for the period 2017-2022.

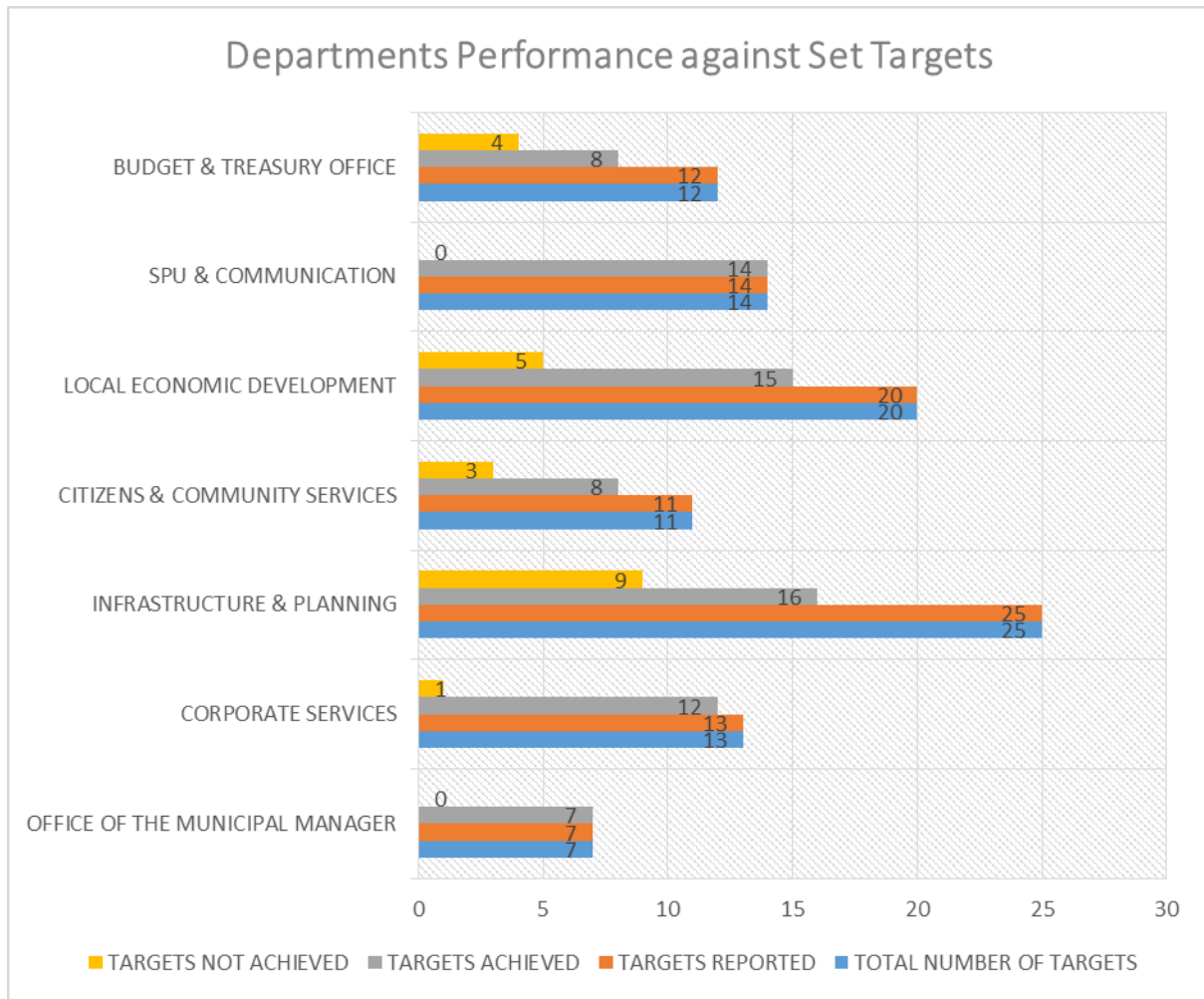
Signed at ULM KwaBhaca Offices on this 07<sup>th</sup> day of November 2020.

**MR G.P.T. NOTA**  
**MUNICIPAL MANAGER**

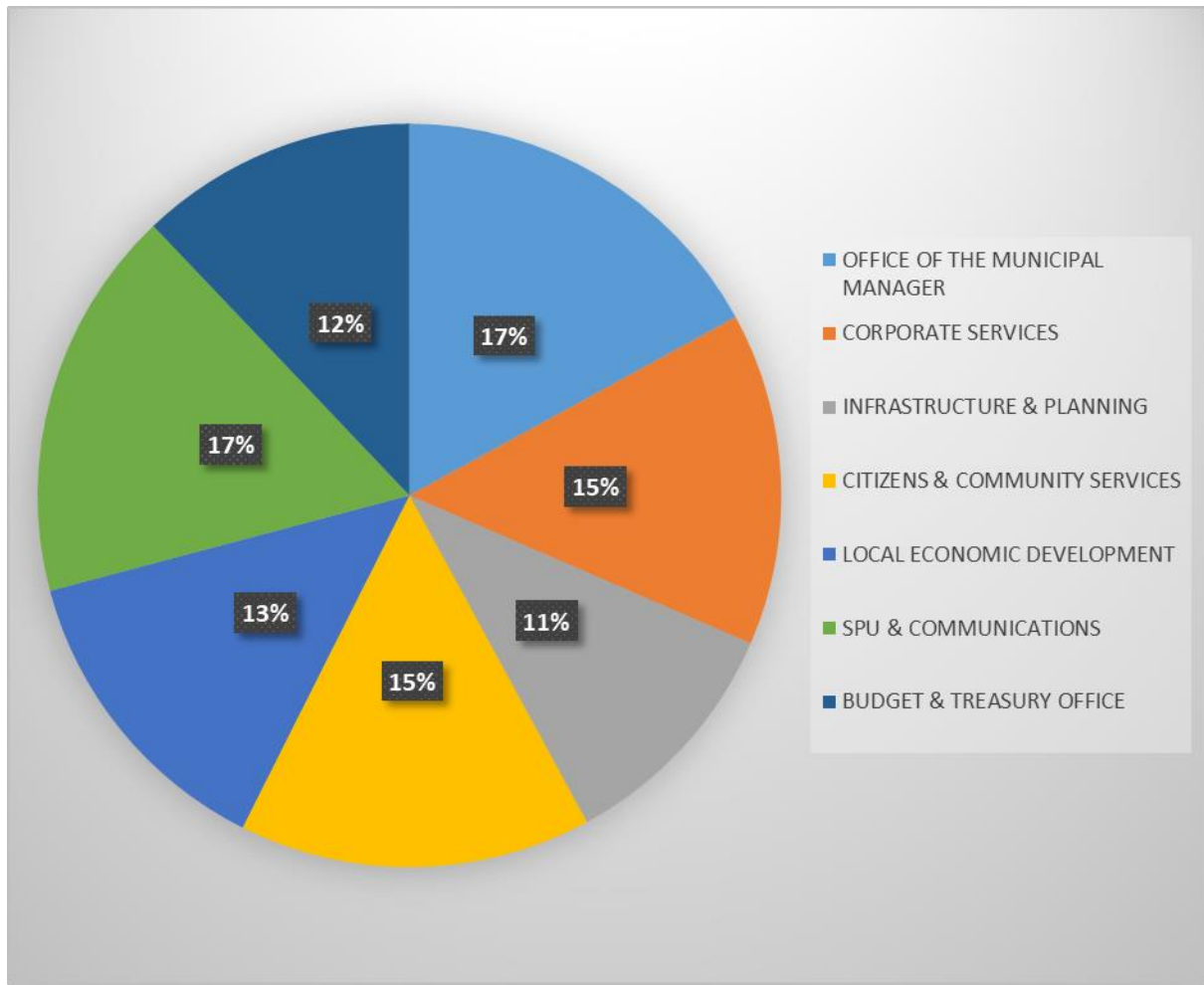
## 2019/2020 ANNUAL PERFORMANCE REPORT IN NUMBERS

DEPT/KPA	TOTAL NUMBER OF TARGETS	TARGETS REPORTED	TARGETS ACHIEVED	TARGETS NOT ACHIEVED
OFFICE OF THE MUNICIPAL MANAGER	7	7	7	0
CORPORATE SERVICES	13	13	12	1
INFRASTRUCTURE & PLANNING	25	25	16	9
CITIZENS & COMMUNITY SERVICES	11	11	8	3
LOCAL ECONOMIC DEVELOPMENT	20	20	15	5
SPU & COMMUNICATION	14	14	14	0
BUDGET & TREASURY OFFICE	12	12	8	4
<b>TOTALS</b>	<b>102</b>	<b>102</b>	<b>80</b>	<b>22</b>

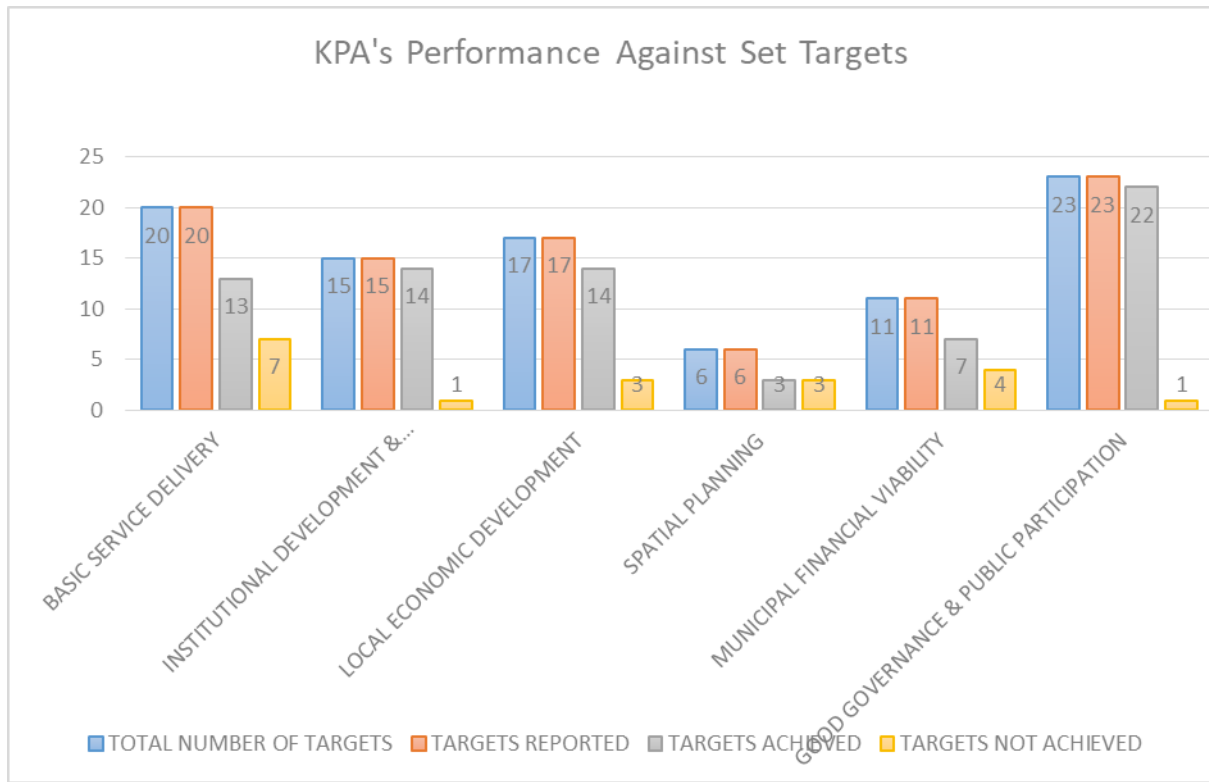
### Department's Performance Graph



### Departments Contribution in the Municipality's Overall Performance



## MUNICIPALITY'S PERFORMANCE PER KEY PERFORMANCE AREA



The Municipality's Annual Performance for 2019/2020 Financial Year stands at 78%. Based on the Analysis of Annual Performance Report, the municipality performance has performed fairly well in its service delivery mandate.

DEPARTMENTS PERFORMANCE SCORECARD

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Office of the Municipal Manager	Institutional Transformation & development	Number of SDBIP Performance reports submitted to council	Performance Reports	Institutional reports integration and coordination (instituti onal development, organogram, work	Quarterly reports Mid-term report Council Resolution	4	1	1	G				1	1	G				1	1	G				1	1	G				4	4	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY																			
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R															
				orc e, p r i n c i p l e s d e v e l o p m e n t)																																						
Office of the Municipal Manager	Institutional infrastructure & development	Number of SDBI P's transferred to Council for noting and May or by the approval	Service Delivery and Budget Implementation Plans	Institutional integration and coordination (institutional)	Council Resolution for adjusted SDBI P 2019-20	2	0	0	N/A								0	0	N/A								1	1	G					1	2	B				2	3	B

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY										
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R				
				development, organisation, workforce, principles development)																																	
Office of the Municipal Manager	Good governance & Public Participation	Number of IDP's submitted to Council	Integrated Development Plan	To create a condusive environment	Final IDP; Council resolution	1	1	1	G						1	1	G										1	1	G						1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R
Office of the Municipal Manager	Good governance & Public Participation	Number of Municipal Annual Reports and oversight reports submitted to Council	Annual Reporting	To develop an annual maintenance financial and sustainable	Annual Report, Council Resolution, oversight Report	1	1	1	G				1	1	G				1	1	G				0	0	N/A				1	1	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Office of the Municipal Manager	Good governance & Public Participation	Number of risk assessments conducted	Risk assessment	To develop and maintain a financial viable	Risk Assessment register	1	0	0	N/A				0	0	N/A				0	0	N/A				1	1	G				2	2	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Office of the Municipal Manager	Good governance & Public Administration	Number of operational and strategic	Internal audit and	To develop and maintain sustainable institution that achieves full compliance with legislation	Internal Audit Plan	1	0	0	N/A				0	0	N/A				0	0	N/A				1	1	G				1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Office of the Municipal Manager	Good governance & Public Participation	Number of Local IGR Forum meetings organised	IGR Meetings	Institutional integration and coordination (institutional development, programme, workforce,	Invites and attendance registers	2	1	1	G				0	0	N/A				1	0	R				1	1	G				2	2	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY				
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R	
				principles development)																											

Budget and Treasury Office	Basic Service Delivery	Number of indigent beneficiaries subsidised with solar , electricity and parafin	Provision of free basic services.	To provide access to improved, sustainable and modernised infrastructure to the community	Eskom Invoices, Indigent Registers, Invoices for alternative energy.	8 82 2	8 1 2 9	6 83 6.0 0	R	We did not achieve the target , owing to that our indigent register listing is accurate as it includes people from nei gh bor ing Municipalities. the appointment for the service	To reduce the target to 81 29, as the current one includes individual s from nei gh bor ing Municipalities.	Please find PO E attached.	8 1 2 9	3 7 5 8	R	The subsidy on Solar is yet to be effected as the DA cle an sin g exercise on Indigent beneficiaries is complete	Please find PO E attached	8 1 2 9	6 9 3 9	G 2	Target not achieved, we have managed to subsidise 18 27 for solar, 29 78 for Electricity and 24 00 for Paraffin	The payments will be effected as soon as the DA cle an sin g exercise on Indigent beneficiaries is complete	Please find proof of supply attached	8 12 9	6 93 9	G 2	We supported the household, Electricity - 29 78, Solar 18 27 and Paraffin 23 62. We did not achieve the target , owing to that our indigent	To further overhaul the Indigent Register	Please find attached	8 12 9	71 67	O
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Budget and Treasury Office	Institutional Development & Transformation	Number of mSCOA trainings conducted for councillors	mSCOA Implementation	To build and strengthen the administrative and institutional capability of the municipality	Attendance Registers	6	2	0	R	Training was facilitated for Employees	Please find attached payment vouchers for the training attended.	0	0	N/A				1	1	R	We could not achieve as the anticipated dates coincided with the intent to Lockdown the country on account of COVID-19.	We will ensure that the Training is rolled out as soon as the Lockdown period comes to an end. Councilors have attended Training	Please find attached evidence of intent to sit for Training	0	0	N/A	We are not able to continue with the project as it involved gathering, which are prohibited under COVID-19 regulations.	We will ensure that the Training is rolled out as soon as the Lockdown period comes to an end. Councilors have attended Training in line with the Strategic	4	0	R
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Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY											
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R								
Budget and Treasury Office	Municipal Financial Viability and Management	Number of Section 72 reports submitted to PT & NT by the 25th of January 2020	Mid-year reporting (S7 2 Report)	To develop and maintain a financial and sustainable insitution that achieves full compliance	Signed Certificate by MM & Mayor and Pro of submission to National Treasury	1	0	0	N/A					0	0	N/A					1	1	G	The certificate was signed and submitted Provincial Treasury (PT) and National Treasury (NT)					0	0	N/A					1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY								
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R					
Budget and Treasury Office	Municipal Financial Viability and Management	Number of budgets submitted to Council for approval	Budget Approval	To develop and maintain a financial viable and sustainable provincial and National treasury	Council Resolution for Budget approval; Proof of submission to Provincial and National treasury	2	0	0	N/A				0	0	N/A				1	1	G	The council sat on the 26th of March and the Draft budget was tabled the rein.				1	2	G	The 2019/2020FY Adjusted Budget, 2019/2020FY Readjusted Budget and the 2020/2021FY Budget				2	3	B





Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019						Quarter ending December 2019						Quarter ending March 2020						Quarter ending June 2020						Overall Performance for 2019/2020FY		
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R
Budget and Treasury Office	Municipal Financial Viability and Management	Number of monthly Sec 71 reports submitted to National Treasury by the 10th of every month	Monthly Reporting (S71 Reports)	To develop and submit Provincial and National treasury and a signed quality certificate by the Municipal Manager and the Mayor	Proof of submission to Provincial and National treasury and a signed quality certificate by the Municipal Manager and the Mayor	12	3	3	G	None	None	Please see attached POE	3	3	G	None	None	Please see attached POE	3	3	G	We submitted all three Sec 71 reports to Treasury within the 10 day period.	Please find attached	3	3	G	Reports were submitted on time. Certificates were signed by both MM and Mayor.	Please find attached	12	12	G		



Budget and Treasury Office	Municipal Financial Viability and Management	Number of GRAP Compliance asset registers compiled and updated	Asset Register	To develop and maintain financial via ble and sus tain a ble ins titu tion that achieves full com pliance with legis la tion	Asset additions schedule , for Q1 & Q2 and Asset verification report for Q3 & Q4 and Complete AR for 2018-2019 FY. Develop 2 Gra p Com pliant Asset Registers by	2	3	3	G	None	The asset register prepared in month 1 was audited and found to be inaccurate on completion & existence . In subsequent	Please see attached POE	3	3	G	None	None	Please see attached POE	3	3	G	Asset reconciliations were performed up to June 2020	Please find attached POE.	1	1	G	Target achieved	Please find attached POE	2	2	G
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Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY				
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R	
Budget and Treasury Office	Municipal Financial Viability and Management	Amount collected by 30th June 2019	Revenue and Debt Collection	To develop and maintain a financially sustainable institution that achieves full compliance	Section 71 and arrears debt reports.	35000	87000	17000	B	None	None	Please find the attached evidence	86500	16900	B	None	None	Please see attached POE	87400	9300	G2	Targets exceeded accordingly	Please find attached.	87000	5520	R	Targets not achieved as we collected below the target as the municipality's revenue dropped by 35% aft	Please see attached POE	36000	38000	B

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY															
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R												
				nc e wit h legi slat ion																																						
Bu dget and Tre asu ry Offi ce	Mu nici pal Fin anc ial Via bili ty and Ma nag em ent	Num ber of fin anc ial state ment s prep ared and sub mitt ed for assur ance revie ws	Rep orti ng	To de vel op and ma int ain a fin anc ial via ble an d sus tai na ble ins	Q3 GRA P Com plia nt AFS Set Sub mitt ed to IA , Pro of of Sub miss ion to IA, Q4	2	1	1	G	No ne	No ne	Ple as e se e att ac hed pr oo f of evi denc e.	0	0	N / A							1	1	G	The Inter im Fin anc ial state me nts were pre par ed and sub mit ted					Ple as e fin d att ac hed the PO E	0	1	B	Inter im AFS rep ort					The PO E is att ac hed	2	2	G





Budget and Treasury Office	Municipal Financial Viability and Management	Percentage Operating budget spent by 30 June 2019	Budget monitoring operating	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	Expenditure reports	100.00%	100.00%	4.00%	R	None	The procurement related to FMG related expenditure and will be effected in the 3rd & 4th quarter.	Please find the attached Evidence	50.00%	40.00%	O	None	The reason for none achievement is the expenditure relates to non-cash items such as depreciation and impairment	Please see attached	70.00%	76.00%	G2	Target has been achieved.	We anticipate it will go above the current Expenditure	Please find attached the Expenditure budget.	100.00%	91.00%	O	The spending was achieved, however we could not reach 100% as the budget includes Salaries for Managers at a budget of 6% increment, only	Savings in Operating expenditure to the COVID 19 lockdown Regulations that prohibited contact meetings that would have been catered for as well as expenditure	Please find attached PO E	100.00%	91.00%	O
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Budget and Treasury Office	Municipal Financial Viability and Management	Percentage of Capital Budget spent	Budget monitoring	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	Expenditure reports	100.00%	100.00%	20.00%	B	None	None	Please see attached evidence	50.00%	14.00%	R	None	The Capital expenditure budgeted for is in the form of vehicles, especially the relief vehicle. Procurement proc	Please find Attached	70.00%	99.00%	B	We procured all the assets we were supposed to procure and still had a saving of R37465.00	Please find the POE attached	100.00%	99.00%	O	Target achieved, the difference is a saving that will go towards, other projects.	Please find attached	100.00%	99.00%	O
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Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Budget and Treasury Office	Good governance and Public Participation	Percentage of Creditors paid within 30 days of receipt of a valid invoice	Payment of creditors	To develop and maintain a financial system Report	Financial System Report	100.0%	100.0%	100.0%	G	None	None	Please attach evidence	100.0%	0.0%	R	None	None	Please attach POE	100.0%	100.0%	G	Creditors would not all within 30 days	System would not allow to edit the Actual section.	POE attached	100.0%	100.0%	G				100.0%	100.0%	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020			Overall Performance for 2019/2020FY													
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R								
				nc e with legi slat ion																																		
Bu dge t and Tre asu ry Offi ce	Go od gov ern anc e and Pu blic Par tici pat ion	Num ber of opini on expre sede d on finan cial state ments by Inter nal and Audi tor gener al	Aud it Rep ort	To de vel op an d ma int ain a fin anc ial via ble an d sus tai na ble ins titu tio n	Op inion expre sede d on Fina ncia l Stat eme nts by Inter nal Audi t and Audi tor Gen eral	1	2	0	R							1	0	R	No ne	No ne	Pl e a s e s e e a t t a c h e d P O E	1	0	R	Int eri m Fin anc ial sta te me nts we re sub mit ted to Int er nal Au dit or.	Sys te m wo uld not all ow me to edi t the Act ual sec tio n of the rep ort	Pl e a s e f in d p ro o f a t t a c h e d	0	1	N / A	The rep ort on the Int er im Fin anc ial sta te me nt is a t t a c h e d b e l o w.				Pl e a s e f in d a t t a c h e d t h e P O E	1	1	G





Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY								
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R		
				peer pat h in g	M and Lear ner, pro of of pay men t to stud ents																														
Cor por ate Ser vic es	Inst itut ion al De vel op me nt & Tra nsf or ma tion	Num ber of learn ers affor ded with In-ser vic e trai ning and Inter nsh ip train ing	In-ser vic e trai nees and Inte rns	To de vel op an d en ha nce kn ow led ge for fut ure car eer pat hin g	Rep ort on In-ser vic e Trai nees and Inte rns app oint ed and app oint men t lett ers	18	18	21	G 2	18	18	R							18	20	G 2	20	no ne	re po rt	18	18	G	8	8	trai nees and 10 inter ns	non e	re po rt	18	21	G 2



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY								
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R					
			child to work and Career Expo																																
Corporate Services	Institutional Development & Transformation	Number of employees awarded with internal bursary	Internal Bursary for ULM Employees	To develop and enhance knowledge for future career pathing	Report on internal bursary holders, copy of Agreement between ULM and Learner, pro	14	0	0	N/A				14	0	R					14	19	B		19 employees current under bursary program	none	report	0	0	N/A				14	19	B



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY								
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R					
							Corporate Services	Institutional Development & Transformation	Number of trainings coordinated for Councilors and employees in terms of WSP	Capacity Building for Councilors and training for Employees	To develop and enhance knowledge for future career	Report on trainings, attendance register	8	1	1	G	achieved	none	registers reports	1	1	G													



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019						Quarter ending December 2019						Quarter ending March 2020						Quarter ending June 2020						Overall Performance for 2019/2020FY			
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	
							Corporate Services	Informational Development & Transformation	Percentage of recruitment process plans submitted to Accounting Officer within 20 days after closed advertisement	Developed Recruitment Process Plan	To build recruitment strategy process plan (Adverts, signed recruitment process plan)	Sign ed recr uit men t proc ess plan s)	10 0.0 0%	1 0 0 0 0 %	10 0.0 0%	G	Achie ved	None	Recr uit men t re port	1 0 0 0 0 %	1 0 0 0 0 %	G				1 0 0 0 0 %	1 0 0 0 0 %	G	ach ieved	none	re port and adverts	10 0.0 00 %	10 0.0 00 %	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY				
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target
Corporate Services	Institutional Development & Transformation	The number of people from employment & equity target groups employed in the three highest levels of management in compliance with	Monitoring of EE Plan	To build and strengthen the administrative and institutional capability of the municipality	Quarterly report	8	8	5	R	achieved	EE report	8	5	R	achieved	none	8	5	R	EEP	None	Employment Equity Report	8	8	G	Target achieved	none	EE Report	8	8	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY				
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R	
Corporate Services	Institutional Performance Development & Transformation	Number of Performance evaluation sessions for Manco conducted	Individual Performance Evaluation sessions for Manco	To build and strengthen the administration for Manco and institutional capability of the municipality	Performance Assessment report, Attendance register	3	1	0	R	Not achieved due to non readiness of the system	to be conducted in the Second Quarter	1	1	G	Achieved	None		1	3	B	Q1 Q2 Mid term Annual 2018/19			1	1	G	Performance evaluations were conducted	report and register	4	4	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Corporate Services	Institutional Performance Development & Transformation	Number of Performance Agreements developed for Snr Managers	Development of Performance Agreements developed for Snr Managers and submitted for Senior Management by 31 July	To build and strengthen the administrative and contractual capacity of the municipality	Email to Snr Managers and acknowledgment of receipt	7	7	7	G	achieved		performance agreements attached	0	0	N/A				0	0	N/A				0	0	N/A				7	7	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY														
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R							
Corporate Services	Institutional Development & Transformation	Number of developed Standard Operating Procedures for Corporation Services Department	Development of SOP's on Employment, Retirement, Compensation and Insurance (Payroll) and Termination	To build and strengthen the administrative activities and capability of the municipality	Copy of the SOP's	0	4	6	B	5-SOPs and 1-Succession Planning	none				0	0	N/A					0	0	N/A					0	0	N/A				4	6	B

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Corporate Services	Institutional Development & Transformation	Number of HR workplace Strategies developed	Development of HR working strategies	To build and strengthen the administrative and institutional capability of the municipality	2 Strategies developed (Integrated Workplace Plan and Leadership succession Strategy)	0	0	0	N/A	not achieved				0	0	N/A				0	0	N/A				1	not achieved	R	Delays in crafting of HR Workplace Strategy will be developed in the First Quarter of the late appointment of the Manager: Corpor	HR Workplace Strategy will be developed in the First Quarter of the 2020/2021 FY	1	0	R

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY									
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R						
Corporate Services	Informational Development & Transformation	Number of towns with free Wi-Fi	Internet of Things - 4th Industrial Revolution - Wifi for KwaBhaca	To build and strengthen the administrative and institutional capacity, Close report, pictorial evidence	Invoice, Close report, pictorial evidence	0	0	0	N/A				0	0	N/A				0	0	N/A				1	0	R	ate Services						1	1	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY																
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R													
				ability of the municipality																																							
Corporate Services	Good governance & Public Participation	No of Strategic Sessions Coordinated	Strategic Planning Sessions coordinated	To build and strengthen the administrative and institutional capability	Attendance Register, Strategic planning report	5	0	0	N/A								1	1	G								1	1	G	1 council strategic planning Session conducted in January	1 strategic planning for the council will be held during the last quarter	register and reports	0	0	N/A						2	2	G







Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY										
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R						
Special Programs and Communication	Good governance & Public Participation	Number of uploads in the electronic Billboard	Website content uploads	Institutional integration and coordination (institutional development, program, workforce,	Bill Board spreadsheet	20	5	10	B				5	14	B				5	10	B				5	10	B				15	44	B

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY																	
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R										
				principles development)																																				
Special Programs and Communication	Good governance & Public Participation	Number of speeches written for the Mayor	Electronic Bill board Management	To build and strengthen the administrative and institu	Copies of Mayoral speeches	0	5	8	B					5	5	G					5	5	G					5	0	R								15	15	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Special Programs and Communication	Good governance & Public Participation	Number of review Communication Plans reviewed	Communication Action Plan Review	To create a conducive environment for participatory development	One amended communication Strategy Action Council Resolution	1	1	1	G				1	1	G				0	0	N/A				0	0	N/A				1	1	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R
Special Programs and Communication	Good governance & Public Participation	Number of council events	Council Events	To create a conducive environment for participation development	Attendance Register / Event Programme and invitations	11	2	5	B				3	4	B				2	2	G				0	0	N/A				11	11	G
Special Programs and Communication	Good governance & Public Participation	Number of Departmental Strategic planning	Departmental Strategic plan	To build and strengthen the	Attendance Register and Programme	2	0	0	N/A				1	1	G				0	0	N/A				0	0	N/A				1	1	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020			Overall Performance for 2019/2020FY									
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R				
Administration	Patrols	Patrols		Administrative and institutional capability of the municipality			0	0	N/A					1	1	G				0	0	N/A				1	1	G				1	1	G
Special Programs and Communication	Good Governance & Public Participation	Number of EXCO Strategic Planning coordinated	EXCO Strategic Planning	To build and strengthen the administrative	Attendance Register and Programme	2	0	0	N/A					1	1	G				0	0	N/A				1	1	G				1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R
Special Programs and Communication	Good governance & Public Participation	Number of internal bulletins produced	Internal bulletin	To create a conducive environment for participation	Copy of Internal Bulletin	24	3	3	G				3	3	G				3	6	B				3	6	B				12	18	B

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY																			
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R															
Special Programs and Communication	Good governance & Public Participation	Percentage of presidential Hotline complaints responded to.	Presidential Hotline	Institutional register and OTP Presidential hotline report	Complaints register and Presidential hotline report	100.0%	100.0%	G					100.0%	100.0%	G																									100.0%	100.0%	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY													
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R						
Special Programs and Communication	Good governance & Public Participation	Number of Traditional Leaders' engagements coordinated	Traditional Leaders' engagements	To create a conducive environment for participation	Programme and Attendance Register	1	1	1	G					0	0	N/A					0	0	N/A					0	0	N/A				1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY																	
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R														
Special Programs and Communication	Good governance & Public Participation	Number of Ward Committee trainings Conducted	Ward committee training	Institutional register and certificates of attendance and coordination (institutional development, program, workforce,	Attendance register and certificates of attendance	1	0	0	N/A						0	0	N/A							1	1	G							0	0	N/A							1	1	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R
				principles development)																													
Special Programs and Communication	Local Economic Development	No of jobs reported on EPWP Programme	EPWP programme	To create a conducive environment for economic growth and job	EPWP system generated report	331	331	338	B							331	338	B								331	338	B					

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R
				opportunities																													
Citizen and Community Services	Basic Service Delivery	Percentage of qualifying households assisted in Disaster Affected areas	Disaster Emergency Relief	To create a qualified affected and assisted households for participatory development	Report on qualifying affected and assisted households for participatory development	100.00%	100.00%	G	Achieved	None for now	Assessments reports	100.00%	100.00%	G	Achieved	none	Assessment reports	100.00%	100.00%	G	Achieved as per the set target	Working according to the plan.	Assessments report	100.00%	100.00%	G							
Citizen and Community	Basic Service Delivery	Number of readership in	Library	To develop and	Library Quarterly	20	3500	5564	B	Achieved	none report from lib	3500	4464	B	Achieved	none report from the	6504	5045	B	Achieved	N/A	report from the	0	0	N/A				1500	15073	B		

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY								
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R					
City Services	Library	Municipal Libraries		enhance knowledge for future career	reports																														
Citizen and Community Services	Basic Service Delivery	Number of households provided with formal solid waste services	Integrated Waste Management	To develop and maintain a financial and sustainable	Waste Collection Database	733	733	733	G	Achieved	none	Household domestic waste collection database	733	733	G	Achieved	none	Household domestic waste collection database	733	733	774	G			Household domestic waste collection database	733	774	B					733	777	B



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY								
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R		
Citizen and Community Services	Institutional Development & Transformation	Percentage protection of council assets	Council Security	To build and strengthen the administration that achieves full compliance with legislation	Quarterly reports	100.0%	100.0%	G	Achieved	None for now	Monthly reports	100.0%	100.0%	G	Achieved	none	Monthly reports	100.0%	100.0%	G	Achieved	None for now	Monthly reports	100.0%	100.0%	G	Achieved as per the set target	n/a	Monthly reports	100.0%	100.0%	G	100.0%	100.0%	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY					
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R		
Citizen and Community Services	Institutional Development & Transformation	Security impact assessments	Security impact assessments	To build and strengthen the administrative capability of the municipality	Reports	2	0	0	N/A			0	0	N/A	Achieved			1	1	G				0	0	N/A				1	1	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY							
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	
Citizen and Community Services	Local Economic Development	Number of food for waste beneficiaries	Food for Waste	To create a conducive environment for economic	Reports	100	100	100	G	Achieved	none	expenditure report	100	100	G	Achieved	none	expenditure report	100	100	G											100	100	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY													
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R						
Citizen and Community Services	Local Economic Development	Number of SMM E's supported	SME Support	To create a conducive environment for economic growth and job opportunities	Reports	2	0	0	N/A					2	2	G	Achieved	none	memorandum of understanding	0	0	N/A					0	0	N/A					2	2	G



Citizen and Community Services	Municipal Financial Viability and Management	Amount to be collected	Revenue & Debt Collection	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	Reports	0	R 1 5 0 0 0 0	19 79 46 7	G	Achieved	To revise methods of revenue collection	Revenue collection report	R 1 5 0 0 0 0	1 9 3 0 0 9 0	G	Achieved	None	Report reflecting revenue collected	R 1 3 5 0 0 0 0	1 3 6 4 1 9 0	R	Not achieved. January was very slow in some sections. Speed enforcement was also non-operational in the end of January for January and February. Operations stopped	To reduce some of the targets in some sections. Speed enforcement was also non-operational in the end of January 2020 due to contract termination.		60 00 00 0	52 73 74 6.4 5	R
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Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Citizen and Community Services	Good Governance & Public Participation	Number of HIV/AIDS campaigns coordinated	HIV & AIDS	To develop and promote an integrated sustainable environment	Reports	8	2	3	B	Achieved	none	Attendance register	2	2	G	Achieved	none	Attendance register	2	3	B	Achieved	None for now	Attendance registers	2	0	R	Not achieved due to Covid-19 lockdown.	To re-arrange planning for the planned activities of the section.	none	8	8	G



Citizen and Community Services	Good Governance & Public Participation	Number of law enforcement campaigns conducted	Traffic notices	To develop and promote an integrated sustainable environment	Reports	24	6	6	G	Achieved	none	After action report	6	8	B	Achieved	none	After action report	6	4	R	Not achieved. The joint operation were not achieved due to the fact that more concentration was focused to by-laws enforcement.	To follow the plan as it is when there are no other disturbances.	After Action Reports	6	1	R	Not achieved due to Covid-19 lockdown	To conduct more enforcement in the First Quarter of 2020/2021 FY to overcome late for the ones not conducted due to Covid 19 Lockdown	After action	24	19	O
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Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019						Quarter ending December 2019						Quarter ending March 2020						Quarter ending June 2020						Overall Performance for 2019/2020FY		
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R
Citizen and Community Services	Good Governance & Public Participation	Number of road traffic contravention notices issued	Traffic notices	To develop and promote an integrated sustainable environment	reports	660	160	130	O	Not achieved - Follow Law enforcement officers left the institution.	To organize motor foot patrol and campaigns	Force print out	160	983	R	Not achieved - Skelton law enforcement staff.	To increase print out	Force print out	160	836	R	Not achieved - New system	To procure and install manual report	Force print out and manual report	160	640	R	Not achieved. Target not achieved due to Covid-19 fees and reduction of staff members.	To issue more notices in the First Quarter of 2020/21 to overcome and rectify the ones not conducted due to	Reports	660	3764	R



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY											
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R	Revised	Actual	R					
Local Economic Development & Environmental Management	Local Economic Development	Number of hectares supplied with agricultural inputs	Supply of agricultural inputs for 405 ha in 27 Wards	Economic and sectoral development certificate, completion certificate	Copies of Adverts, Invoices, Payment certificate, completion certificate	400	0	0	N/A							405	405	G						0	0	N/A							0	0	N/A	405	405	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Local Economic Development & Environmental Management	Local Economic Development & Environmental Management	Number of WarDs with Donga Rehabilitation Programmes	Donga Rehabilitation programme	Economic and social development (job creation, employment, LE D Projects, tourism, Agriculture	Copy of adverts, invoices, payment certificate and photos.	0	0	0	N/A						1	1	N/A														2	1	R







Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY												
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R									
Local Economic Development & Environmental Management	Local Economic Development & Environmental Management	Number of household vegetable production projects	Intensive Vegetable Production Project	Economic and Agricultural Development Report, Advertisements, Orders, Payments, Employment, LEAD projects, tourism, Agricultural	copy of TORs, Infrastructure Assessment Report, Advertisements, Orders, Payments, Employment, LEAD Projects, tourism, Agricultural	0	0	0	N/A					1000	1000	G							0	0	N/A								0	0	N/A	All bids to be implemented in the 3rd Quarter of the 2020/21 FY towards awarding of the project.	100	0	R

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY															
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R												
				ture, rural development)																																						
Local Economic Development & Environmental Management	Local Economic Development	Number of auction crash pens constructed	Construction of auction crash pens	Economic and sectoral development (job creation, employment)	Invoices and Orders.	0	0	0	N/A						0	0	N/A								1	1	G								0	0	N/A	Delays in the awarding of the project	Project to be implemented in the 1st Quarter of the 2020/2021 FY	1	0	R

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY				
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R	
Local Economic Development & Environment	Local Economic Development & Environment	Number of culinary incubator programme	Culinary incubator programme	Economic and sectoral development	Invoices and Orders.	0	4	4	G				0	0	N/A				0	0	N/A				4	4	G	Four beneficiaries benefited in the Culinar	4	4	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Local Economic Development	Local Economic Development	Number of Hawker Stalls	Hawker Stalls	Economic Development, LEAD Projects, tourism, Agriculture, rural development)	TOR, Advertisment	0	3	0	R				38	0	R				0	0	N/A				1	1	R	Project was to	To make foll		38	0	R



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY																	
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R										
				development)																																				
Local Economic Development & Environmental Management	Local Economic Development & Environmental Management	Number of environmental assessments conducted	Consultant and Professional fees	Economic and professional fees developed (job creation, employment)	ToR, Concept note, Adverts, Invoices, Payment Certificates, Closure Reports	0	0	0	N/A							0	0	N/A							1	0	R						0	0	N/A	Site Screening Visits done with service provider	To engage the local community regarding allocation of a new site	1	0	R







Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY										
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Local Economic Development & Environment	Local Economic Development	Number of Strategic Planning Sessions held	Strategic Planning Session	Economic and sectoral development	ToR, Concept note, Adverts, Invoices, Payment Cert	1	1	1	G				1	1	G				0	0	N/A				0	0	N/A				1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY													
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R										
Local Economic Development & Environmental Management	Local Economic Development & Environmental Management	Number of engagements conducted with different LED stakeholders	Stakeholder engagement	Economic and sectoral development (job creation, employment, LED Projects, tourism, Agricultural	Attendance registers, reports	8	1	1	G						1	1	G											1	1	G								4	4	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY		
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual
Local Economic Development & Environmental Management	Local Economic Development	Number of Local Designers under Designer Mentorship	Designers under programme	Economic and sectoral development (jobs, projects, tourism, Agriculture, rural development)	ToR, Concept note, Adverts, Invoices, Payment Certificates,	0	4	4	G			4	4	G			0	0	N/A			0	0	N/A			4	4	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Local Economic Development & Environmental Management	Local Economic Development & Environmental Management	Conceptualization of Ntswa Hiking Trails Development	Development of Ntswa Hiking Trail Development	Economic and sectoral development (job creation, employment, LE D Projects, tourism, Agricultural	ToR, Concept note, Adverts, Invoices, Payment Certificates, Photos	0	1	1	G				1	1	G				0	0	N/A				0	0	N/A				1	1	G









Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY											
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R								
Local Economic Development & Environmental Management	Local Economic Development & Environmental Management	Number of Tourism Development Initiatives Supported	Tourism Development Support Initiatives	Economic and sectoral development (job creation, employment, LEAD projects, tourism, Agricultural	ToR, Adverts, Invoices, Payment Certificates, Photos	0	1	1	G						0	0	N/A										0	0	N/A							1	1	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY										
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R				
			sh me nts)	ture, rural de vel op me nt)																																	
Local Economic Development & Environmental Management	Local Economic Development & Environmental Management	Number of Consumer Protection Awareness and Enforcement Sessions	Consumer Protection Awareness and Enforcement (job creation, employment,	Photos, Attendance Register and Reports	4	1	1	G						1	0	R												1	0	R					4	4	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019				Quarter ending December 2019				Quarter ending March 2020				Quarter ending June 2020				Overall Performance for 2019/2020FY											
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R							
Local Economic Development & Environmental	Local Economic Development & Environmental	Number of Food Security Relief Programs conducted	Food Security Relief Program	Economic and sectoral development (job	copy of adverts, orders, photos,	0	0	0	N/A				0	0	N/A					0	0	N/A				1	0	R	Programme advertised but service provider of	Programme to be implemented in the 1st Quarter of		1	0	R







Infr astr uct ure and Pla nni ng	Bas ic Ser vic e Del iver y	Kilo mete rs of Acce ss Road s Main taine d	96k m Road Main tenan ce (Ng cwa yi Acc ess Road, Xha ma Acc ess Road, Mo mb eni Acc ess Road, L ow er Da mb eni Acc ess Road, Ngx aka xha - Wel aka bi Acc ess	To pro vide acc ess to im pro ved, sus tai nab le an d mo der nis ed infr ast ruc tur e to the co m mu nit y	Adv erts, App oint ment lett ers, com pleti on certi ficat es	10 7.2 km 's	4	0	R				1	0	R						48	0	R	The con tra cto r to sub mit rev ise d pro gra m of wo rks tog eth er wit h cat ch up pla n. Pro ject to be co mple ted bef ore the end of Jul y 20 20. Pro ject	Proj ect to be com ple ted bef ore the end of July 202 0		96	92. 8	R
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			Road, Ntsakani - Skhemane Access Road, Sikhumbeni Access Road, Mhlozi ni Access Road, Mpozana Access Road, Mdzeni Access Road, Lonci-Malongo we Acc																		on acc rua l list.				
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Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY												
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R									
Infrastucture and Planning	Basic Services Delivery	Kilometres of Access Roads Constructed	16km Road Construction (Gabeni Access Road, Madlange ni Access Road, Tshisane Access Road, Mahobe Access	To provide access to improve, sustain and modernised infrastructure to the community	Advorts, Appointments, letters, completion certificates	20.48 km's	3	0	G						2	0	R						1	0	R						16	16	G				16	16	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Infrastucture and Planning	Basic Service Delivery	Kilometres of street surfaced from the 2018/2019FY	Road and Mpungutya Phase 2)	To provide access to improve, sustain and modernised infrastructure	Adverts, Appointment letters, completion certificates	Site establishment & Subgrade done during 2017/18	1	1	G				1	1	G				0	0	N/A				0	0	N/A				3.5	3.5	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY					
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R		
Infrastucture and Planning	Basic Service Delivery	Number of Kilo metres of Access Roads Constructed from 2017/2018 and 2018/2019FY	Completion of Mpungutse via Luvuvani to Manqilwe and A/R with bridged infrast	To provide access to improve, sustained, and modernised infrast	Adverts, Appointment letters, completion certificates	20.48 km's	0	0	N/A				0	0	N/A				0	0	N/A				25.5	1.6	R	Dutyini A/R contractor terminated and appointed of the new con	Dutyini A/R to be completed within the First Quarter of 2020/2021 FY	25.5	21.5	R





Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020			Overall Performance for 2019/2020FY										
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R								
Infrastucture and Planning	Basic Service Delivery	No of kilometers of roads upgraded	2.5 km Upgrading of Access Road (Lubhawe ni Access Road Upgrading Phase 1)	To provide access to improve, sustainable and modernised infrastructure to the co	Adverts, Appointment letters, Completion certificates	0	4	0	R					3	0	R					3	0	R					1	0	R	Site established, roadbed construction & Delivery of materials	Project to be completed within the first quarter of the 2020/2021 FY	2.5	OK m-Tippling of gravel La yla , we ari ng course processing , compact ion of we	R





Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020			Overall Performance for 2019/2020FY															
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R										
Infrastucture and Planning	Basic Service Delivery	Number of bridges constructed from 2018 /2019FY	Construction of Marwaka @100 %, Sili ndini @ 100 % and Tyi nirha @	To provide access to improve, sustain and modernis	Site Handover registers, Progress Reports	8 bridges	0	0	N / A					0	0	N / A							2	2	G								1	1	G	Marwaka Bridge completed. Contractor for Sili ndini Bridge and delivery and laying of steel done.	Prepared Terms of reference and the project has been advertised for	3	1	R



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY					
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R		
Infrastucture and Planning	Basic Service Delivery	Number of sport fields constructed	Construction of 3 sport facilities (Badiba Stadium Phase 3, Completion of	To provide access to improve, sustainable and modernized infrast	Adverts, Appointments letters, Completion certificates	2x sports field	3	0	R				3	1	R				2	0	R				2	2	R	Badiba site & Telasportfields completed. Sirho be ni not comp	Contractor back on site & revised work programme to be completed in the 1st	3	2	R



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY							
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R				
Infrastucture and Planning	Basic Service Delivery	Number of households benefiting from grid electricity	Electrification of 1091H (Mabani, Mpomise Phase 1, Colana)	To provide access to improved, sustainable and modernized infrastructure to the community	Appointment letter, advert, Eskom handover certificates	1560H/H	4	0	R					0	0	N/A				0	0	N/A					0	0	N/A	Month: Commissioning in progress with poles being installed. Stringing of MV & LV lines done on	The COVID 19 National Lockdown that warranted all construction work to be stopped from the 27th of March 2020 to	1091	0	R



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY							
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R				

dition of the 1st of May 2020. Late commencement of work by contractor due to non-readiness of the legislated guidelines







Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R			
Infrastucture and Planning	Basic Service Delivery	Percentage of Municipal streets maintenance identified attended to within the prescribed times	Repairs & Maintenance: Streets	To keep the Municipal Assets in good condition	Site inspections.	Existing streets	0.00%	0.00%	N/A					1000%	1000%	G					0.00%	0.00%	N/A					1000%	1000%	G	1000%	1000%	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY			
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R
Infrastucture and Planning	Basic Service Delivery	Percentage of Municipal buildings maintenance requested attended to within the prescribed times	Repairs & Maintenance: Municipal Buildings	To keep the Municipal Assets in good condition	Site inspections	Existing Municipal buildings	100%	100.00%	G					100%	100.00%	G					100%	100.00%	G					100%	100.00%	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY			
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R
Infrastucture and Planning	Basic Service Delivery	Percentage of Municipal streets maintained within the prescribed times	Repairs & Maintenance: Municipal Buildings	To keep the Municipal Assets in good condition	Site inspections.	Existing street lights	100%	100%	G					100%	100%	G					100%	100%	N/A					100%	100%	G
Infrastucture and Planning	Basic Service Delivery	Number of plant and machinery maintenance	Repairs and Maintenance of municipal	To keep the Municipal Assets in go	Invoices	Existing plant and equipment	0	0	N/A					0	4	B					0	0	N/A					100%	100%	G

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY							
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R				
Infrastucture and Planning	Institutional Development & Transformation	Number of Generators purchased	Purchasing of 1x Generator	To build and strengthen the administrative and	Delivery Note	Existing Generator	0	0	N/A				0	0	N/A				0	0	N/A				1	1	G	Generator delivered				1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020			Overall Performance for 2019/2020FY												
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R							
Infrastucture and Planning	Basic Service Delivery	Number of metre fencing installed	1400m Construction of Emaxeibeni botanical garden phase 2	To provide access to improve, sustainable and modernized	Advertisment letter and completion certificates	Phase 1 of botanical garden done	4	0	R				2	0	R					1	0	R					0	0	N/A	Project is at 70% completion but project is delayed due to Land an	The municipality is busy engaging with the community that lodged the				1400	980	R



Infr astr uct ure and Pla nni ng	Bas ic Ser vic e Del iver y	Num ber of stree tlight s to be upgr aded .	Upgr ade of Em aXe sibe ni Stre eti ght s along the CB D	To pro vide acc ess to im pro ved, sus tai na ble and mo der niz ed infr astr uc tur e to the co m mu nit y	com pleti on certi ficate	Exi sti ng str eet lig hts	4	0	R				2	0	R					1	0	R					1	0	R	The adv ert for the ser vic e pro vid er for the mai nte na nce of str eet s ligh ts wa s adv erti sed and clo sed on 02 Au gus t 20 19. Co ntr act or aw ard ed	Inst alla tion of pol es & stri ngi ng to co mm enc e and co mpl etio n to be achi eve d in the 1st Qu arte r of 202 0/2 021 FY		2	0	R
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Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY								
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R					
Infrastucture and Planning	Basic Service Delivery	Number of designs completed for the transport hub	Design of transport hub	To create a conducive environment for economic growth and job opportunities	Advert, Appointment letter and completion certificates	Secured funding from OTP	1	1	G					1	1	G											0	0	R	Transport Preliminary designs completed and final designs to be completed in February 2021	Final designs to be completed in February 2021	Preliminary report	1	1	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY										
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R							
Infrastucture and Planning	Basic Service Delivery	Percentage of kilometers of roads upgraded leading to graveyard	Surfacing of roads leading to graveyard with proper drainage system and walkways	To provide access to improve, sustain and modernized infrastructure to the community	Advert, Appointment letter and completion certificates	Secured funding from OT P	0.00%	0.00%	N/A							0.00%	0.00%	N/A										50.00%	50.00%	G	The project handover was conducted on the 3rd of June 2020. Contractor has established site, set level				50.00%	53.00%	G



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY			
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R
Infrastucture and Planning	Basic Service Delivery	100% Regulation of Building/Construction Development as and when they come	8 BPA 12 Build/g Control Enforcement and 500 Inspections	To develop approved/proposed building plan. Building Inspections and Building Control Enforcement Schedule	List of apps/d/scrutinised building plan. Building Inspections and Building Control Enforcement Schedule	8 BPACs, 12 Buildings promoted building plan. Building Inspections and Building Control Enforcement Schedule	100.00%	100.00%	G						100.00%	100.00%	G									100.00%	100.00%	G		



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY											
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Revised	Actual	R								
							Infrastucture and Planning	Basic Service Delivery	Number of managed and completed building construction projects	Building Construction Project Management (4 community halls and 1x Multiyear Municipal offices project)	To provide access to projects, improve sustainability (4x community halls and 1x Multiyear Municipal offices project)	Advert, Appointment Letters, Site Meetings, Minutes, & Attendance Registers, Pictures .	Municipal Office construction of earth works	2	0	R						2	4	B					2	70	B						4	4

Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY						
							Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R	Performance Comment	Corrective Measures	POE	Revised	Actual	R
Infrastucture and Planning	Spatial Planning	Number of Urban design frameworks and Number of Regeneration Plans	ULM Regeneration Plans and Urban Design Framework	To Plan for the future developments of ULM	Advert, Appointment letter, Inception report and final urban design frameworks	0	0	0	R				3	0	R				1	0	R				0	0	R	Delays in the awarding of the project due to lodged objection on the advert.	To be completed in the Fourth Quarter of the 2020/21 FY		1	0	R
Infrastucture and Planning	Spatial Planning	Number of surveys and development appli	3 year Contract for Land Survey	To properly plan for the develop	Advert, Appointment letter, surveys and	0	2	0	R				3	0	R				1	0	R				3	0	R	Surveys conducted and Awaiting	To be submitted to Council for adoption		1	0	R



Responsible Directorate	Key Performance Area	KPI Name	Project	Pre-determined Objective	Source of Evidence	Baseline	Quarter ending September 2019					Quarter ending December 2019					Quarter ending March 2020					Quarter ending June 2020					Overall Performance for 2019/2020FY																									
							Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Performance Comment	Corrective Measures	POE	Revised Target	Actual	R	Revised Target	Actual	R																						
		System	System	ULM Capital Projects.																																																
Infrastucture and Planning	Spatial Planning	Number of landmarks placed on the ULM common age boundary	Marking of ULM Town Commission to Current Invasion	Current Land Investment letter, Photos taken on site of the Land Mark	Advertisment, Appointment letter, Photos taken on site of the Land Mark	0	0	0	N/A							1	1	G								0	0	N/A									1	1	G	Landmarks planted both in Kwaba and Emesibeni										1	1	G









CHAPTER SIX: AUDITOR GENERAL'S AUDIT FINDINGS

### 3.21. Meetings and Administration and registry services

Umzimvubu Local Municipality under Corporate Services has Sound Governance Section which have three units namely: Committee Unit, Records Management Unit and Auxiliary Services Unit.

#### 1. Committees Unit:

The Municipality have the following Committees with the names of its members and attendance for the financial year 2019/20:-

#### COUNCILLOR ATTENDANCE TO COUNCIL MEETINGS FROM JULY 2019 TILL TO JUNE 2020

##### Abbreviations:

A: Apology

NA: No Apology

**Yellow:** Poor Attendance

**Red:** Very Poor attendance

**Brown:** Cllr is no more

**Green:** Cllr resigned

As per the Council resolution taken in the Council meeting held in June 2020. It was agreed that the penalties for non-attendance to Council committee meetings will be effective as of June 2020. This report is from July 2019 to June 2020. The period for consideration is the 3 previous Council meetings highlighted in **blue**.

No.	Members of Councillor	ORDINARY COUNCIL 31 JULY 2019	SPECIAL COUNCIL 06 AUGUST 2019	SPECIAL COUNCIL 30 AUGUST 2019	SPECIAL COUNCIL 18 SEPTEMBER 2019	ORDINARY COUNCIL 26 SEPTEMBER 2019	SPECIAL COUNCIL 08 NOVEMBER 2019	ORDINARY COUNCIL 27 NOVEMBER 2019	ORDINARY COUNCIL 23 JANUARY 2020	SPECIAL COUNCIL 10 FEBRUARY 2020	Ordinary Council 27 FEBRUARY 2020	Special Council 20 March 2020	Ordinary Council 26 March 2020	Special Council 29 April 2020	Ordinary Council 28 MAY 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1.	Cllr S K Mnkwa	A	A	1	1	A	1	1	1	A	1	1	1	1	1	14	10	4
2.	Cllr N F Ngonyolo	1	1	A	1	1	1	1	A	A	A	NA	NA	1	1	14	8	6
3.	Cllr N G Mdzinwa	1	1	1	A	A	1	1	1	1	1	1	1	1	1	14	12	2
4.	Cllr H M Ngqasa	1	1	1	1	1	NA	1	1	1	A	1	1	1	1	14	12	2
5.	Cllr M Mataka	1	1	1	1	A	1	1	1	1	1	1	1	1	1	14	13	1
6.	Cllr A N Garane	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0
7.	Cllr G U Makanda	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0
8.	Cllr N Sonyabashi	1	1	1	1	1	1	1	1	A	1	1	1	1	1	14	13	1
9.	Cllr C N Mnyayiza	1	1	1	1	1	1	1	1	1	1	1	A	1	1	14	13	1
10.	Cllr S P Myingwa	1	1	1	1	1	1	1	1	A	1	NA	1	1	1	14	12	1
11.	Cllr F J Hem	1	1	1	1	1	1	1	1	NA	1	1	1	1	A	14	12	1
12.	Cllr M Ntsevu	1	1	1	A	A	1	NA	1	1	1	NA	1	1	A	14	9	5

13.	Cllr A P Mkhonto	1	1	1	1	1	1	1	1	1	NA	NA	1	NA	1	14	11	3
14.	Cllr N V Nomaqaqa	A	1	1	A	1	1	A	1	NA	1	NA	A	1	1	14	8	6
15.	Cllr S Sifolo	1	1	A	1	1	A	1	A	A	1	NA	1	1	1	14	9	5
16.	Cllr N C Tshayisa	1	1	1	A	1	1	1	1	A	1	A	1	1	A	14	10	4
17.	Cllr T Sokhanyile	1	1	1	1	A	1	1	1	1	1	1	1	1	1	14	13	1
18.	Cllr M Mqulwane	1	1	A	A	1	1	1	1	NA	1	NA	1	A	1	14	9	5
19.	Cllr P Makhinzi	1	1	1	1	1	1	1	A	1	1	A	1	1	1	14	12	2
20.	Cllr N Gogela	1	1	1	1	1	A	1	1	1	1	1	1	NA	1	14	12	2
21.	Cllr G V Lugongolo	1	1	1	A	1	1	1	A	1	1	1	1	1	1	14	12	2
22.	Cllr C L Noqhakala	1	1	1	1	1	1	1	A	1	1	1	NA	1	1	14	12	2
23.	Cllr T V Hlazo	1	1	1	1	1	A	1	1	A	1	1	1	1	1	14	12	2
24.	Cllr B Majalamba	1	1	1	1	1	A	1	1	A	A	1	A	1	1	14	10	4
25.	Cllr S Mankanku	1	1	A	A	1	NA	1	1	1	1	1	NA	1	A	14	9	5
26.	Cllr A Mgangatho	1	1	1	1	A	1	1	1	1	1	1	1	1	1	14	12	1
27.	Cllr E N Ngalonkulu Lebelo	1	1	1	1	1	A	1	A	1	A	1	1	1	A	14	10	4

28.	Cllr S.A.N Cekeshe	A	A	1	1	1	1	1	1	1	A	1	1	1	1	14	11	3
29.	Cllr T. Nomkuca	1	1	1	1	1	1	1	1	1	A	NA	1	1	A	14	11	3
30.	Cllr N H Kolweni	A	A	A	A	1	A	1	1	1	A	NA	1	A	1	14	8	6
31.	Cllr M Joloba	A	1	A	A	1	1	NA	1	1	1	1	NA	1	1	14	9	5
32.	Cllr A N Zongwana	1	1	1	1	A	A	1	1	1	1	A	A	-	A	14	8	4
33.	Cllr M Tuku	1	1	1	1	1	1	1	1	A	A	A	1	1	1	14	10	4
34.	Cllr N S Soldat	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0
35.	Cllr X Jona	1	1	1	1	1	1	1	1	1	1	1	1	1	A	14	13	1
36.	Cllr N Ntshayisa	1	1	1	1	1	1	1	1	1	1	A	1	1	1	14	12	1
37.	Cllr L Maqhashalala	A	1	A	A	A	NA	1	1	1	1	NA	NA	NA	1	14	6	8



38.	Cllr V. Bulana	1	1	1	1	1	1	A	A	A	1	A	1	1	1	14	10	4	
39.	Cllr T A Mambi	A	NA	A	A	1	1	1	1	A	1	1	NA	NA	1	14	7	7	
40.	Cllr N Mantshongo	A	1	1	A	A	1	A	1	1	A	1	1	1	NA	1	14	9	4
41.	Cllr F P Sontsi	1	1	A	A	1	1	1	1	NA	1	1	1	1	1	1	14	11	3
42.	Cllr M Ramabina	1	1	A	A	1	1	1	1	A	1	A	1	NA	A	14	8	6	
43.	Cllr T Ntsalaze	1	1	A	A	1	NA	1	1	1	1	NA	NA	1	1	14	8	6	
44.	Cllr M Maliwa	1	1	1	1	1	NA	1	NA	1	1	NA	NA	1	1	14	10	4	
45.	Cllr P K Thingathinga	1	1	1	1	1	A	1	1	A	1	A	1	1	1	14	11	3	
46.	Cllr M Hlanekelela	1	1	A	A	1	A	1	NA	A	1	A	1	1	1	14	8	5	
47.	Cllr T Ndara	1	1	1	1	1	1	NA	1	1	1	1	1	1	1	14	13	1	

48.	Cllr N. Tshalana	-	-	-	-	-	1	1	1	1	1	1	1	1	1	14	9	0
49.	Cllr. M. Ntsengwane	-	-	-	-	-	1	1	A	A	1	1	1	1	1	14	7	2
50.	Cllr N. Nomnganga	-	-	-	-	-	-	-	-	-	1	1	1	1	A	14	4	0
50.	Cllr LL Nqatsha	A	1	A	A	A	1	1	A	1	A	A	1	1	1	14	8	7
51.	Cllr NN Gcadinja	1	A	A	A	1	NA	1	1	1	1	1	NA	1	1	14	9	5
52.	Cllr H N Dandala	1	1	1	1	A	1	1	1	1	1	1	1	1	1	14	13	1
53.	Cllr Z.D Sodladla	1	1	1	1	1	1	1	1	1	1	1	1	1	A	14	13	0
54.	Cllr M Sogoni	1	1	1	1	1	1	1	1	1	A	NA	1	1	A	14	12	2
55.	Cllr N Ncapayi	1	1	1	1	A	NA	1	1	1	1	1	1	1	1	14	12	2
56.	Cllr D Makaula	1	1	1	1	A	NA	1	1	NA	NA	1	NA	1	1	14	9	5

57.	Cllr N.G Makaula	1	1	1	1	A	1	1	1	1	1	1	1	1	1	14	13	1
58.	Cllr M Nota	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	14	0
59.	Cllr J.B Makaula	1	1	1	1	1	1	1	1	1	1	NA	NA	NA	1	14	11	3
60.	Cllr V Rholobile	1	1	1	1	1	1	1	A	1	1	1	NA	1	A	14	11	2

## 2. Records Management Unit

Records Management Unit is the unit responsible for filling and archiving municipal documents using the approved centralised records management file plan. The unit is using EDMS (ORDBIT) system in filling the documents which has a backup electronic storage in Sandton. The municipality has store rooms for its files in both Emaxesibeni and Kwa Bhaca sites.

## 3. Auxiliary Services Unit

Auxiliary Services Unit is the unit responsible for cleaning offices and municipal ablutions in the buildings, the human resource of this unit, its bulk is the EPWP employees. The Unit has an approved Standard Operating Procedure Manual which is used to meet the expected standard in cleaning the offices and municipal ablutions.

**EXECUTIVE Committee Members**

Members of committee	25 JULY 2019	27 AUGUST 2019	17 SEPTEMBER 2019	08 NOVEMBER 2019	21 NOVEMBER 2019	16 JANUARY 2020	24 FEBRUARY 2020	17 MARCH 2020	24 MARCH 2020	26 MAY 2020	25 JUNE 2020	Total Number of meetings	Number of meetings attended	
1. Cllr S. K Mnkwa	1	1	1	1	1	1	1	1	1	1	1	11	11	0
2. Cllr N Sonyabashi	1	1	1	1	1	1	1	1	1	1	1	11	11	0
3. Cllr P K Thingathinga	1	1	1	A	1	1	1	1	1	1	1	11	11	1
4. Cllr M Mataka	1	1	1	NA	1	1	1	1	1	1	1	11	10	1
5. Cllr N Garane	1	1	1	1	1	NA	1	1	1	1	1	11	10	1
6. Cllr U G Makanda	1	1	1	1	1	1	1	1	1	1	A	11	10	0
7. Cllr T A Mambi	A	1	1	1	A	1	1	1	1	1	1	11	8	2
8. Cllr H Ngqasa	A	A	A	NA	1	1	1	1	1	1	1	11	6	4
9. Cllr N. Mnyayiza	1	1	A	1	1	1	1	A	1	1	A	11	8	2

Municipal Public Accounts Committee/ Oversight Committee

Members of committee	26 AUGUST 2019	13 SEPTEMBER 2019	25 SEPTEMBER 2019	11 FEBRUARY 2020	24 MARCH 2020	27 MAY 2020	Total Number of meetings	Number of meetings attended	Number of meetings absent
1. Cllr S Myingwa	1	1	1	1	1	1	8	8	0
2. Cllr L Nqatsha	A	1	1	1	1	1	8	8	1
3. Cllr P Makhinzi	A	1	1	1	A	1	8	4	2
4. Cllr N Ntshayisa	1	1	1	1	1	1	8	6	0
5. Cllr NN Gcadinja	1	A	1	1	1	NA	8	4	2
6. Cllr E N Ngalonkulu	1	A	1	NA	1	NA	8	3	3
7. Cllr N Mantshongo	A	1	A	1	A	1	8	3	3
8. Cllr V. Bulana	-	1	1	1	1	1	8	6	0

Members of committee	10 JULY 2019	13 AUGUST 2019	10 SEPTEMBER 2019	11 OCTOBER 2019	15 NOVEMBER 2019	11 MARCH 2020	12 MAY 2020	10 JUNE 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr U G Makanda	1	1	1	A	1	1	1	1	8	7	1
2. Cllr M Tuku	1	1	1	1	A	A	1	A	8	5	3
3. Cllr N Mdzinwa	1	A	A	1	1	1	1	1	8	6	2
4. Cllr V Lugongolo	1	1	1	1	1	1	1	1	8	8	0
5. Cllr S Sifolo	1	1	1	1	1	1	1	1	8	8	0
6. Cllr G X Jona	1	A	1	1	A	1	1	A	8	5	3
7. Cllr N Ntshayisa	1	1	1	1	1	A	1	A	8	6	1
8. Cllr N V Rholobile	A	1	1	1	A	1	NA	NA	8	4	4
9. Cllr Z. Sodladla	1	1	1	1	1	1	1	1	8	8	0
10. Cllr V. Bulana	1	1	1	1	1	A	1	1	8	7	1

Members of committee	08 JULY 2019	13 AUGUST 2019	10 SEPTEMBER 2019	09 OCTOBER 2019	13 NOVEMBER 2019	11 MARCH 2020	12 MAY 2020	10 JUNE 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr N Sonyabashi	1	A	1	1	1	1	A	1	8	6	2
2. Cllr J Hem	1	1	1	1	A	A	1	A	8	5	3
3. Cllr T Mambi	1	A	1	1	1	1	1		8	7	1
4. Cllr T Ndara	A	A	A	1	1	NA	1	1	8	4	4
5. Cllr A Mgangatho	1	1	1	1	1	1	1	1	8	8	0
6. Cllr T Ntsalaze	A	1	A	1	1	1	NA	NA	8	5	2
7. Cllr L Noqhakala	1	1	A	1	1	1	NA	1	8	6	2
8. Cllr T Sokhanyile	A	1	1	NA	1	1	1	1	8	6	2
9. Cllr N G Makaula	A	1	1	1	1	1	1		8	7	1
10. Cllr M Mpakumpaku	NA	NA	NA	NA	NA	NA	NA	A	8	0	6
11. Cllr M. Ntsengwana	-	-	-	-	A	1	1	1	8	3	1

Corporate Services Portfolio Committee



Members of committee	10 JULY 2019	14 AUGUST 2019	10 SEPTEMBER 2019	08 OCTOBER 2019	14 NOVEMBER 2019	16 MARCH 2020	19 MAY 2020	08 JUNE 2020	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	1	8	8	0
2. Cllr M Ramabina	1	1	1	1	1	1	1	1	8	8	0
3. Cllr F Sontsi	1	1	1	1	1	1	1	1	8	8	0
4. Cllr T Nomkuca	1	1	1	1	1	1	1	NA	8	7	1
5. Cllr NN Gcadinja	1	1	1	1	1	1	1	A	8	7	1
6. Cllr S A N Cekeshe	1	A	1	A	1	A	1	1	8	5	3
7. Cllr M Hlanekela	1	A	1	NA	1	A	1	NA	8	4	4
8. Cllr M.E Gogela	1	A	A	NA	1	NA	NA	A	8	2	6
9. Cllr M Sogoni	1	1	1	1	NA	NA	1	NA	8	5	3
10. Cllr N. Tshalana	-	-	-	-	NA	1	1	1	8	3	1

Local Economic Development Standing Committee

Members of committee	12 JULY 2019	14 AUGUST 2019	12 SEPTEMBER 2019	10 OCTOBER 2019	12 NOVEMBER 2019	12 MARH 2020	13 MAY 2020	11 JUNE 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr C.N. Mnyayiza	1	1	1	1	1	1	1	1	8	8	0
2. Cllr N Tshayisa	1	1	A	NA	1	NA	1	1	8	5	3
3. Cllr E N Ngalonkulu	1	A	A	1	1	1	1	1	8	6	2
4. Cllr N Kolweni	1	1	1	1	NA	1	1	1	8	7	1
5. Cllr M Mqulwane	1	1	1	1	1	1	NA	NA	8	6	1
6. Cllr N Soldat	1	1	1	1	1	1	1	A	8	7	0
7. Cllr L Maqhashalala	A	1	A	1	1	1	1	1	8	6	2
8. Cllr M Nota	1	1	1	1	1	1	1	1	8	8	0
9. Cllr J B Makaula	A	1	1	1	1	1	1	NA	6	6	1
10. Cllr N. Mantshongo	1	A	1	NA	1	1	1	NA	8	5	2

**Budget & Treasury Portfolio Committee**

Members of committee	06 JULY 2019	15 AUGUST 2019	11 SEPTEMBER 2019	14 OCTOBER 2019	14 NOVEMBER 2019	12 MARCH 2020	19 MAY 2020	08 JUNE 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr H Ngqasa	A	1	1	1	1	1	1	1	8	7	1
2. Cllr P Makhinzi	A	1	1	1	A	NA	1		8	5	3
3. Cllr T V Hlazo	1	1	1	1	1	1	1	1	8	8	0
4. Cllr N Gogela	1	A	1	A	1	1	1	A	8	6	2
5. Cllr N Ncapayi	1	1	1	1	1	1	1	1	8	8	0
6. Cllr D Makaula	A	A	1	1	1	1	1	A	8	5	3
7. Cllr M Ntsevu	1	1	1	1	1	NA	1	1	8	6	2
8. Cllr Thingathinga P.K	A	1	A	1	A	1	1	1	8	5	3

## Special Programmes &amp; Communications Portfolio Committee

Members of committee	11 JULY 2019	19 AUGUST 2019	04 SEPTEMBER 2019	10 OCTOBER 2019	12 NOVEMBER 2019	11 MARCH 2020	13 MAY 2020	11 JUNE 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr A.N Garane	1	1	1	1	1	1	1	1	8	8	0
2. Cllr B Majalamba	A	A	1	1	A	1	1	1	8	5	3
3. Cllr M Joloba	A	A	1	NA	1	1	1	A	8	4	3
4. Cllr N Nomaqaqa	1	A	1	A	1	1	1	1	8	6	2
5. Cllr N Zongwana	1	A	1	1	1	1			5	4	1
6. Cllr H Dandala	1	1	1	1	1	A	1	1	8	7	1
7. Cllr M Maliwa	A	A	1	1	1	1	1	A	8	5	2
8. Cllr L Nqatsha	1	1	A	NA	A	A	1	1	8	4	4
9. Cllr M Mankanku	A	A	1	1	NA		1	1	8	4	4
10. Cllr A Mkhonto	1	1	1	A	1	A	1	NA	8	5	3
11. Cllr P Mdutyana	1	A	NA	NA	1	1	1	A	8	4	4

## Local Labour Forum

Member of committee	26 AUGUST 2019	05 SEPTEMBER 2019	22 OCTOBER 2019	05 NOVEMBER 2019	23 JANUARY 2020	25 MARCH 2020	28 APRIL 2020	09 JUNE 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr M Mataka	1	1	1	A	1	-	1	1	6	5	1
2. Cllr N Gogela	1	1	NA	1	1	-	A	1	6	4	2
3. Cllr N Gcadinja	-	-	1	NA	1	-	NA	A	6	2	2

## OCCUPATIONAL HEALTH AND SAFETY

Member of committee	09 SEPTEMBER 2019	09 OCTOBER 2019	07 MAY 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr M. Tuku	1	NA	1	3	2	1
2. Cllr M. Ramabina	A	1	NA	3	1	2
3. Cllr N Gcadinja	A	NA	NA	3	0	2

### PETITIONS COMMITTEE

Member of committee	26 AUGUST 2020	27 JANUARY 2020	09 JUNE 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS
1. Cllr Ngonyolo	A	A	1	3	1	2
2. Cllr T. Nomkuca	A	1	A	3	1	1
3. Cllr G.U Makanda	1	A	1	2	2	1
4. Cllr A.N Garane	1	1	1	3	3	0
5. Cllr M. Mataka	1	A	A	3	1	1

### EMPLOYMENT EQUITY AND TRAINING COMMITTEE

Member of committee	30 SEPTEMBER 2019	18 OCTOBER 2019	20 FEBRUARY 2020	26 MAY 2020	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr S.A.N Cekeshe	A	A	A	1	4	1	3
2. Cllr T. Sokhanyile	A	A	1	1	4	2	2
3. Cllr T. Nomkuca	1	NA	1	1	4	2	2
4. Cllr N. Tshalana	-	-	NA	NA	4	0	4

## A. Third Tier Management Structure

## B. 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.

C. Audit Corrective Action Plan

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
7	Differences between Trial balance and Annual Financial Statements	7	Internal Control Deficiency	Financial and performance management	Depreciation and impairments: Journals for these were posted in Caseware but not in the mun-soft system. All other items: Management indicated that there are MSCOA challenges hence there are differences	no	31-May-21	0%	Chief Financial Officer/ DCFO	(200)Budget and Treasury Office - AFS	Management when submitting Interims to IA, to ensure that the TB and AFS agree to each other and there are no differences. Management to further ensure that the FAR is migrated to the Munsoft Asset module by 31 May

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											2021 to eliminate the differences between the FAR and AFS. Proper review of information submitted to be done to eliminate a similar finding.
8	Targets on the SDBIP not measurable	8	Internal Control Deficiency	Financial and performance managemen t	This is as a results of inadequate review of the SDBIP and improper planning when it comes to unit of measure	Yes	01-Apr- 21	100%	Manager IDP & PMS	(204)COR PORATE WIDE STRATEGI C PLANNIN G	Developed PMS Standard Operating Procedure and Adjustment of the SDBIP wherein all Indicators have been reviewed for

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
											SMARTness
9	AOPO: Consistency issue	9	Internal Control Deficiency	Financial and performance managemen t	This is as a results of inadequate review of the annual performance report to confirm consistency between planning documents and the annual performance report	Yes	01-Apr- 21	100%	Manager IDP & PMS	(204)COR PORATE WIDE STRATEGI C PLANNIN G	Report has been revised thus ensuring consistency between SDBIP as well as the Annual Performanc e Report
1 0	Misalignment of Intangible assets policy with GRAP 31	10	Internal Control Deficiency	Financial and performance managemen t	This was caused by the fact that management used a blanket approach for depreciation for all their intangible assets.	Yes	01-Apr- 21	100%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managemen t to Ammend the Council Policy to align to GRAP 31 terminology . Managemen t to review the entire policy and ensure it is

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											in line with GRAP.
1 1	Change in estimates not disclosed	11	Misstatem ents in Financial Statement s	Financial and performance managemen t	This was caused by the fact management did not think that there was a change in estimate to be disclosed	no	30-Jun- 21	0%	Deputy Chief Financial Officer	(200)BTO - AFS	When doing Opening Balances correction and restatments , managemen t to consider the nature of the restatemen ts and appropriat ely disclose for it. Managemen t to seperately disclose that changes that relate to correction

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											of errors to those that are due changes in accounting policy and changes in accounting estimates. Management to do a proper review of the above prior to submission for Audit.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
1 2	Portfolio of evidence on reports are not aligned to targets planned	12	Internal Control Deficiency	Misstatements in Financial statements	The municipality does not have an approved Standard Operating Procedure to guide the development of performance indicators, monitoring performance and reporting on actual performance. Furthermore, this is as a result of management not having proper record reviews of the annual performance report and the portfolio of evidence	Yes	01-Apr-21	100%	Manager IDP & PMS	(204)CORPORATE WIDE STRATEGIC PLANNING	PMS SOP developed so as to ensure that POE Files relevance to Set Targets and Indicators

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
1 3	Usefulness	13	Internal Control Deficiency	Internal control deficiency		Yes	01-Apr- 21	100%	Manager IDP & PMS	(204)COR PORATE WIDE STRATEGI C PLANNIN G	Developed a PMS Standard Operating Procedure and Adjustment of the SDBIP wherein all Indicators have been reviewed for SMARTness .
1 4	Intangible Assets Amortisation issues	14	Internal Control Deficiency	Financial and performance managemen t	The cause of the finding is the fact that management used a blanket approach for amortisation and did not take out the assets that are not eligible for amortisation	no	31-May- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - AFS	Manager to enure migration of the FAR to Munsoft is fastracked and completed by 31 May 2021 Proper



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											Reviews to be performed by CFO and DCFO prior to submission of Financial Statements and supporting schedules for Audit Managem ent to ensure all recalculatio ns are done and signed off by the Deputy CFO.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
1 5	Non-Submission of SCM Information per RFI 41 (competitive bidding)	15	Internal control deficiency	Internal control deficiency	This is as a result of management not having proper record reviews of the SCM process which led to other suppliers' documents not being kept properly.	no	30-Jun- 21	0%	Deputy Chief Financial Officer	(200)BTO - SCM & ASSET MANAGE MENT	Managem ent to ensure timeous submissions for all issued RFI's Managem ent to ensure all RFI's are distributed on the same day of issue and followed up on daily.
1 6	Intangible asset included in Transport Assets(PPE)	16	Misstatem ents in Financial Statement s	Financial and performance managemen t	This was caused by the fact that management did not scrutinise their invoice and separate their respective item in according to their class.	no	30-Jun- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managem ent to seek technical expertise from the Panel of Accountant s on Asset additions prior to capitalising

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											them. Monthly reviews for all additions to be performed by the Deputy CFO Annual review of the AFS to be performed by CFO and technical epertise to be performed prior to submission to IA and AC.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
1 7	Buildings additions (Progress report does not agree with FAR)	17	Internal Control Deficiency	Financial and performance managemen t	While auditing buildings additions noted that the following projects amounts per progress statement does not agree with amount capitalized in FAR	no	30-Jun- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managemen t to seek technical expertise from the Panel of Accountant s on Asset additions prior to capitalising them. Monthly reviews for all additions to be performed by the Deputy CFO Annual review of the AFS to be performed by CFO and technical epertise to be

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											performed prior to submission to IA and AC.
1 8	Infrastructure additions (Progress report does not agree with FAR)	18	Internal Control Deficiency	Financial and performance managemen t	This is caused by the fact that the projects have many phases and other may not have been taken into account	no	30-Jun- 21	0%	Manager SCM and Asset Managem ent	(200)BTO - SCM & ASSET MANAGE MENT	Managem ent to seek technical expertise from the Panel of Accountant s on Asset additions prior to capitalising them. Monthly reviews for all additions to be performed by the Deputy CFO Annual review of

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											the AFS to be performed by CFO and technical epertise to be performed prior to submission to IA and AC.
1 9	Speaker's remuneration disclosed is above gazetted amount.	19	Non- Complianc e with Laws and Regulation s	Financial and performance managemen t	The cause would be that amount mapped to Speaker is not correct as it is not the same as the Gazette.	no	30-Jun- 21	0%	Manager - Expendit ure	(200)BTO - EXPENDI TURE	Manager: Expenditure to review and ensure that the correct amounts are paid in line with the Gazetted amounts on a monthly basis. Deputy CFO to review

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											the monthly recons to ensure the correct amounts are paid and recorded in the financial system. CFO to review annually that the amounts disclosed in the AFS agrees with the Gazetted amounts prior to submission of IFS and AFS for Audit.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
2 0	Machinery and Equipment recorded in the incorrect financial year	20	Internal Control Deficiency	Financial and performance management	The issue is caused by the fact that the invoice was recorded as an accrual.	no	30-Jun-21	0%	Manager SCM and Asset Management	(200)BTO - SCM & ASSET MANAGEMENT	Management to seek technical expertise from the Panel of Accountants on Asset additions prior to capitalising them. Monthly reviews for all additions to be performed by the Deputy CFO Annual review of the AFS to be performed by CFO and technical expertise to be



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											performed prior to submission to IA and AC.
2 1	Non-Submission of Movable Assets error note support per RFI 65	21	Internal control deficiency	Internal control deficiency	This is as a result of management not having filling of information that was used for their error note	no	30-Jun- 21	0%	Deputy Chief Financial Officer	(200)BTO - SCM & ASSET MANAGE MENT	Managem ent to ensure timeous submissions for all issued RFI's Managem ent to ensure all RFI's are distributed on the same day of issue and followed up on daily.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
2 2	Non-Submission of Movable Assets error note support per RFI 64	22	Internal control deficiency	Internal control deficiency	This is as a result of management not having a proper record keeping of information relating to progress report.	no	30-Jun-21	0%	Deputy Chief Financial Officer	(200)BTO - AFS	Management to ensure timely submissions for all issued RFI's Management to ensure all RFI's are distributed on the same day of issue and followed up on daily.
2 3	Competitive bids- Non-compliance	23	Internal Control Deficiency	Internal control deficiency	The cause of the finding is a lack of management oversight to ensure that proper procurement processes are followed	no	30-Jun-21	0%	Manager SCM and Asset Management	(200)BTO - SCM & ASSET MANAGEMENT	Manager: SCM to ensure information submitted for Audit is reviewed and accurate. Deputy CFO to review

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											the submitted information against supporting information to ensure correct information is disclosed in the AFS.
2 4	Contract management- completeness	24	Internal Control Deficiency	Leadership	This is caused by poor maintenance of the contracts register	no	30-Jun- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managem ent will on a monthly basis compare the projects contained in the contract register to all projects appointed that month. Contract register to be reviewed

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											monthly by the Deputy CFO to ensure all contracted projects have been included.
2 5	Revenue from exchange transactions: Non- submission of information as per RFI 20 and RFI 59	25	Internal control deficiency	Internal control deficiency	This is as a result of management not having a proper record keeping of information relating to revenue recognised, the journals and their supporting documents	no	30-Jun- 21	0%	Deputy Chief Financial Officer	(200)BTO - REVENUE	Managem ent to ensure timeous submissions for all issued RFI's Managem ent to ensure all RFI's are distributed on the same day of issue and followed up on daily. Managem ent to ensure

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											constant communica tion with Auditors in order to ensure that the information submitted is to the satisfaction of the Auditor. Managem ent to ensure proper record keeping i.e (Centralised keeping of journals)

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
2 6	Non-exchange Revenue accounting policies and disclosure notes not accurate, complete, reliable and understandable	26	Internal Control Deficiency	Financial and performance management	The accounting policy is not reviewed for relevance and accuracy. The financial statements were not properly reviewed prior to issue to auditors for audit.	no	30-Jun-21	0%	Manager - Revenue	(200)BTO - REVENUE	Management will review all accounting policies to ensure that accounting policies contained with the AFS agree with Council policy Management will ensure through proper review that the definitions for each grant are correct and are inline with those contained

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											in the DoRA and respective business plans. Through review of monthly grant register reviews, management will ensure that of the grants are recorded Net of VAT. The incorrect disclosure of the SETA grant will be corrected with the restatement

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											ts of prior year errors.



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
2 7	Occurrence and Accuracy of Conditional grants revenue	27	Misstatem ents in Financial Statement s	Financial and performance management	The supporting documents for the recognition of the revenue are not properly filed to provide an audit trail for the recognition of revenue	no	30-Jun-21	0%	Manager - Budget and Reporting	(200)BTO - REVENUE	Managem ent will limit the approvals of Journals to CFO and DCFO to ensure that journals posted are supported by appropriate and sufficient evidence. Managem ent will review the Grants register on a monthly basis to ensure all Grants expenditure s have been recorded

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											and necessary journals have been processed. Manageme nt will on a monthly basis print the journal listing and DCFO to ensure all journal posted have been filed and all have supporting information attached Manageme nt to compare the Grants expenditure reports as reported to

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											NT and other Grant funders to the Grants register submitted to ensure accuracy of reporting and correctness of the register.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
2 8	Occurrence and Accuracy of traffic fines.	28	Misstatem ents in Financial Statement s	Financial and performance managemen t	The supporting documents for the recognition of the revenue are not properly filed to provide an audit trail for the recognition of revenue	no	30-Jun- 21	0%	Manager: Communi ty Safety	(207)CS- CITIZENS &COMM UNITY SERVICES	Managemen t will ensure that monthly traffic reconciliati ons are done by Community safety and submitted to BTO for review Community Safety to ensure that all trraffic fines issued are recorded in the reconciliati ons Managemen t to ensure that sufficient internal

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											controls have been put in place for the issuance and recording of traffic fines.
2 9	Completeness of traffic fines	29	Internal Control Deficiency	Financial and performance managemen t	Traffic fine revenue from manual traffic fines is only included in the General Ledger once at year end and not when the traffic fines are issued as per the accounting policy	Yes	30-Jun- 21	0%	Manager: Communi ty Safety	(207)CS- CITIZENS &COMM UNITY SERVICES	Managem ent will ensure that monthly traffic reconciliati ons are done by Community safety and submitted to BTO for review Community Safety to ensure that all ttraffic fines issued

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											are recorded in the reconciliati ons Manageme nt to ensure that sufficient internal controls have been put in place for the issuance and recording of traffic fines.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 0	Completeness of interest from investments	30	Internal Control Deficiency	Financial and performance managemen t	Management did not implement proper reconciliation between the bank confirmations and the schedule that is used for financial statement to identify errors in a timely manner	no	30-Jun- 21	0%	Manager - Revenue	(200)BTO - REVENUE	Monthly investment s reconciliati on compared to the 3rd party confirmatio n to be prepared Reconcilati on to be compared against the individual ledger accounts to ensure accuracy. DCFO to sign off on the monthly recons after confirming all balances to the Bank

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											confirmatio ns. CFO to review that the amounts disclosed in the AFS at year end agree to the Ledger, Bank confirmatio ns and the monthly reconciliati ons.



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 1	Accuracy of Rental income received	31	Internal Control Deficiency	Financial and performance managemen t	This is caused by the fact that rental income from leases is recognised from the receipts as per the Bank statements	no	30-Jun- 21	0%	Manager - Revenue	(200)BTO - REVENUE	Managem ent to redo the operating lease straightling which will contain all leased municipal properties with the assistance from the Panel of Accountant s. Managem ent to esure completene ss of the lease agreements as included in the calcualtion to the signed valid

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											lease agreements . Manageme nt to caluclate the straightlinin g calculation on a monthly basis and necessary journals posted after approval from CFO/DCFO. All monthly calculation to be reviewed and approved by DCFO/CFO

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											and Panel of Accountant s.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 2	Occurrence and Accuracy of Operational revenue and Sale of good revenue	32	Internal Control Deficiency	Financial and performance management	The supporting documents for the recognition of the revenue are not properly filed to provide an audit trail for the recognition of revenue	no	30-Jun-21	0%	Manager - Revenue	(200)BTO - REVENUE	Management will limit the approvals of Journals to CFO and DCFO to ensure that journals posted are supported by appropriate and sufficient evidence. Management will review the monthly recon on a monthly basis to ensure all revenues have been recorded and

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											necessary journals have been processed. Manageme nt will on a monthly basis print the journal listing and DCFO to ensure all journal posted have been filed and all have supporting information attached Manageme nt to ensure that all weekly cash vouchers are properly

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											filed for ease of providing of information when needed.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 3	Leave accrued at year end classified as a payable instead of provision	33	Internal Control Deficiency	Financial and performance management	This was caused by the fact that management did not analyses in full whether the municipality is certain about the amounts which will be paid as well as the timing of the payments	no	30-Jun-21	0%	Chief Financial Officer/ Deputy CFO	(200)BTO - EXPENDITURE	Management will ensure consistence in disclosing the leave accrual in future.
3 4	Contract management- Non-submission	34	Internal control deficiency	Internal control deficiency	This is as a result of management not having a proper record keeping of information relating to progress report	no	30-Jun-21	0%	Deputy Chief Financial Officer	(200)BTO - SCM & ASSET MANAGEMENT	Management to ensure timeous submissions for all issued RFI's Management to ensure all RFI's are distributed on the same day of issue and followed up on daily.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 5	Commitments: Accuracy	35	Internal Control Deficiency	Financial and performance managemen t	This is as a result of inadequate review of commitment register.	no	31-May- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managemen t will on a monthly basis compare the projects contained in the commitmen ts register to all projects contained in the Contracts register. Contract register to be reviewed monthly by the Deputy CFO to ensure all contracted projects have been included.



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											Managem ent will use the same template for both Commitme nts and the contracts register to ensure consistency and none of the contracted projects are omitted from the commitmen ts register.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 6	Debtors age analysis does not agree with AFS therefore age analysis appear to be inaccurate and incomplete	36	Internal Control Deficiency	Financial and performance management	This is as a result of management not having a proper record keeping of information.	Yes	30-Jun-21	0%	Manager - Revenue	(200)BTO - AFS	Management to ensure that AFS are properly reviewed for all manual populated sections. Management to recalculate what the correct debtors should be and propose the necessary adjustments where applicable. Management to present to Council any write-offs

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											where necessary so to ensure that the correct debtors balance in the Revenue sub ledger and the Age analysis agree and are supported. Manageme nt to request the Panel of Accountant s to review the work done on the debtors overhaul prior to finalisation.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 7	Commitments: Completeness	37	Internal Control Deficiency	Financial and performance managemen t	This is as a result of inadequate review of commitment register.	no	30-Jun- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managemen t will on a monthly basis compare the projects contained in the commitmen ts register to all projects contained in the Contracts register. Contract register to be reviewed monthly by the Deputy CFO to ensure all contracted projects have been included.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											Managem ent will use the same template for both Commitme nts and the contracts register to ensure consistency and none of the contracted projects are omitted from the commitmen ts register.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 8	Depreciation issue	38	Internal Control Deficiency	Financial and performance managemen t	This was caused by that management did not review depreciation to ensure it's accuracy.	no	30-Jun- 21	0%	Manager SCM and Asset Managemen t	(200)BTO - SCM & ASSET MANAGE MENT	Managemen t to seek technical expertise from the Panel of Accountant s on Asset additions and recalculatio n of depreciatio n. Monthly reviews for all depreciatio ns to be performed by the Deputy CFO Managemen t to fastrtack the migration of the FAR to Munsoft

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											Asset Sub ledger so synchronize the calculation of depreciatio n and ensure that depreciatio n is correctly calculated monthly. Annual review of the AFS to be performed by CFO and technical epertise prior to submission to IA and AC.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
3 9	CAATS: Suppliers with interest in the state and with the municipality	39	Internal Control Deficiency	Financial and performance management	Lack of management oversight during the procurement process when awarding a tender to prospective suppliers	no	30-Jun-21	0%	Manager SCM and Asset Management	(200)BTO - SCM & ASSET MANAGEMENT	Manager: SCM to ensure information submitted for Audit is reviewed and accurate. Deputy CFO to review the submitted information against supporting information to ensure correct information is disclosed in the AFS.



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
4 0	Expenditure: Indigent Relief as per RFI 67	40	Internal Control Deficiency	Financial and performance managemen t	This is because of management not having a proper record keeping of information relating to expenditure: Indigent relief recorded.	no	30-Jun- 21	0%	Manager - Revenue	(200)BTO - REVENUE	Managem ent to ensure Indigent register is updated with supporting information on a monthly basis. Managem ent will review the indigent register and ensure that all supporting information is attached is readily available Managem ent will make follow up on all

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											outstanding inforamtion untill all information is attached and readily avaialble.
4 1	Work in progress issues	41	Internal Control Deficiency	Financial and performance managemen t	This was caused by the fact that management didn't property review their register to ensure its accuracy	no	30-Jun- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managem ent to perform an overhaul on the WIP register and ensure that all projects contained in WIP are supported by payment vouchers. Managem ent to facilitate the donation of the INEP completed projects

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											that are still in WIP before year end. Manageme nt to perform monthly reviews on the WIP to ensure that all projects included in WIP are still WIP projects. Manageme nt to request the Panel of Accountant s to transfer out all completed projects as soon as a project is complete

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											and a Practical completion certificate has been issued.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
4 2	WIP Completeness	42	Internal Control Deficiency	Financial and performance managemen t	This is caused by the fact that management did not review the above register to ensure that it is complete	no	30-Jun- 21	0%	Manager SCM and Asset Manage ment	(200)BTO - SCM & ASSET MANAGE MENT	Managemen t to perform an overhaul on the WIP register and ensure that all projects contained in WIP are supported by payment vouchers. Managemen t to facilitate the donation of the INEP completed projects that are still in WIP before year end. Managemen t to perform

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											monthly reviews on the WIP to ensure that all projects included in WIP are still WIP projects. Management to request the Panel of Accountants to transfer out all completed projects as soon as a project is complete and a Practical completion certificate has been issued.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
4 3	Employee benefit obligation's presentation and disclosure is incomplete	43	Internal Control Deficiency	Financial and performance management	The cause would be that management failed to present and disclose employee benefit obligation in full as required by GRAP 25	no	31-May-21	0%	Chief Financial Officer/ Deputy CFO	(200)BTO - AFS	Management on receipt of the Actuarial report on Employee benefits will prepare the necessary journals and effect them on the AFS Management will have the AFS reviewed by the Panel of Accountants for compliance with all respective GRAP standards prior to submission

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											to IA, AC and AGSA.



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
4 4	Completeness and accuracy of 2018/19 revenue from traffic fines	44	Internal Control Deficiency	Financial and performance management	Management did not implement proper reconciliation between the TMT system and the schedule that is used for financial statement to identify errors. in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial statements.	Yes	31-May-21	0%	Manager: Community Safety	(207)CS-CITIZENS & COMMUNITY SERVICES	Management to ensure that all section 56 & 341 fines are reconciled between the schedules and actual fines book to ensure completeness of fines that must be recognised and safe keeping of all completed books for audit purposes.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
4 5	Related parties: Remuneration disclosed for s56 employees does not reconcile with payroll	45	Internal Control Deficiency	Financial and performance managemen t	This is caused by inadequate controls regarding the proper review of annual financial statements	no	30-Jun- 21	0%	Manager - Expendit ure	(200)BTO - EXPENDI TURE	Manager: Expenditure to review and ensure that the correct amounts are disclosed in the FS in line with the payroll amounts on a monthly basis. Deputy CFO to review the monthly recons to ensure the correct amounts are paid and recorded in the financial

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											system. CFO to review annually that the amounts disclosed in the AFS agrees with the Payroll amounts prior to submission of IFS and AFS for Audit.
4 6	Statement of Comparison of Budget and Actual amounts - not	46	Internal Control Deficiency	Financial and performance managemen t	The financial statements were not properly reviewed to detect inconsistencies between the budget statement and the other sections of financial statements.	no	30-Jun- 21	0%	Manager - Budget and Reportin g	(200)BTO -BUDGET & REPORTI NG	Manager to review and confirm amounts disclosed in the AFS agree to the approved budget and the amounts as

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											disclosed in the fase of the AFS Final review to be performed by the CFO and the exeteranl reviewer of the AFS.
4 7	Receivables from non-exchange transactions: Non- submission of information as per RFI 70	47	Internal control deficiency	Internal control deficiency	This is as a result of management not having a proper record keeping of information relating to the traffic fine debtors.	Yes	30-Jun- 21	0%	Manager: Commun ity Safety	(200)BTO - REVENUE	Managem ent will ensure that monthly traffic reconciliati ons are done by Community safety and submitted to BTO for review and recognition. Community Safety to ensure that

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											all trraffic fines issued are recorded in the reconciliati ons Managem ent to ensure that sufficient internal controls have been put in place for the issuance and recording of traffic fines.
4 8	Covid expenditure: Accuracy of disclosure	48	Internal Control Deficiency	Financial and performance managemen t	This is as a results on inadequate reviews of the financial statements.	no	30-Jun- 21	0%	Manager - Expendit ure	(200)BTO - AFS	Manager to review and confirm amounts disclosed in the AFS agree with

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											the supporting information submitted. Final review to be performed by the CFO and the external reviewer of the AFS.
4 9	Debt Management Policy not accurate and complete	49	Internal Control Deficiency	Financial and performance management	The policy was not properly reviewed for relevance and accuracy	Yes	30-Jun-21	0%	Manager - Revenue	(200)BTO - AFS	Management to ensure that the system is configured to be consistent with the approved policy.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
5 0	Incorrect calculation of impairment provision on receivables	50	Internal Control Deficiency	Financial and performance management	This was due to incorrect risk scoring parameters being set in the system for the determination of the impairment provision. The debtor's age analysis with impairment schedule was not properly reviewed for mathematical accuracy.	Yes	30-Jun-21	0%	Manager - Revenue	(200)BTO - REVENUE	Management to ensure that impairment is system generated and that the system is configured to be consistent with the approved policy.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
5 1	Operating Lease receivables accuracy	51	Internal Control Deficiency	Financial and performance managemen t	This is caused by the fact that management did not make any proper reviews of operating lease to note the issues and correct them	no	30-Jun- 21	0%	Manager - Revenue	(200)BTO - REVENUE	Managem ent to redo the operating lease straightling with the assistance from the Panel of Accountant s. Managem ent to esure completene ss of the lease agreements as included in the calcuation to the signed valid lease agreements . Managem ent to



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											caluclate the straightlinin g calculation on a monthly basis and necessary journals posted after approval from CFO/DCFO. All monthly calculation to be reviewed and approved by DCFO/CFO and Panel of Accountant s.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
5 2	Receivables accounting policy not accurate, complete, reliable and understandable.	52	Internal Control Deficiency	Financial and performance management	The accounting policy was not properly reviewed for relevance and accuracy	no	30-Jun-21	0%	Manager - Revenue	(200)BTO - AFS	Management will review all accounting policies to ensure that accounting policies contained with the AFS agree with Council policy Final review to be performed by the CFO and the external reviewer of the AFS.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
5 3	Contingent liabilities: Completeness	53	Internal Control Deficiency	Financial and performance management	This is as a result of inadequate review of financial statements	no	30-Jun-21	0%	Manager: OMM	(204)MUNICIPAL MANAGER	Management to timely request the confirmation for contingent liabilities and provide to the DCFO. Manager should then review all contingent liabilities are included in the AFS using the confirmations provided by the Attorneys. Final review to be performed by the CFO

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											and the exteranl reviewer of the AFS.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
5 4	Completeness and accuracy of 2019/20 revenue from traffic fines	54	Misstatem ents in Financial Statement s	Financial and performance management	Management did not implement proper reconciliation between the TMT system and the schedule that is used for financial statement to identify errors. in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial statements.	Yes	31-May-21	0%	Manager: Community Safety	(207)CS-CITIZENS & COMMUNITY SERVICES	Managem ent to ensure that all section 56 & 341 fines are reconciled between the schedules and actual fines book to ensure completene ss of fines that must be recognised and safe keeping of all completed books for audit purposes.

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	<b>EMPHASIS OF MATTERS</b>										
5 5	Statement of Changes in Equity Issues	55	Misstatem ents in Financial Statement s	Financial and performance managemen t	This is caused by the fact that there is no property review of financial statements to ensure that they are accurate.	no	30-Jun- 21	0%	Chief Financial Officer/ Deputy CFO	(200)BTO - AFS	Managem ent to complete and submit the Stattement of changes in Equity calculation to the Panel of Accountant s for review. Managem ent to ensure that the calculation is properly done and any changes as suggseted from the reviewal above are properly

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											effected. The Cashflow calculation will also be submitted to IA and AC prior to submission to AGSA.
5 6	cash flow misstatements	56	Internal Control Deficiency	Financial and performance managemen t	Lack of reviews of amounts disclosed in the annual financial statements	no	30-Jun- 21	0%	Chief Financial Officer/ Deputy CFO	(200)BTO - AFS	Managem ent to complete and submit the Cashflow calculation to the Panel of Accountant s for review. Managem ent to ensure that the calculation is properly

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											done and any changes as suggseted from the reviewal above are properly effected. The Cashflow calculation will also be submitted to IA and AC prior to submission to AGSA.
5 7	Current liabilities provisions are not complete	57	Misstatem ents in Financial Statement s	Financial and performance managemen t	This was caused by the fact that municipality did not apply the definition of GRAP 19 correctly while doing their AFS.	no	30-Jun- 21	0%	Manager - Expendit ure	(200)BTO - AFS	Managem ent when calculating provisions at year end will also calculate provision for



E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											performanc e bonuses.
5 8	Misclassification of contracted services as operating expenditure	58	Internal Control Deficiency	Financial and performance managemen t	Lack of management review of schedules supporting the annual financial statements	no	30-Jun- 21	0%	Manager - Expendit ure	(200)BTO - AFS	Managem ent when budgeting for 2021/22, an analyses will be done to identify contracted services budgeted under Operating costs and correct the budget. For 2020/21 AFS Managem ent will perform analyses of these contracted services

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											incorrectly budgeted for and correct the misclassific ation via journal.
5 9	Bad debts written- off not included in the AFS	59	Misstatem ents in Financial Statement s	Financial and performance managemen t	Lack of management review of schedules supporting the annual financial statements	Yes	30-Jun- 21	0%	Manager - Revenue	(200)BTO - REVENUE	Managem ent to present to Council any write-offs where necessary so to ensure that the correct debtors balance in the Revenue sub ledger and the Age analysis agree and are supported. Manageme

E X N O .	Finding	Coaf No.	Classificati on	Control Component	Root Cause	Included in Audit Report	Target Date	Prog%	Responsi bility	Departm ent within the Municipa lity	Action / Remarks
	EMPHASIS OF MATTERS										
											nt to ensure that all items for write offs submitted for Council approval are quantified for ease of reference by a third party.

## D. Audit Committee Recommendation

### AUDIT COMMITTEE REPORT

The Audit Committee of the Municipality has pleasure in submitting its annual report. This report is submitted in terms of the provisions of sections 121(3) (j), 166(2) (b) and (c) of the Municipal Finance Management Act of 2003 (“the MFMA”) and covers the financial period from 1 July 2019 to 30 June 2020.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of the members listed hereunder during the period and meets as a minimum, four times a year as per paragraph 7.7 of the approved Audit Committee Charter. The composition of the committee was as follows during the financial year under review:

Name of Member	Number of Meetings Attended
Mr. M. A. Nkosi (Chairperson)	4
Mr. S. Ngqwala	7
Mr S Mnguni CA (SA)	7

### Overview of Activities

The Committee held 7 meetings during the year on the following dates:

No.	Meeting date	
1	12 August 2019	Special AC meeting
2	29 August 2019	Ordinary AC meeting
3	28 October 2019	Special AC meeting
4	20 November 2019	Ordinary AC meeting
5	13 February 2020	Ordinary AC meeting
6	14 May 2020	Ordinary AC meeting- Virtually
7	23 June 2020	Special AC meeting- Virtually

The Audit Committee chairperson also availed himself for Council Meetings to present a report of the Audit Committee.

## **AUDIT COMMITTEE RESPONSIBILITIES**

The Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committees' work was guided and regulated by an Audit Committee Charter and discharged all its responsibility as contained therein. The Audit Committee's work was also guided by its work programme that it adopted during the year.

## **INTERNAL AUDIT INSTITUTIONAL ARRANGEMENT**

The Internal Audit Charter as adopted by the Audit Committee regulates the work of the Internal Audit.

In terms of S165 (1) of the MFMA each municipality is required to have an internal audit function. S165 (3) allows the municipality to co-source the internal audit function if the municipality requires assistance to develop its internal capacity. The internal audit was assisted by co-sourced resources during the year.

The Annual Audit coverage plan was submitted to the Audit Committee on 21 June 2019 and was approved accordingly.

The Manager: Internal Audit presented a revised and adjusted annual audit coverage plan during the year which was approved by the Audit Committee. The review and adjustments of the annual audit coverage plan were necessitated by number of factors including the risks that emanated from the risk assessment, compliance issues and other audits. The internal audit completed 21 of the 21 approved projects. In addition, one ad hoc project was undertaken and completed by internal audit.

## **INTERNAL AUDIT FUNCTION**

During this financial year internal audit reports with management comments were presented to the Audit Committee meetings. Issues raised were deliberated and recommendations made including recommendation regarding the issues raised by the Auditor-General South Africa (AGSA). The audit committee did raise concerns with respect to slow progress in dealing with the matters raised by both the Internal Audit and AGSA especially the asset and revenue management matters that were still not fully resolved as at the end of the financial year.

The Manager: internal Audit (CAE) had direct access to the audit committee, primarily through its Chairman.

During the year, the committee met with both AGSA and internal audit without management being present.

## **SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are effectively and efficiently managed and they remain a management responsibility.

The internal audit reports in all the areas audited during the financial year under review indicated that there were some weaknesses in the system of internal control due to a number of reasons including inadequate policies and lack of implementation of designed internal controls.

The Audit Committee is still concerned with controls regarding asset management, project management and revenue management. Internal controls still require improvement regarding these areas.

### **RISK MANAGEMENT**

Risk management has been formalised within the municipality through the establishment of various structures (i.e. Risk Management Committee), processes and systems to give effect to Risk Management.

The Audit Committee has been monitoring the risks identified including the strategic risks. The good progress by management in addressing these risks was noted during the year.

### **COMBINED ASSURANCE FRAMEWORK**

Internal audit unit is in a process of developing Combined Assurance Framework for the Municipality

### **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

The Audit Committee reviewed both interim financial statements and annual financial statements that were submitted to Auditor-General for audit.

These financial statements were approved for submission to the Auditor-General in line with the requirements of the MFMA.

### **PERFORMANCE MANAGEMENT**

The Committee had reviewed and considered the quarterly reports by management. In addition, the Audit Committee considered the annual performance report for the financial year 2019-20 and the annual performance report was approved for submission to the Auditor-General.

### **INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)**

The Audit Committee noted the findings of the internal audit on ICT controls including cyber security report. The committee is satisfied that management is attending to the matters raised by the internal audit with respect to ICT.

### **GOVERNANCE**

The municipality is fully committed to good governance and this is evidenced by the improvement in the control environment during the year.

### **COMPLIANCE WITH LAWS AND REGULATIONS**

The Audit Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations. The Audit committee is satisfied that the system for monitoring compliance with laws and regulations is effective.

**EXTERNAL AUDIT BY AUDITOR-GENERAL SOUTH AFRICA (AGSA)**

The Audit Committee reviewed the AGSA's audit plan to ensure the critical risk areas are being addressed. In addition, the committee has been monitoring the action plan with respect to the matters raised by the Auditor-General during the previous year's audit. Except for matters with respect to revenue and asset management, good progress was noted.

Based on the engagement with the AGSA, nothing has come to the committee's attention with regards to any matters concerning the independence of AGSA and the Audit Committee is happy with the quality of the external audit.

The Audit Committee concurs with Qualified audit opinion received from the AGSA and will support management in developing a clear action plan to deal with the matters raised.

**ANTI- FRAUD AND CORRUPTION**

The Audit Committee has been monitoring the implementation and application of appropriate fraud risk response strategies designed by management to prevent and detect fraud.

The municipality has Financial Misconduct Board in place that was established in terms of the MFMA regulations and this board provides guidance to the municipality on the steps to be taken regarding financial misconduct cases. The board has Audit Committee representative in line with the MFMA regulations.

**CONCLUSION**

The Committee will continue to monitor progress being made by the municipality in improving overall governance, systems of internal control, risk management and performance management. In addition, the Audit Committee concurs and accepts the conclusions of both the Internal Audit and the Auditor-General on the matters they have raised during their audits.

The Committee wishes to express its sincere appreciation to the Accounting Officer, Senior Management, MPAC, Portfolio Committees, Executive Committee, Council and staff for their cooperation and support.

Chairperson: Audit Committee

\_\_\_\_\_

Mr Sandile Mnguni CA (SA)

Date\_\_\_\_\_

## E. Revenue Collection Performance by Source

Revenue Source	Billing	Receipts	Collection %
Rates	16728511.64	11634761.44	70%
Refuse	1096784.95	413087.43	38%
Interest	2566842.12	590848.53	23%
<b>Total</b>	<b>20392138.71</b>	<b>12638697.4</b>	<b>62%</b>
Revenue Source	Budget	Receipts	Collection %
Traffic Fines	6000000	10465390	174%
Trading Licences	130000	150535.82	116%
Rentals - Trading Facility	111404	16000	14%
Drivers & Learners Licenses	1500000	1733276	116%
Vehicle Registration	2000000	1752962.74	88%
Vehicle Testing Station	200000	170050.5	85%
Hall Rental	197475	80240.87	41%
Sophia Park	159581	39972.13	25%
Plant Rental	26738	6319.14	24%
Interest o Investment	8359314	7134329.56	85%
Interest on Current Account	557044	216017.88	39%
Advertising	364853	274264.86	75%
Building Plan Fees	334224	329060.53	98%
Clearance Certificates	5575	2880	52%
Funeral Plots	22286	26898.37	121%
LGSeta	105600	140969.58	133%
Parks	2746	2817.36	103%
Pound Fees	350000	902534	258%
Rezoning Application	5575	0	0%
Rezoning Certificate	1337	626.1	47%
SG Diagrams	223	0	0%
Tender Fees	579317	271433.85	47%
Vat Claims SARS	15000000	20500953.11	137%
Flea Market	10000	0	0%
<b>TOTAL</b>	<b>36023292</b>	<b>44217532.4</b>	<b>123%</b>

## F. Conditional Grants

Umzimvubu Local Municipality has received grant funding for the 2019/2020 financial year as indicated in the Division of Revenue Act of 2019. The grant funding for 2019/2020 financial year is as follows:-

SOURCE	2018-2019	2019-2020	2020-2021
Equitable Share	R193 075 000	R212 895 000	R228 698 000



Local Government Financial Management Grant	R1 770 000	R1 770 000	R1 770 000
Expanded Public Works Programme	R2 476 000	Nil	Nil
Municipal Infrastructure Grant	R45 507 000	R46 411 000	R48 910 000
Integrated National Electrification Programme	R31 200 000	R25 600 000	R19 200 000
<b>TOTAL INFRASTRUCTURE GRANT</b>	<b>R76 707 000</b>	<b>R72 011 000</b>	<b>R68 110 000</b>
Integrated National Electrification Programme Grant (Eskom)	R48 107 000	R74 019 000	R78 090 000

- **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.





**UMZIMVUBU**

LOCAL MUNICIPALITY


Umzimvubu Local Municipality  
(Registration number EC442)  
Annual Financial Statements  
for the year ended 30 June 2020  
Auditor-General of South Africa  
Registered Auditors  
Published 31 October 2020

**UMZIMVUBU LOCAL MUNICIPALITY  
CFO'S OFFICE**

DATE: 31/03/2021

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**AUDITOR GENERAL  
SOUTH AFRICA**  
31 MAR 2021

**UMZIMVUBU LOCAL MUNICIPALITY  
MUNICIPAL MANAGER**  
DATE: .....  
SIGN: 

## Umzimvubu Local Municipality

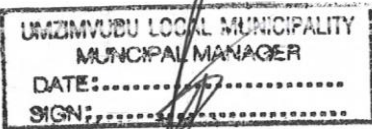
(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### General Information

<b>Legal form of entity</b>	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act No. 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act No. 108 of 1996)
<b>Nature of business and principal activities</b>	Umzimvubu Local Municipality

<b>Executive Mayor</b>	Cllr S.K Mrukwa
<b>Speaker</b>	N.F Ngonyolo
<b>Chief Whip</b>	N.G Mdzinwa
<b>MPAC Chairperson</b>	S.P Myingwa
<b>Councillors</b>	W01 - Cllr F.J Hern W02 - Cllr P Makhinzi W03 - Cllr A.P Mkonto W04 - Cllr N.V Nomaqaqa W05 - Cllr S Sifolo W06 - Cllr N.C Tshayisa W07 - Cllr M.C Ntsengwana W08 - Cllr T Sokhanyile W09 - Cllr M Mquhwane W10 - Cllr P Makhinzi W11 - Cllr N Gogela W12 - Cllr G.V Lugongolo W13 - Cllr C.L Noqhakala W14 - Cllr T.V Hlazo W15 - Cllr C.N Mnyaiza W16 - Cllr B Majalamba W17 - Cllr S Mankanku W18 - Cllr A Mgangatho - passed away on 27 June 2020 W19 - Cllr E.N Ngalonkulu -Lebelo W20 - Cllr T Nomkuca W21 - Cllr V.A Blana W22 - Cllr S Madlanga - passed away on 18 August 2019 W22 - Cllr N Tshalana W23 - Cllr N.H Kolweni W24 - Cllr M Jolobe W25 - Cllr A.N Zongwane - passed away on 5 April 2020 W26 - Cllr M Tuku W27 - Cllr N.S Soldat W1 - Pr Cllr F.N. Ngonyolo (Speaker) W2 - Pr Cllr S.K Mrukwa (Executive Mayor) W3 - Pr Cllr N.G Mdzinwa (Chief Whip) W4 - Pr Cllr H.M Ngqasa W5 - Pr Cllr M Mataka



UMZIMVUBU LOCAL MUNICIPALITY  
CFO'S OFFICE  
DATE: 31/03/2021  
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AUDITOR GENERAL  
SOUTH AFRICA  
31 MAR 2021

## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### General Information

W6 - Pr Cllr A.N Garane  
 W7 - Pr Cllr U.G Makanda  
 W8 - Pr Cllr N. Sonyabashi  
 W9 - Pr Cllr T.A Mambi  
 W10 - Pr Cllr P.K Thingathinga  
 W11 - Pr Cllr L.S Maqhashalala  
 W12 - Pr Cllr N. Ntshayisa  
 W13 - Pr Cllr L.L Nqatsha  
 W14 - Pr Cllr N.N Gcadinja  
 W15 - Pr Cllr H.N Dandala  
 W16 - Pr Cllr S.A.N Cekeshe  
 W17 - Pr Cllr S.P Myingwa (MPAC Chair)  
 W18 - Pr Cllr X Jona  
 W19 - Pr Cllr N.A Mantshongo  
 W20 - Pr Cllr F.P Sontsi  
 W21 - Pr Cllr M Ramabina  
 W22 - Pr Cllr S Sqiza - passed away on 19 November 2019  
 W22 - Pr Cllr N.V Nomnganga  
 W23 - Pr Cllr T Nstalaze  
 W24 - Pr Cllr M Maliwa  
 W25 - Pr Cllr M Hlankela  
 W26 - Pr Cllr T Ndara

**UMZIMVUBU LOCAL MUNICIPALITY  
 CFO'S OFFICE**

DATE: 31/03/2021

SIGN: 

#### Capacity and grading of local authority

Accounting Officer

Chief Financial Officer (CFO)

Registered office

Grade 3

Mr G.P.T Nota

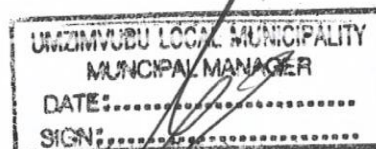
Mr F.T Fundira

ERF 813

Main Street

Kwa-Bhaca

5090



Bankers

First National Bank

Auditors

Auditor-General of South Africa

Registered Auditors

Attorneys

Fikile Ntayiya & Associates

Madlanga & Partners Inc.

Norton Rose Fullbright

HF Nyezi Attorneys

Khayaletu Nondabula

Ngcingwana Attorneys

Godongwana Ngonyama

Pakade Attorneys

SS Nkonyeni Attorneys

Mdledle Incorporation

Conjwa Attorneys

NT Vuba Incorporated Attorneys

Moepagauta Consulting 18

**AUDITOR GENERAL  
 SOUTH AFRICA**

31 MAR 2021

## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### General Information

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**Legislation governing the municipality's operations**

Local Government: Municipal Finance Management Act (Act No. 56 of 2003)  
Local Government: Municipal Systems Act (Act No. 32 of 2000)  
Local Government: Municipal Structures Act (Act No. 117 of 1998)  
Constitution of the Republic of South Africa (Act No. 108 of 1996)  
Municipal Property Rates Act (Act No. 6 2004)  
Division of Revenue Act (Act No. 1 of 2007)

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UMZIMVUBU LOCAL MUNICIPALITY  
MUNICIPAL MANAGER  
DATE: .....  
SIGN: .....

UMZIMVUBU LOCAL MUNICIPALITY  
CFO'S OFFICE  
DATE: 31/03/2021  
SIGN: .....

AUDITOR GENERAL  
SOUTH AFRICA  
31 MAR 2021



## Umzimvubu Local Municipality

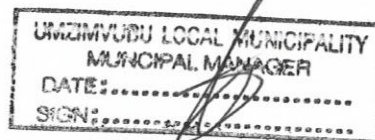
(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Index

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

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Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 13
Appropriation Statement	13
Accounting Policies	14 - 37
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ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
mSCOA	Municipal Standard Chart of Accounts



UMZIMVUBU LOCAL MUNICIPALIT  
CFO'S OFFICE  
DATE: 31/03/2021  
SIGN: .....

**Published**

31 October 2020



## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Responsibilities and Approval

The Accounting Officer is responsible for the preparation of the Annual Financial Statements in terms of section 126(1) of the Municipal Finance Management Act (Act 56 of 2003). The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003) to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the Annual Financial Statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and was given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any Interpretations, Guidelines and Directives issued by the Accounting Standards Board (ASB).

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I, as the Accounting Officer, acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the community and government for continued funding of operations. The Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I would like to bring the following matters to your attention:

I certify that the salaries, allowances and benefits of councillors, as disclosed in note 34 - Councillors remuneration to these Annual Financial Statements, are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 October 2020 and were signed on his/her behalf by:

UMZIMVUBU LOCAL MUNICIPALITY  
MUNICIPAL MANAGER  
DATE: .....  
SIGN: .....  
G.P.T Nota

KwaBhaca  
Saturday, 31 October 2020

UMZIMVUBU LOCAL MUNICIPALITY  
CFO'S OFFICE  
DATE: 31/03/2021  
SIGN: .....

AUDITOR GENERAL  
SOUTH AFRICA  
31 MAR 2021

AUDITOR GENERAL  
SOUTH AFRICA

31 MAR 2021

## Umzimvubu Local Municipality


(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Statement of Financial Position as at 30 June 2020

Figures in Rand

Note(s) 2020 2019  
Restated\*

UMZIMVUBU LOCAL MUNICIPALITY CFO'S OFFICE				
DATE: 31/03/2021				
SIGN: 				
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	3	899 242	713 258	
Operating lease receivable	4	9 913 957	9 539 271	
Receivables from exchange transactions	5	1 004 146	1 758 371	
Receivables from non-exchange transactions	6	23 883 260	21 895 608	
VAT receivable	7	4 767 925	5 685 063	
Cash and cash equivalents	8	101 469 571	89 584 166	
		<b>141 938 101</b>	<b>129 175 737</b>	
<b>Non-Current Assets</b>				
Investment property	9	14 730 000	13 640 257	
Property, plant and equipment	10	910 191 940	926 454 979	
Intangible assets	11	2 820 117	2 302 838	
Heritage assets	12	17 719	17 719	
		<b>927 759 776</b>	<b>942 415 793</b>	
Non-Current Assets		927 759 776	942 415 793	
Current Assets		141 938 101	129 175 737	
<b>Total Assets</b>		<b>1 069 697 877</b>	<b>1 071 591 530</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables from exchange transactions	13	31 606 469	37 855 508	
Payables from Non-exchange Transactions	14	2 397 185	4 927 520	
Consumer deposits	15	106 053	91 505	
Unspent conditional grants and receipts	16	4 028 188	2 515 332	
Provisions	18	7 984 638	7 233 179	
Employee benefit obligation - current portion	17	229 000	210 790	
		<b>46 351 533</b>	<b>52 833 834</b>	
<b>Non-Current Liabilities</b>				
Provisions	18	4 574 445	3 922 739	
Employee benefit obligation	17	1 968 000	1 805 247	
		<b>6 542 445</b>	<b>5 727 986</b>	
Non-Current Liabilities		6 542 445	5 727 986	
Current Liabilities		46 351 533	52 833 834	
<b>Total Liabilities</b>		<b>52 893 978</b>	<b>58 561 820</b>	
Assets		1 069 697 877	1 071 591 530	
Liabilities		(52 893 978)	(58 561 820)	
<b>Net Assets</b>		<b>1 016 803 899</b>	<b>1 013 029 710</b>	
<b>Reserves</b>				
Capital replacement reserve	19	29 972 454	27 925 595	
Accumulated surplus	20	986 831 445	985 104 115	
<b>Total Net Assets</b>		<b>1 016 803 899</b>	<b>1 013 029 710</b>	

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/ equipment.

\* See Note 46



## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

## UMZIMVUBU LOCAL MUNICIPALITY CFO'S OFFICE

DATE: 31/03/2021

SIGN: 

### Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	22	991 222	1 119 669
Service charges	23	1 096 785	1 160 555
Rental of facilities and equipment	24	1 762 276	5 172 349
Interest received	25	9 917 190	9 996 946
Income from Agency services	26	1 752 963	1 967 447
Licences and permits	27	1 903 327	2 146 696
Operational Revenue	28	1 183 069	93 844
Fair value adjustments	42	564 741	-
Actuarial gains	17	84 298	-
<b>Total revenue from exchange transactions</b>		<b>19 255 871</b>	<b>21 657 506</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	29	16 728 512	15 687 276
Licences and Permits	30	228 708	186 281
<b>Transfer revenue</b>			
Government grants and subsidies	31	297 357 242	277 514 649
Fines	32	11 008 328	33 545 365
<b>Total revenue from non-exchange transactions</b>		<b>325 322 790</b>	<b>326 933 571</b>
		19 255 871	21 657 506
<b>Total revenue</b>	21	<b>344 578 661</b>	<b>348 591 077</b>
<b>Expenditure</b>			
Employee related costs	33	(74 703 109)	(66 351 116)
Remuneration of councillors	34	(18 008 834)	(17 397 688)
Depreciation and amortisation	35	(103 945 850)	(127 527 664)
Impairment losses	36	(30 636 583)	(33 895 752)
Finance costs	37	(281 058)	(245 643)
Lease rentals on operating lease	38	(343 772)	(783 717)
Inventory Consumed	39	(7 442 188)	(4 457 070)
Contracted services	40	(52 151 218)	(44 481 533)
Transfers and Subsidies Paid	41	(1 203 218)	(1 266 949)
Loss on disposal of assets and liabilities		-	(788 501)
Fair value adjustments	42	-	(189 398)
Actuarial losses	17	-	(529 826)
Operating costs	43	(52 088 654)	(52 851 463)
<b>Total expenditure</b>		<b>(340 804 484)</b>	<b>(350 766 320)</b>
Total revenue		344 578 661	348 591 077
Total expenditure		(340 804 484)	(350 766 320)
Operating surplus/deficit		-	-
Surplus (deficit) before taxation		3 774 177	(2 175 243)
Taxation		-	-
<b>Surplus (deficit) for the year</b>		<b>3 774 177</b>	<b>(2 175 243)</b>

\* See Note 46

## Umzimvubu Local Municipality

(Registration number EC442)

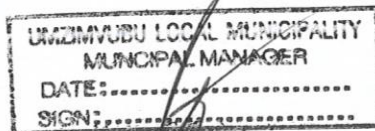
Annual Financial Statements for the year ended 30 June 2020


### Statement of Changes in Net Assets

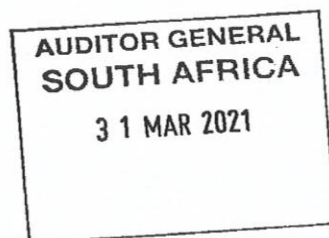
Figures in Rand	Capital replacement reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	26 016 917	1 078 645 853	1 104 662 770
Adjustments			
Correction of errors	-	(89 457 817)	(89 457 817)
<b>Balance at 01 July 2018 as restated*</b>	<b>26 016 917</b>	<b>989 188 036</b>	<b>1 015 204 953</b>
Changes in net assets			
Surplus (Deficit) for the year	-	(2 175 243)	(2 175 243)
Transfer of income surplus to trust capital	1 908 678	(1 908 678)	-
<b>Total changes</b>	<b>1 908 678</b>	<b>(4 083 921)</b>	<b>(2 175 243)</b>
Opening balance as previously reported	27 925 595	1 052 972 302	1 080 897 897
Adjustments			
Correction of errors	-	(67 868 175)	(67 868 175)
<b>Restated* Balance at 01 July 2019 as restated*</b>	<b>27 925 595</b>	<b>985 104 127</b>	<b>1 013 029 722</b>
Changes in net assets			
Surplus (Deficit) for the year	-	3 774 177	3 774 177
Transfer of capital surplus to trust capital	2 046 859	(2 046 859)	-
<b>Total changes</b>	<b>2 046 859</b>	<b>1 727 318</b>	<b>3 774 177</b>
<b>Balance at 30 June 2020</b>	<b>29 972 454</b>	<b>986 831 445</b>	<b>1 016 803 899</b>
Note(s)	19		

The accounting policies on pages 14 to 37 and the notes on pages 37 to 91 form an integral part of the Annual Financial Statements.

\* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies, and also the long-term loan to a subsidiary company, to the reporting currency.



UMZIMVUBU LOCAL MUNICIPALITY  
CFO'S OFFICE  
DATE: 31/03/2021  
SIGN: 



\* See Note 46

## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property Rates		3 644 987	6 393 504
Government Grant and Subsidies		298 778 398	279 838 780
Service Charges		1 096 785	1 074 101
Interest income - investments		10 030 034	9 996 947
Other receipts		15 653 694	19 220 988
		329 203 898	316 524 320
<b>Payments</b>			
Employee Related Costs		(72 889 560)	(67 433 828)
Remuneration of Councillors		(18 008 834)	(17 397 687)
Finance costs		(281 058)	(245 643)
Suppliers paid		(118 630 690)	(80 702 794)
		(209 610 142)	(165 779 952)
Total receipts		329 203 898	316 524 320
Total payments		(209 610 142)	(165 779 952)
<b>Net cash flows from operating activities</b>	45	<b>119 593 756</b>	<b>150 744 368</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(106 809 387)	(106 650 427)
Proceeds from sale of property, plant and equipment	10	-	(3 590)
Proceeds from sale of investment property	9	-	(1 299 786)
Purchase of other intangible assets	11	(898 964)	(690 725)
<b>Net cash flows from investing activities</b>		<b>(107 708 351)</b>	<b>(108 644 528)</b>
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11 885 405</b>	<b>41 910 442</b>
Cash and cash equivalents at the beginning of the year		89 584 166	47 673 724
<b>Cash and cash equivalents at the end of the year</b>	8	<b>101 469 571</b>	<b>89 584 166</b>

UMZIMVUBU LOCAL MUNICIPALITY  
CFO'S OFFICE

DATE: 31/03/2021

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AUDITOR GENERAL  
SOUTH AFRICA

31 MAR 2021

\* See Note 46



## Umzimvubu Local Municipality


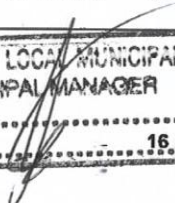
(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

**AUDITOR GENERAL  
SOUTH AFRICA**
**31 MAR 2021**

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>UMZIMVUBU LOCAL MUNICIPALITY</b>						
<b>Statement of financial performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
DATE: 31/03/2021						
SIGN: 						
Sale of goods	1 671 095	-	1 671 095	991 222	(679 873)	58
Service charges	4 342 240	(3 342 240)	1 000 000	1 096 785	96 785	58
Rental of facilities and equipment	3 520 414	111 404	3 631 818	1 762 276	(1 869 542)	58
Interest received - trading	38 728 209	(27 984 007)	10 744 202	9 917 190	(827 012)	58
Agency services	2 000 000	-	2 000 000	1 752 963	(247 037)	58
Licences and permits (exchange)	1 700 000	-	1 700 000	1 903 327	203 327	58
Other revenue	1 316 159	68 941 000	70 257 159	1 183 069	(69 074 090)	58
<b>Total revenue from exchange transactions</b>	<b>53 278 117</b>	<b>37 726 157</b>	<b>91 004 274</b>	<b>18 606 832</b>	<b>(72 397 442)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
DATE: 31/03/2021						
SIGN: 						
Property rates	16 605 111	-	16 605 111	16 728 512	123 401	58
Licences and permits (non-exchange)	130 000	-	130 000	228 708	98 708	58
<b>Total revenue from non-exchange transactions</b>	<b>16 735 111</b>	<b>-</b>	<b>16 735 111</b>	<b>16 957 220</b>	<b>222 109</b>	
<b>Total revenue from exchange transactions'</b>	<b>53 278 117</b>	<b>37 726 157</b>	<b>91 004 274</b>	<b>18 606 832</b>	<b>(72 397 442)</b>	
<b>Total revenue from non-exchange transactions'</b>	<b>16 735 111</b>	<b>-</b>	<b>16 735 111</b>	<b>16 957 220</b>	<b>222 109</b>	
<b>Total revenue</b>	<b>476 161 228</b>	<b>(53 778 843)</b>	<b>422 382 385</b>	<b>343 929 622</b>	<b>(78 452 763)</b>	
<b>Expenditure</b>						
Employee costs	(84 983 618)	-	(84 983 618)	(74 703 109)	10 280 509	58
Remuneration of councillors	(19 533 789)	50 000	(19 483 789)	(18 008 834)	1 474 955	58
Depreciation and amortisation	(79 504 000)	(60 000 000)	(139 504 000)	(103 945 850)	35 558 150	58
Impairment loss/ Reversal of impairments	(5 000 000)	(5 000 000)	(10 000 000)	(30 636 583)	(20 636 583)	58
Finance costs	(22 286)	-	(22 286)	(281 058)	(258 772)	58
Contracted services	(58 562 900)	258 563	(58 304 337)	(52 151 218)	6 153 119	58
Transfers and subsidies	(1 762 180)	(3 342 240)	(5 104 420)	(1 203 218)	3 901 202	58
Other materials	(11 444 543)	2 491 596	(8 952 947)	(7 442 188)	1 510 759	58
Operating expenses	(72 176 869)	1 020 022	(71 156 847)	(55 641 862)	15 514 985	58
<b>Total expenditure</b>	<b>(332 990 185)</b>	<b>(64 522 059)</b>	<b>(397 512 244)</b>	<b>(344 013 920)</b>	<b>53 498 324</b>	
	476 161 228	(53 778 843)	422 382 385	343 929 622	(78 452 763)	
<b>Operating deficit</b>	<b>(332 990 185)</b>	<b>(64 522 059)</b>	<b>(397 512 244)</b>	<b>(344 013 920)</b>	<b>53 498 324</b>	
	143 171 043	(118 300 902)	24 870 141	(84 298)	(24 954 439)	

SOUTH AFRICA

31 MAR 2021

**Umzimvubu Local Municipality**

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

**Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Fair value adjustments	(528 000)	-	(528 000)	564 741	1 092 741	58
Actuarial gains/losses	-	-	-	84 298	84 298	
	(528 000)	-	(528 000)	649 039	1 177 039	
	143 171 043	(118 300 902)	24 870 141	(84 298)	(24 954 439)	
	(528 000)	-	(528 000)	649 039	1 177 039	
<b>Surplus before taxation</b>	<b>142 643 043</b>	<b>(118 300 902)</b>	<b>24 342 141</b>	<b>564 741</b>	<b>(23 777 400)</b>	
Deficit before taxation	142 643 043	(118 300 902)	24 342 141	564 741	(23 777 400)	
Taxation	-	-	-	-	-	
<b>Actual amount on comparable basis as presented in the budget and actual comparative statement</b>	<b>142 643 043</b>	<b>(118 300 902)</b>	<b>24 342 141</b>	<b>564 741</b>	<b>(23 777 400)</b>	
<b>Statement of financial position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	(172 000)	1 012 180	840 180	899 242	59 062	58
Operating lease asset	70 969	-	70 969	9 913 957	9 842 988	58
Receivables from exchange transactions	-	-	-	1 004 146	1 004 146	58
Receivables from non-exchange transactions	42 458 000	(4 001 000)	38 457 000	23 883 260	(14 573 740)	58
VAT receivable	-	-	-	4 767 925	4 767 925	58
Cash and cash equivalents	165 970 000	(50 014 000)	115 956 000	101 469 571	(14 486 429)	58
	208 326 969	(53 002 820)	155 324 149	141 938 101	(13 386 048)	
<b>Non-Current Assets</b>						
Investment property	13 054 833	-	13 054 833	14 730 000	1 675 167	58
Property, plant and equipment	1 061 721 000	8 072 000	1 069 793 000	910 191 940	(159 601 060)	58
Intangible assets	3 185 203	(453 353)	2 731 850	2 820 117	88 267	58
Heritage assets	17 719	-	17 719	17 719	-	
	1 077 978 755	7 618 647	1 085 597 402	927 759 776	(157 837 626)	
Non-Current Assets	208 326 969	(53 002 820)	155 324 149	141 938 101	(13 386 048)	
Current Assets	1 077 978 755	7 618 647	1 085 597 402	927 759 776	(157 837 626)	
<b>Total Assets</b>	<b>1 286 305 724</b>	<b>(45 384 173)</b>	<b>1 240 921 551</b>	<b>1 069 697 877</b>	<b>(171 223 674)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	56 276 000	-	56 276 000	31 606 470	(24 669 530)	58
Taxes and transfers payable (non-exchange)	-	-	-	2 397 185	2 397 185	58
Consumer deposits	91 505	-	91 505	106 053	14 548	58
Unspent conditional grants and receipts	-	-	-	4 028 188	4 028 188	58
Provisions	6 762 992	-	6 762 992	7 984 638	1 221 646	
Employee benefit obligation - current portion	(2 831 000)	-	(2 831 000)	229 000	3 060 000	58

UMZIMVUBU LOCAL MUNICIPALITY

CFO'S OFFICE

DATE:

31/03/2021

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UMZIMVUBU LOCAL MUNICIPALITY  
MUNICIPAL MANAGER  
DATE: .....  
SIGN: .....



SOUTH AFRICA

31 MAR 2021

## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	60 299 497	-	60 299 497	46 351 534	(13 947 963)	
<b>Non-Current Liabilities</b>						
Provisions	3 922 739	-	3 922 739	4 574 445	651 706	58
Employee benefit obligation	4 182 871	-	4 182 871	1 968 000	(2 214 871)	58
	8 105 610	-	8 105 610	6 542 445	(1 563 165)	
	60 299 497	-	60 299 497	46 351 534	(13 947 963)	
	8 105 610	-	8 105 610	6 542 445	(1 563 165)	
<b>Total Liabilities</b>	<b>68 405 107</b>	<b>-</b>	<b>68 405 107</b>	<b>52 893 979</b>	<b>(15 511 128)</b>	
Assets	1 286 305 724	(45 384 173)	1 240 921 551	1 069 697 877	(171 223 674)	
Liabilities	(68 405 107)	-	(68 405 107)	(52 893 979)	15 511 128	
<b>Net Assets</b>	<b>1 217 900 617</b>	<b>(45 384 173)</b>	<b>1 172 516 444</b>	<b>1 016 803 898</b>	<b>(155 712 546)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
DATE: 31/03/2021						
SIGN: [Signature]						
Reserves						
Capital replacement reserve	26 016 917	-	26 016 917	29 972 454	3 955 537	58
Accumulated surplus	1 191 883 700	(45 384 173)	1 146 499 527	986 831 444	(159 668 083)	58
<b>Total Net Assets</b>	<b>1 217 900 617</b>	<b>(45 384 173)</b>	<b>1 172 516 444</b>	<b>1 016 803 898</b>	<b>(155 712 546)</b>	
<b>Cash flow statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Property rates	10 295 173	2 214 019	12 509 192	3 644 987	(8 864 205)	
Services charges	6 000 000	(550 000)	5 450 000	1 096 785	(4 353 215)	
Other revenue	16 690 843	18 060 000	34 750 843	15 653 694	(19 097 149)	
Interest income	38 728 209	(28 989 321)	9 738 888	10 030 034	291 146	
Government - operating	318 065 600	(95 000 000)	223 065 600	223 086 815	21 215	
Government - capital	81 732 000	2 959 535	84 691 535	75 804 428	(8 887 107)	
	471 511 825	(101 305 767)	370 206 058	329 316 743	(40 889 315)	
<b>Payments</b>						
Suppliers and employees	(250 183 825)	3 344 001	(246 839 824)	(209 610 142)	37 229 682	
Transfers and Grants	(1 762 180)	(3 342 240)	(5 104 420)	-	5 104 420	
	(251 946 005)	1 761	(251 944 244)	(209 610 142)	42 334 102	
Total receipts	471 511 825	(101 305 767)	370 206 058	329 316 743	(40 889 315)	
Total payments	(251 946 005)	1 761	(251 944 244)	(209 610 142)	42 334 102	
<b>Net cash flows from operating activities</b>	<b>219 565 820</b>	<b>(101 304 006)</b>	<b>118 261 814</b>	<b>119 706 601</b>	<b>1 444 787</b>	
<b>Cash flows from investing activities</b>						



## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Capital assets	(142 668 104)	(7 618 699)	(150 286 803)	(106 809 387)	43 477 416	
Proceeds from sale of property, plant and equipment	(528 000)	-	(528 000)	-	528 000	
Purchase of other intangible assets	-	-	-	(898 964)	(898 964)	
<b>Net cash flows from investing activities</b>	<b>(143 196 104)</b>	<b>(7 618 699)</b>	<b>(150 814 803)</b>	<b>(107 708 351)</b>	<b>43 106 452</b>	
Net increase/(decrease) in cash and cash equivalents	76 369 716	(108 922 705)	(32 552 989)	11 998 250	44 551 239	
Cash and cash equivalents at the beginning of the year	89 578 140	-	89 578 140	89 562 085	(16 055)	
<b>Cash and cash equivalents at the end of the year</b>	<b>165 947 856</b>	<b>(108 922 705)</b>	<b>57 025 151</b>	<b>101 560 335</b>	<b>44 535 184</b>	

The accounting policies on pages 14 to 37 and the notes on pages 37 to 91 form an integral part of the Annual Financial Statements.

UMZIMVUBU LOCAL MUNICIPALITY  
MUNICIPAL MANAGER  
DATE: .....  
SIGN: .....

UMZIMVUBU LOCAL MUNICIPALITY  
CFO'S OFFICE  
DATE: 31/03/2021  
SIGN: .....

AUDITOR GENERAL  
SOUTH AFRICA  
31 MAR 2021

## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Accounting Policies

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#### 1. Basis of Presentation

The Annual Financial Statements have been prepared in accordance with the Standards of 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 56 of 2003).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the period ended 30 June 2020 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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

##### 1.1 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 year ended 30 June 2019 and period ended 30 June 2020 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. 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.



## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Accounting Policies

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In making their judgements, 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.

#### 1.3.2 Impairment of Financial Assets

Accounting Policy 1.14 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.

Accounting Policy 1.14 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 1.9 and 1.11 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.

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.

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 1.19 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.

As described in Accounting Policy 1.19 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

## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Accounting Policies

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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.

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#### 1.4 Going Concern Assumption

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

#### 1.5 Offsetting

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

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

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

-GRAP 32	Service Concession Arrangement Grantor (effective 1 April 2019)
-GRAP 34	Separate Financial Statements
-GRAP 35	Consolidated Financial Statements
-GRAP 36	Investments in Associates and Joint Ventures
-GRAP 37	Joint Arrangements
-GRAP 38	Disclosure of Interests in Other Entities
-GRAP 110	Living and Non-living Resources
-GRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

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.

## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Accounting Policies

---

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

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

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

-GRAP 32	Service Concession Arrangement Grantor (effective 1 April 2019)
-GRAP 34	Separate Financial Statements
-GRAP 35	Consolidated Financial Statements
-GRAP 36	Investments in Associates and Joint Ventures
-GRAP 37	Joint Arrangements
-GRAP 38	Disclosure of Interests in Other Entities
-GRAP 110	Living and Non-living Resources
-GRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

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.



## Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2020

### Accounting Policies

#### 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 20	Related Party Disclosures (effective 1 April 2019)
-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 32	Service Concession Arrangement Grantor (effective 1 April 2019)
-GRAP 34	Separate Financial Statements
-GRAP 35	Consolidated Financial Statements
-GRAP 36	Investments in Associates and Joint Ventures
-GRAP 37	Joint Arrangements
-GRAP 38	Disclosure of Interests in Other Entities
-GRAP 100	Discontinued Operations (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
-GRAP 108	Statutory Receivables (effective 1 April 2019)
-GRAP 109	Accounting by Principals and Agents (effective 1 April 2019)
-GRAP 110	Living and Non-living Resources
-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 Hyperinflationary
-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

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#### 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:

- GRAP 104 Financial Instruments

These accounting policies are consistent with the previous period.

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#### 1.8 Accumulated Surplus

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.

#### 1.9 Property, plant and equipment

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

##### Initial Recognition

Property, Plant and Equipment are tangible non-productive 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.

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 non-deemed 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.



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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).

#### 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.

#### 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:

Item	Depreciation method	Useful life range
Buildings	Straight line	8 - 50
Mobile Offices	Straight line	5 - 10
Electrical Infrastructure	Straight line	15 - 50
Roads and Paving Infrastructure	Straight line	8 - 80
Gravel Roads Infrastructure	Straight line	3 - 10
Landfill Sites	Straight line	15 - 90
Community	Straight line	5 - 80
Transport assets	Straight line	5 - 20
Computer Equipment	Straight line	3 - 20
Furniture, Fittings & Office Equipment	Straight line	3 - 20
Watercraft	Straight line	15
Bins & Containers	Straight line	15 - 20
Specialised Plant and Equipment	Straight line	2 - 15
Other items of Plant & Equipment	Straight line	4 - 20
Library Books	Straight line	5 - 20
Leased Equipment	Straight line	Lease period

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.



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Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the annual financial statements (see note 10).

#### Land

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

#### 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.

#### Incomplete Construction Work

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

#### 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.

#### 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.

#### 1.10 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.

##### 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).

##### Subsequent Measurement

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

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(continued)

#### 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.

#### 1.11 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The municipality has classified computer software and municipal website.

##### 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:

- It is technically feasible to complete the Intangible Asset so that it will be available for use;
- Management intends to complete the Intangible Asset and use or sell it;
- There is an ability to use or sell the Intangible Asset;
- It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
- 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, its 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).



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### Accounting Policies

(continued)

#### 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.

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

Item	Depreciation method	Average/range of useful life
Computer software	Straight line	4
Website	Straight line	Indefinite

#### 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.

#### 1.12 Investment Property

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 self-constructed 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:

- Land held for long term capital appreciation rather than for short-term sale in the ordinary course of operations; Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:
- 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 short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- 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);
- 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.

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### Accounting Policies

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Equipment or Inventory as appropriate:

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

#### Subsequent Measurement

Fair value

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

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the 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 (which ever 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.

#### 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.

#### 1.13 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.

##### 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.



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### Accounting Policies

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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.

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.

#### 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.

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### Accounting Policies

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#### 1.14 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.

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##### Initial Recognition

Financial Assets and Financial Liabilities are recognised when the municipality 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.

##### Financial Assets – Classification

A financial asset is:

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

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

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### Accounting Policies

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

Type of financial assets	Classification in terms of GRAP 104
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

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.

Receivables from Exchange transactions is comprised of refuse removal and VAT, refuse removal is charged in accordance with the approved tariffs for each class of accounts and VAT is charged at 15%. Interest is charged at 10% per annum for all over due accounts.

Receivables from Non-Exchange transactions is comprised of rates and taxes that levied on the market value that has been determined for each property multiplied by the approved tariffs, Interest is charged at 10% per annum for all over due accounts.

#### 1.7.2 Financial Liabilities – Classification

##### Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from Non-Exchange Transactions	Financial liability measured at amortised cost

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

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

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.

##### Initial and Subsequent Measurement

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 Liabilities:

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.



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### Accounting Policies

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(continued)

Prepayments are carried at cost less any accumulated impairment losses.

#### 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.

#### 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 MFMA.
- Interest is charged on all outstanding balances at a rate of 10% per annum.
- 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.

#### 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 collateralized borrowing for the proceeds received.

#### Derecognition of Financial Liabilities

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

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.



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### Accounting Policies

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#### 1.15 Inventories

Inventories comprise stationery for 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 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.

#### Subsequent Measurement

Consumable Stores.

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

#### 1.16 Revenue recognition

##### Revenue from Exchange Transactions

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.

##### 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.

##### Rentals Received

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

##### Finance Income

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.

##### 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.

##### Revenue from Agency Services

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

##### Revenue from Non-exchange Transactions

##### Rates and Taxes

## Umzimvubu Local Municipality

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Annual Financial Statements for the year ended 30 June 2020

### Accounting Policies

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(continued)

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.

#### 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.

#### 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.

#### 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.

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.



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### Accounting Policies

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(continued)

#### 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.

#### 1.17 Provisions

A provision is a liability of uncertain timing or amount.

Provisions are recognised when:

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

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.

#### 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.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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### Accounting Policies

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(continued)

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

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

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Provisions are not recognised for future operating deficit.

#### 1.19 Employee benefits liabilities

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.

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.

##### 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

Performance bonuses are generally accrued when a past event creates either a legal or constructive obligation to make such payments (i.e. the entity has no realistic alternative but to make the payments). A performance bonus is granted to an employee in recognition of sustained performance that is significantly above expectations and is rated as such in terms of the rating scale established by the municipal council. A performance bonus, for senior managers and assistant managers, is not guaranteed and as mentioned above is based on the achievements of the individual against the targets set out in his/her performance agreement.

It can be said that if the payment of bonuses is purely based on performance then there is no legal obligation on a department to make such payments. However a constructive obligation is created through the assessment of employees' performance throughout the year and the fact that the municipality has a practice of paying performance bonuses. The amount disclosed in the financial statements at the end of the financial year should be based on past practices or payments made.

#### Post-employment Benefits

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

##### 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.



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### Accounting Policies

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(continued)

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.

#### 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.

#### 1.20 Leases

##### 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.

##### 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.

##### The Municipality as Lessor

Amounts due from lessees under Finance Leases or installment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or installment 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 installment sale agreements.

##### 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 fulfillment 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.

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#### 1.20 Borrowing costs

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

#### 1.22 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:

- receive any goods or services directly in return, as would be expected in a purchase of sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the event giving rise to the transfer has occurred.

#### 1.23 Value-added Tax (VAT)

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).

#### 1.24 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.

#### 1.25 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.

#### 1.26 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.

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### Accounting Policies

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#### 1.27 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.

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#### 1.28 Contingent assets and contingent liabilities

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

#### 1.29 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.

#### 1.30 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.

#### 1.31 Comparative figures

##### Current Year

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

##### Prior Year

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.



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### Accounting Policies

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#### 1.32 Events after 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.

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

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

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

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

#### 1.33 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 2019 to 30 June 2020.

#### 1.34 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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



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### Accounting Policies

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(continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

#### 1.35 Change 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.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

## Umzimvubu Local Municipality

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### Accounting Policies

(continued)

#### Fines

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

#### 1.36 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.37 Value added tax

##### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## Notes to the Annual Financial Statements

Figures in Rand

2020

2019

### 2. General Information

Umzimvubu Local Municipality is a local government institution in KwaBhaca, 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).

### 3. Inventories

Consumable Stationery

899 242

713 258

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

Stores issues amounted to R7 442 188 for the current year (2019:R4 457 070). Note 39 refers.

#### Inventory pledged as security

No inventories have been pledged as collateral for the liabilities of the municipality.

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### 4. Operating lease receivable

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancelable Operating Leases the following assets have been recognised:

Current assets	9 913 957	9 539 271
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#### 4.1 Leasing Arrangements

The operating lease 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.

#### 4.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum payments were receivable under Non-cancelable Operating Leases for Property, plant and Equipment, which are receivable as follows:

Up to 1 Year	1 207 942	3 567 491
2 to 5 years	3 043 932	12 908 914
More than 5 years	120 034 309	105 365 356
<b>Total Operating Lease Arrangements</b>	<b>124 286 183</b>	<b>121 841 761</b>

### 5. Receivables from exchange transactions

Vat Input Accrual		95 825
Consumer debtors - Refuse	633 177	1 534 953
Consumer debtors - Rent	370 969	127 593
<b>Total Receivables from Exchange Transactions</b>	<b>1 004 146</b>	<b>1 758 371</b>



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### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>5. Receivables from exchange transactions (continued)</b>		
<b>Trade and other receivables ageing by debt type</b>		
<b>Refuse</b>		
Current (0- 30 Days)	163 009	163 900
31 - 60 Days	140 011	191 656
61- 90 Days	135 920	180 424
More than 90 days	6 392 279	8 217 993
Impairment	(6 198 042)	(7 219 020)
	<b>633 177</b>	<b>1 534 953</b>
<b>Rental</b>		
Current (0- 30 Days)	78 828	-
31 - 60 Days	4 659	-
61- 90 Days	4 659	-
More than 90 days	1 097 290	676 280
Impairment	(814 467)	(548 687)
	<b>370 969</b>	<b>127 593</b>
<b>Summary of by customer classification</b>		
<b>Residential</b>		
Current (0- 30 Days)	96 268	136 654
31 - 60 Days	91 358	125 857
61- 90 Days	89 349	121 297
More than 90 Days	4 397 502	2 988 581
Impairment	(4 652 114)	(3 130 994)
	<b>22 363</b>	<b>241 395</b>
<b>Business / commercial</b>		
Current (0- 30 Days)	28 859	23 564
31 - 60 Days	26 124	24 563
61- 90 Days	24 834	25 869
More than 90 days	1 555 009	4 789 645
Impairment	(1 545 928)	(4 088 026)
	<b>88 898</b>	<b>775 615</b>
<b>Government</b>		
Current (0- 30 Days)	37 883	3 682
31 - 60 Days	22 529	41 236
61- 90 Days	21 737	33 258
More 90 Days	439 767	439 767
	<b>521 916</b>	<b>517 943</b>
<b>Total</b>		
Current (0- 30 Days)	163 009	163 900
31 - 60 Days	140 011	191 656
61- 90 Days	135 920	180 424
More 90 Days	6 392 279	8 217 993

## Umzimvubu Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>5. Receivables from exchange transactions (continued)</b>		
Impairment	(6 198 042)	(7 219 020)
	<b>633 177</b>	<b>1 534 953</b>
<b>Total</b>		
	Refuse	Rental
Current (0- 30 Days)	163 009	78 828
31 - 60 Days	140 011	4 659
61- 90 Days	135 920	4 659
More 90 days	6 392 279	1 097 290
Subtotal	6 831 219	1 185 436
Less: Impairment	(6 198 042)	(814 467)
	<b>633 177</b>	<b>370 969</b>

The municipality did not pledge any of its Receivables as security for borrowing purposes.

#### Credit quality of trade and other receivables

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 refuse removal 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.

#### Trade receivables

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

#### 6. Receivables from non-exchange transactions

Fines	2 535 896	4 593 687
Consumer debtors - Rates	21 347 364	17 301 921
	<b>23 883 260</b>	<b>21 895 608</b>
<b>Rates</b>		
Current (0- 30 Days)	1 069 355	749 781
31 - 60 Days	583 894	673 556
61 - 90 Days	536 605	628 894
91 - 120 Days	28 461 208	40 295 543
Impairment	(9 303 697)	(25 045 853)
	<b>21 347 365</b>	<b>17 301 921</b>
<b>Traffic fines</b>		
Current (0- 30 Days)	33 315	613 850
31 - 60 Days	229 785	1 085 950
61 - 90 Days	56 735	87 500
91 - 120 Days	35 907 247	26 923 241
Impairment	(33 691 186)	(24 116 855)
	<b>2 535 896</b>	<b>4 593 686</b>

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<b>6. Receivables from non-exchange transactions (continued)</b>		
<b>Summary of debtors by customer classification:</b>		
<b>Residential</b>		
Current (0- 30 Days)	642 184	268 799
31 - 60 Days	216 264	249 976
61 - 90 Days	195 212	241 520
91 - 120 Days	5 237 004	11 691 735
Impairment	(4 874 945)	(10 997 647)
	<b>1 415 719</b>	<b>1 454 383</b>
<b>Business / Commercial</b>		
Current (0- 30 Days)	396 987	421 085
31 - 60 Days	366 597	360 558
61 - 90 Days	340 360	324 350
More than 90 days	15 541 418	12 886 641
Impairment	(4 428 752)	(11 923 805)
	<b>12 216 610</b>	<b>2 068 829</b>
<b>Government</b>		
Current (0- 30 Days)	30 184	59 897
31 - 60 Days	1 033	63 022
61 - 90 Days	1 033	63 024
91 - 120 Days	7 682 786	15 717 186
Impairment	-	(2 746 983)
	<b>7 715 036</b>	<b>13 156 146</b>
<b>Total</b>		
Current (0- 30 Days)	<b>1 069 355</b>	<b>33 315</b>
31 - 60 Days	<b>583 894</b>	<b>229 785</b>
61 - 90 Days	<b>536 605</b>	<b>56 735</b>
91 - 120 Days	<b>28 461 208</b>	<b>35 907 247</b>
Subtotal	<b>30 651 062</b>	<b>36 227 082</b>
Less: Impairment	<b>(9 303 697)</b>	<b>(33 691 186)</b>
	<b>21 347 365</b>	<b>2 535 896</b>
<b>Financial asset receivables included in receivables from non-exchange transactions above</b>		
<b>Total receivables from non-exchange transactions</b>	<b>23 883 260</b>	<b>21 895 608</b>

#### Statutory receivables general information

##### Transactions arising from statute

Statutory receivables arise from the implementation of the Municipal Property Rates Act through levying of property rates to the properties in Umzimvubu and also through implementation of the Administrative Adjudication of Road Traffic Offences Act through issuing of traffic fines to offenders.

Statutory receivable are as summarised in this note above.



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#### 6. Receivables from non-exchange transactions (continued)

##### Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past 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.

Consumer receivables from rates and taxes are billed monthly for business and residential households, Government accounts are billed annually. 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.

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

Opening balance	48 874 144	35 045 894
Provision for impairment	5 206 007	20 902 626
Amounts written off as uncollectible	-	(7 074 376)
	<b>54 080 151</b>	<b>48 874 144</b>

##### Fines

Traffic Fines	35 537 522	27 795 587
Less: Allowance for impairment	(28 593 594)	(22 792 381)
	<b>6 943 928</b>	<b>5 003 206</b>

#### 7. VAT receivable

VAT	4 767 925	5 685 063
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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.

#### 8. Cash and cash equivalents

Bank balances	27 980 457	5 537 583
Current Investments	73 489 114	84 046 583
<b>Net Bank, Cash and Cash Equivalents</b>	<b>101 469 571</b>	<b>89 584 166</b>

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.

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.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5.08 % to 5.68 % (2019: 5.08 % to 5.68 %) per annum.

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.90 % to 7.00 % (2019: 3.90 % to 7.00 %) per annum.

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#### 8. Cash and cash equivalents (continued)

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.

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.

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.

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
FNB-Service Delivery Reserve - 620-3325-4723	45 496 534	16 066 414	15 278 886	45 496 533	16 066 414	15 278 886
FNB-Operational Investment - 620-2945-0715	21 374 832	25 995 161	3 815 340	21 374 933	25 995 161	3 815 340
FNB-Municipal Infrastructure Grant(MIG) -620-8803-6714	593 039	10 834 116	267 365	593 050	10 834 116	267 365
FNB-Guarantee Investment- 620-5674-2157	304 992	292 761	282 599	304 991	292 761	282 599
FNB-Financial Management Grant(FMG)-622-7618-7294	24 154	622 367	55 668	24 154	622 367	55 668
FNB-Electrification Programme - 622-8856-0925	2 400 000	2 310 170	73 449	2 400 000	2 310 170	73 499
Nedbank - Capital Replacement Reserve Account-788-111-756	29 989 441	27 925 595	26 016 917	29 989 441	27 925 595	26 016 917
Primary Account FNB a/c No: 620-2218-3727	840 842	2 050 483	1 623 831	857 720	2 080 029	1 658 339
FNB-Traffic Fine-627-5889-3905	445 737	3 457 553	220 473	445 737	3 457 553	225 161
<b>Total</b>	<b>101 469 571</b>	<b>89 554 620</b>	<b>47 634 528</b>	<b>101 486 559</b>	<b>89 584 166</b>	<b>47 673 774</b>



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#### 9. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	14 730 000	-	14 730 000	13 640 257	-	13 640 257

#### Reconciliation of investment property - 2020

	Opening balance	Fair value adjustments	Total
Investment property	13 640 257	1 089 743	14 730 000

#### Reconciliation of investment property - 2019

	Opening balance	Transfers during the Year	Fair value adjustments	Total
Investment property	13 572 222	1 299 786	(1 231 751)	13 640 257

Fair value of investment properties 14 730 000 13 640 257

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

#### Amounts recognised in surplus or deficit

Rental revenue from investment property 1 318 228 4 684 777

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.

#### Impairment of investment property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

#### Work-in-progress

The municipality had no capital projects for Investment Property which were not completed at year-end.

#### Delayed projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

## Umzimvubu Local Municipality

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#### 10. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	36 425 970	-	36 425 970	36 425 970	-	36 425 970
Buildings	333 849 286	(110 639 476)	223 209 820	297 265 368	(100 663 156)	196 602 212
Machinery and Equipment	11 633 656	(5 692 381)	5 941 275	8 690 191	(4 719 049)	3 971 142
Transport Assets	14 970 691	(7 075 709)	7 894 982	13 022 156	(5 694 578)	7 327 578
Office equipment	11 754 144	(7 619 388)	4 134 756	10 817 886	(6 826 575)	3 991 311
Computer equipment	9 356 835	(6 658 803)	2 698 032	8 626 948	(5 838 071)	2 788 877
Infrastructure	1 683 238 568	(1 053 351 463)	629 887 105	1 623 005 110	(947 657 221)	675 347 889
<b>Total</b>	<b>2 101 229 160</b>	<b>(1 191 037 220)</b>	<b>910 191 940</b>	<b>1 997 853 629</b>	<b>(1 071 398 650)</b>	<b>926 454 979</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	36 425 970	-	-	-	36 425 970
Buildings	196 602 212	36 583 928	(7 269 592)	(2 706 728)	223 209 820
Machinery and Equipment	3 971 142	2 943 466	(973 333)	-	5 941 275
Transport Assets	7 327 578	1 948 535	(1 381 131)	-	7 894 982
Office equipment	3 991 311	936 258	(792 813)	-	4 134 756
Computer equipment	2 788 877	729 888	(820 733)	-	2 698 032
Infrastructure	675 347 889	63 667 312	(98 750 059)	(10 378 037)	629 887 105
	<b>926 454 979</b>	<b>106 809 387</b>	<b>(109 987 661)</b>	<b>(13 084 765)</b>	<b>910 191 940</b>

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#### 10. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	36 425 970	-	-	-	-	36 425 970
Buildings	186 086 412	17 747 145	(186 609)	(6 899 529)	(145 207)	196 602 212
Machinery and Equipment	1 632 636	3 089 498	(6 609)	(741 683)	(2 700)	3 971 142
Transport Assets	6 832 778	1 914 819	(35)	(1 419 605)	(379)	7 327 578
Office equipment	3 934 151	946 911	(16 625)	(872 554)	(572)	3 991 311
Computer equipment	3 024 200	951 052	(142 020)	(1 044 355)	-	2 788 877
Infrastructure	697 535 678	89 603 057	(788 501)	(106 283 072)	(4 719 273)	675 347 889
	<b>935 471 825</b>	<b>114 252 482</b>	<b>(1 140 398)</b>	<b>(117 260 798)</b>	<b>(4 868 131)</b>	<b>925 454 979</b>



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### Notes to the Annual Financial Statements

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#### 10. Property, plant and equipment (continued)

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.

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.

Assets pledged as security

The municipality did not pledge any of its assets as security.

Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was no change (2018/19: R0) in the estimated useful life of various assets of the municipality for the financial year."

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	68 286 015	58 637 636
Infrastructure: Roads	79 514 365	70 684 358
<b>Total Carrying Amounts of Work-in-Progress</b>	<b>147 800 380</b>	<b>129 321 994</b>

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 electrification 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.

Details of projects delayed or Halted

Project 1: Additional Offices R19 005 988 (2019: R9 844 841)

**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.

Expenditure incurred to repair and maintain

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	1 932 757	1 075 843
Maintenance of Computer Equipment	668 128	1 232 584
Maintenance of Infrastructure assets	329 021	3 809 613
Maintenance of Machinery and Equipment	553 284	420 761
Maintenance of Transport assets	907 729	520 266
<b>Total Expenditure related to Repairs and Maintenance Projects</b>	<b>4 390 919</b>	<b>7 059 067</b>

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#### 10. Property, plant and equipment (continued)

##### Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Buildings	Total
Opening balance	70 684 358	58 637 636	129 321 994
Additions/capital expenditure	63 667 312	36 583 928	100 251 240
Transferred to completed projects	(54 837 304)	(26 935 550)	(81 772 854)
	<b>79 514 366</b>	<b>68 286 014</b>	<b>147 800 380</b>

##### Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Included within Buildings	Total
Opening balance	24 277 308	43 750 010	68 027 318
Additions/capital expenditure	88 105 631	17 250 395	105 356 026
Transferred to completed projects	(41 698 581)	(2 362 769)	(44 061 350)
	<b>70 684 358</b>	<b>58 637 636</b>	<b>129 321 994</b>

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

## Umzimvubu Local Municipality

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#### 11. Intangible assets

	2020		2019	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	5 686 062	(2 865 945)	4 787 099	(2 484 261)
		2 820 117		2 302 838

#### Reconciliation of intangible assets - 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	2 302 838	898 964	(381 685)		2 820 117

#### Reconciliation of intangible assets - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	2 053 328	690 725	(20 519)	(420 696)	2 302 838

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#### 11. Intangible assets (continued)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance see Note 35.

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.

#### 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.

#### Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

#### Work-in-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

#### Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.



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**12. Heritage assets**

	2020		2019	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Accumulated impairment losses
Mayoral chain	17 719	-	17 719	-
				17 719

**Reconciliation of heritage assets 2020**

Art collections, antiquities and exhibits	Opening balance	17 719	Total	17 719
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**Reconciliation of heritage assets 2019**

Art collections, antiquities and exhibits	Opening balance	17 719	Total	17 719
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## Umzimvubu Local Municipality

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### Notes to the Annual Financial Statements

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#### 12. Heritage assets (continued)

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.

#### 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.

#### Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

#### 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.

#### Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

#### Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

#### 13. Payables from exchange transactions

Trade payables	28 221 014	33 020 758
Retention	1 205 313	1 551 477
Accrued bonus	2 180 142	1 934 774
Unallocated Deposits	-	1 348 499
<b>Total Payables</b>	<b>31 606 469</b>	<b>37 855 508</b>

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.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated 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.

#### 14. Payables from Non-Exchange Transactions

Advance receipts - Taxes	2 397 185	4 927 520
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No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

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<b>15. Consumer deposits</b>		
Rental deposits	106 053	91 505

#### CONSUMER DEPOSITS - RENTAL DEPOSITS

Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

#### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant		23 371
Integrated National Electrification Programme	4 026 991	1 869 170
Provincial: Department of Cooperative Government & Traditional Affairs	1 197	122 791
Department of Cooperative Government & Traditional Affairs (COGTA)	-	500 000
	<b>4 028 188</b>	<b>2 515 332</b>

#### Movement during the year

The nature and extent of government grants recognised in the Annual Financial Statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 31 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

#### 17. Employee benefit obligation

Long Service Awards Liability		
Non-current liabilities	1 968 000	1 805 247
Current liabilities	229 000	210 790
	<b>2 197 000</b>	<b>2 016 037</b>

Long Service Awards are provided to employees who achieve certain predetermined milestones of service within the municipality.

Reconciliation of long service awards		
Opening balance	2 016 037	1 576 834
Current service cost	321 697	230 823
Interest cost	154 354	113 725
Actuarial (Gain) / Loss	(84 298)	529 826
Expected employer benefits vesting	(210 790)	(435 171)
	<b>2 197 000</b>	<b>2 016 037</b>

## Umzimvubu Local Municipality

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#### 18. Provisions

##### Reconciliation of provisions - 2020

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	3 922 739	-	651 706	4 574 445
Provision for leave pay	6 762 992	751 460	-	7 514 452
Provision for performance bonus	470 187	-	-	470 186
	<b>11 155 918</b>	<b>751 460</b>	<b>651 706</b>	<b>12 559 083</b>

##### Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	3 677 096	-	-	245 643	3 922 739
Provision for leave pay	6 220 283	542 709	-	-	6 762 992
Provision for performance bonus	897 493	-	(427 306)	-	470 187
	<b>10 794 872</b>	<b>542 709</b>	<b>(427 306)</b>	<b>245 643</b>	<b>11 155 918</b>

Non-current liabilities			4 574 445	3 922 739
Current liabilities			7 984 638	7 233 179
			<b>12 559 083</b>	<b>11 155 918</b>

#### Environmental rehabilitation provision

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.

#### Provision for leave pay

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.

#### Provision for performance bonus

A performance bonus, is for senior managers and assistant managers. It is not guaranteed and as it is based on the achievements of the individual against the targets set out in his/her performance agreement. The payment of bonuses is purely based on performance then there is no legal obligation on a municipality to make such payments. However a constructive obligation is created through the assessment of employees' performance throughout the year and the fact that the municipality has a practice of paying performance bonuses.

#### 19. Capital Replacement Reserve

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

Capital Replacement Reserve	27 925 595	26 016 917
Transfer into capital replacement reserve	2 046 859	1 908 678
	<b>29 972 454</b>	<b>27 925 595</b>



## Umzimvubu Local Municipality

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#### 20. Accumulated surplus

Accumulated Surplus/(Deficit) due to the results of operations	986 831 444	985 104 118
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Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

#### 21. Revenue

Sale of goods	991 222	1 119 669
Service charges	1 096 785	1 160 555
Rental of facilities and equipment	1 762 276	5 172 349
Interest received - trading	9 917 190	9 996 946
Agency services	1 752 863	1 967 447
Licences and permits	1 903 327	2 146 696
Operational revenue	1 183 069	93 844
Property rates	16 728 512	15 687 276
Government grants and subsidies	297 357 242	277 514 649
Fines, penalties and forfeits	11 008 328	33 545 365
	<b>343 700 914</b>	<b>348 404 796</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	991 222	1 119 669
Service charges	1 096 785	1 160 555
Rental of facilities and equipment	1 762 276	5 172 349
Interest received - trading	9 917 190	9 996 946
Agency services	1 752 863	1 967 447
Licences and permits	1 903 327	2 146 696
Operational revenue	1 183 069	93 844
	<b>18 606 832</b>	<b>21 657 506</b>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>		
Property rates	16 728 512	15 687 276
Licences or permits	228 708	186 281
<b>Transfer revenue</b>		
Government grants and subsidies	297 357 242	277 514 649
Fines, penalties and forfeits	11 008 328	33 545 365
	<b>325 322 790</b>	<b>326 933 571</b>

#### 22. Sale of goods

Advertisements	274 265	334 810
Building Plans	329 061	315 573
Cemetery and Burials	26 898	15 444
Clearance Certificate	3 506	5 169
Entrance Fees	29 254	44 708
Special Concernt	3 130	1 493
Application Fees for Land Use	4 017	1 862
Sale of Goods	271 091	337 610
Informal Traders	50 000	63 000
<b>Total Sale of Goods</b>	<b>991 222</b>	<b>1 119 669</b>

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Figures in Rand	2020	2019
<b>23. Service charges</b>		
Refuse removal	1 096 785	1 160 555
<p>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.</p>		
<b>24. Rental of facilities and equipment</b>		
<b>Facilities and equipment</b>		
Other Fixed Assets	314 699	330 663
Adhoc rental income from other assets	129 349	156 910
Investment property	1 318 228	4 684 776
<b>Total rental from facilities and equipment</b>	<b>1 762 276</b>	<b>5 172 349</b>
<p>Rental income generated are at market related premiums. All rental income recognised is therefore market related.</p>		
<b>25. Interest, dividends and rent on land</b>		
Interest received - debtors	2 566 842	3 258 001
Interest received - bank	216 018	267 647
Interest received - investments	7 134 330	6 471 298
<b>Total Interest Dividends and Rent on Land</b>	<b>9 917 190</b>	<b>9 996 946</b>
<b>26. Agency services</b>		
Vehicle Registration	1 752 963	1 967 447
<b>27. Licences and permits</b>		
Motor vehicle licences	170 051	240 894
Trading		10 000
Driver licence certificate	1 733 276	1 895 802
<b>Total Licences and Permits</b>	<b>1 903 327</b>	<b>2 146 696</b>
<b>28. Operational Revenue</b>		
Insurance Refund	-	41 844
Sale of property	-	20 000
Merchandising and Jobbing	1 183 069	32 000
<b>Total Operational Revenue</b>	<b>1 183 069</b>	<b>93 844</b>

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#### 29. Property rates

##### Rates received

	2020	2019
Residential	2 264 603	2 507 250
Commercial	4 657 003	4 659 234
State	9 806 906	8 520 792
	<b>16 728 512</b>	<b>15 687 276</b>

Annual valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions. Rates tariffs remain the same as 2019 (Agricultural 0.0017, Residential 0.0066, Business 0.0132, Vacant stands 0.0132, Government properties 0.0165 and Public Service Infrastructure 0.0017)

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 of 10% as determined by council on outstanding rates amounts.

Welfare organisations are exempted from the payment of rates, while the first R15 000 of the valuation on improved residential properties exempted from payment of rates. An additional rebate of 25% of the current year rates are allowed for senior citizens, disabled persons and medically boarded property owners. There is a 15% rebate of rates allowed for the first three years of a newly developed property from date of issuance of certificate of occupancy.

##### Valuations

Residential	498 746 100	501 259 000
Commercial	352 408 500	353 021 500
State	582 171 976	508 550 860
	<b>1 433 326 576</b>	<b>1 362 831 360</b>

#### 30. Licences and permits

Trading	228 708	186 281
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Figures in Rand	2020	2019
<b>31. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	217 928 000	193 075 000
Expanded Public Works Programme (EPWP)	2 512 000	2 476 000
Provincial COGTA Grants - Library	1 257 788	665 240
Finance Management Grant (FMG)	1 770 000	1 770 046
Departmental Agencies and Accounts (SETA)	140 970	135 563
Disaster Relief Grant	536 000	-
	<b>224 144 758</b>	<b>198 121 849</b>
<b>Capital grants</b>		
Municipal infrastructure grant	46 433 925	45 484 225
Integrated national electrification grant	22 749 180	29 330 830
Provincial: Department of Cooperative Government & Traditional Affairs (Rhode Paving)	1 029 379	4 577 745
Small Town Rehabilitation	3 000 000	-
	<b>73 212 484</b>	<b>79 392 800</b>
Operating grants	224 144 758	198 121 849
Capital grants	73 212 484	79 392 800
<b>Total Capital grants and Operating grants</b>	<b>297 357 242</b>	<b>277 514 649</b>
<b>Departmental Agencies and accounts (SETA Grant)</b>		
Current-year receipts	140 970	135 563
Conditions met - transferred to revenue	(140 970)	(135 563)
	-	-
LGSETA: This grant has been used to fund training within the municipality. No funds have been withheld.		
<b>National Governments</b>		
Balance unspent at beginning of year	1 892 541	642
Current-year receipts	294 063 554	274 028 000
Conditions met - transferred to revenue	(291 929 105)	(272 136 101)
	<b>4 026 990</b>	<b>1 892 541</b>
Conditions still to be met - remain liabilities (see note 16- Unspent conditional grants and receipts).		
<b>Provincial governments</b>		
Balance unspent at beginning of year	622 791	213 153
Current-year receipts	4 665 549	5 652 623
Conditions met - transferred to revenue	(5 287 143)	(5 242 985)
	<b>1 197</b>	<b>622 791</b>
Conditions still to be met - remain liabilities (see note 16 - Unspent conditional grants and receipts).		
<b>Equitable Share</b>		
Current-year receipts	217 928 000	193 075 000
Conditions met - transferred to revenue	(217 928 000)	(193 075 000)
	-	-



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Figures in Rand	2020	2019
<b>31. Government grants and subsidies (continued)</b>		
This grant has been used to fund operational expenses within the municipality.		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	23 371	596
Current-year receipts	46 411 000	45 507 000
Conditions met - transferred to revenue	(46 433 925)	(45 484 225)
Other adjustments	(446)	-
	-	23 371

Conditions still to be met - remain liabilities (see note 16 - Unspent conditional grants and receipts).

These grants are allocated for the construction of roads. Provide for new, rehabilitation and upgrading of municipal infrastructure as part of upgrading of poor households, micro enterprises and social institutions.

#### Financial Management Grant

Balance unspent at beginning of year	-	46
Current-year receipts	1 770 000	1 770 000
Conditions met - transferred to revenue	(1 770 000)	(1 770 046)
	-	-

To help in implementation of Financial Management Reforms required by the MFMA

#### Expanded Public Works Programme Grant

Current-year receipts	2 512 000	2 476 000
Conditions met - transferred to revenue	(2 512 000)	(2 476 000)
Other	-	-
	-	-

These grants were used for contingency measures put in place for disasters within the municipal area and creation of jobs.

#### Integrated National Electrification Programme

Balance unspent at beginning of year	1 869 170	-
Current-year receipts	24 907 000	31 200 000
Conditions met - transferred to revenue	(22 749 180)	(29 330 830)
	4 026 990	1 869 170

Conditions still to be met - remain liabilities (see note 16 - Unspent conditional grants and receipts).

This grant is utilised for addressing electrification backlog of all existing and planned residential dwellings (including informal settlements, new, and existing dwellings) and installation of relevant bulk infrastructure.

#### Office of the Premier (Small Town Rehabilitation)

Current-year receipts	3 000 000	-
Conditions met - transferred to revenue	(3 000 000)	-
	-	-

These grants were used for Small towns Rehabilitation.

#### Provincial COGTA Grants - Library



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2020 2019

#### 31. Government grants and subsidies (continued)

Balance unspent at beginning of year	508 348	213 153
Current-year receipts	750 000	960 435
Conditions met - transferred to revenue	(1 257 788)	(665 240)
Other adjustments	24	-
	<b>584</b>	<b>508 348</b>

Conditions still to be met - remain liabilities (see note 16 - Unspent conditional grants and receipts).

These grants were used for Library and Local Economic Development Grant.

#### Provincial COGTA Grants - Rhode Paving

Balance unspent at beginning of year	114 443	-
Current-year receipts	915 549	4 692 188
Conditions met - transferred to revenue	(1 029 379)	(4 577 745)
	<b>613</b>	<b>114 443</b>

Conditions still to be met - remain liabilities (see note 16 - Unspent conditional grants and receipts).

These grants were used for Rhode paving.

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Figures in Rand

#### 31. Government grants and subsidies (continued)

##### Disaster Relief Grant

Current-year receipts	536 000	-
Conditions met - transferred to revenue	(536 000)	-

This grants were used for Covid 19 disaster relief.

#### 32. Fines, penalties and forfeits

Law Enforcement Fines	10 105 270	32 564 695
Pound Fees Fines	903 058	980 670
	<b>11 008 328</b>	<b>33 545 365</b>

#### 33. Employee related costs

Basic	47 602 261	43 174 332
Bonus Allowance	3 731 337	1 868 994
Medical aid - company contributions	3 962 836	3 580 552
UIF	344 731	325 180
WCA	380 149	318 261
SDL	703 223	719 959
Leave pay provision charge	1 801 066	1 666 812
Contribution to pension funds	7 605 025	6 158 288
Travel, motor car and other allowances	4 168 928	3 902 268
Overtime payments	796 502	524 007
Long-service awards	252 418	524 145
Housing benefits and allowances	2 335 033	2 543 946
Bargaining Council Levy	20 904	18 638
Accommodation, Travel and Incidental Cost	50 293	14 828
Standby Allowance	948 403	1 030 906
	<b>74 703 109</b>	<b>66 351 116</b>

A management decision has been made to add together the two bonus amounts (performance bonus and the 13th cheque) as per the 2019 Annual Financial Statements to be one amount disclosure purposes.

#### Remuneration of Municipal Manager - GPT Nota

Annual Remuneration	899 296	1 091 395
Car and Other Allowance	506 685	465 088
Bonus	71 880	169 288
Contributions to UIF, Medical and Pension Funds	13 929	17 459
Performance bonus	71 880	102 110
	<b>1 563 670</b>	<b>1 845 340</b>

#### Remuneration of the Chief Financial Officer - FT Fundira

Annual Remuneration	691 650	521 529
Car and Other Allowances	342 989	237 758
Bonus	47 299	13 344
Contributions to UIF, Medical and Pension Funds	11 381	8 935
Backpay	-	111 430
Performance bonus	-	48 978
	<b>1 093 319</b>	<b>941 974</b>

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### Notes to the Annual Financial Statements

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#### 33. Employee related costs (continued)

##### Remuneration of the Manager Community Services - M Sineke

Annual Remuneration	116 098	821 055
Car and Other Allowances	67 724	387 069
Bonus	43 537	164 864
Contributions to UIF, Medical and Pension Funds	2 664	16 203
Termination benefits	116 561	-
Performance bonus	-	110 569
	<b>346 584</b>	<b>1 499 760</b>

Manager Community Services resigned from the position on 31 August 2019.

##### Remuneration of the Acting Manager Community Services - BJ Ntlamba

Acting Allowance	45 578	-
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Mr BJ Ntlamba acted as Manager Community Services from 02/09/2019 - 01/12/2019 and the total amount paid to him for acting in the position amounts to R 45 578.

##### Remuneration of the Manager Corporate Services - N Kubone

Annual Remuneration	58 049	802 866
Car and Other Allowances	33 862	387 069
Bonus	38 699	110 569
Contributions to UIF, Medical and Pension Funds	1 579	14 509
Terminations and benefits	78 992	-
Performance bonus	-	55 285
	<b>211 181</b>	<b>1 370 298</b>

Manager for Corporate Services resigned from the position on 31 July 2019.

##### Remuneration of the Manager Local Economic Development - SC Ntizi

Annual Remuneration	691 650	460 816
Car and Other Allowances	348 784	214 406
Bonus	47 299	6 672
Contributions to UIF, Medical and Pension Funds	5 744	8 015
Backpay	-	93 262
	<b>1 093 477</b>	<b>783 171</b>

##### Remuneration of the Manager Infrastructure and Planning - LJ Moleko

Annual Remuneration	691 650	512 960
Car and Other Allowance	348 710	237 758
Bonus	47 299	10 008
Contributions to UIF, Medical and Pension Funds	5 660	8 616
Backpay	-	105 574
Performance bonus	41 150	-
	<b>1 134 469</b>	<b>874 916</b>

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Figures in Rand	2020	2019
<b>33. Employee related costs (continued)</b>		
<b>Remuneration of the Manager Chief Operations Officer - N Zembe</b>		
Annual Remuneration	825 419	958 284
Car and Other Allowances	409 016	381 283
Bonus	58 025	115 191
Contributions to UIF, Medical and Pension Funds	13 492	16 038
Acting Allowance	99 472	-
Performance bonus	76 593	60 034
	<b>1 482 017</b>	<b>1 530 830</b>

Mrs N Zembe Acted as Manager Corporate Services from 06/08/2019 - 31/10/2019 and the total amount paid to her for acting in the position amounts to R99 472.

#### Remuneration of the Manager Corporate Services - TT Madotyeni-Ngcongca

Annual Remuneration	223 332	-
Car and Other Allowances	119 283	-
Contributions to UIF, Medical and Pension Funds	3 131	-
Acting allowance	29 303	-
	<b>375 049</b>	<b>-</b>

TT Madotyeni-Ngcongca was appointed in this position from the 1st of April 2020 and the total amount paid to him for acting in the position from 01/11/2019 to 31/01/2020 amounts to R29 303.

#### Remuneration of the Manager Community Services - KP Dlamini-Tshazi

Annual Remuneration	162 291	-
Car Allowance	94 670	-
Contributions to UIF, Medical and Pension Funds	2 119	-
	<b>259 080</b>	<b>-</b>

KP Dlamini-Tshazi was appointed in this position from the 1st of April 2020

#### Remuneration of the Manager Community Services - AN. Madlana

Acting Allowance	19 738	-
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Mr AN Madlana acted as Manager Community Services from 02/12/2019 - 29/02/2020 and the total amount paid to him for acting in the position amounts to R19 738.

#### Remuneration of the Manager Corporate Services - T Funani

Acting Allowance	9 768	-
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Mr T Funani acted as Manager Corporate Services from 01/02/2020 - 29/02/2020 and the total amount paid to him for acting in the position amounts to R9 768.



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### Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>34. Remuneration of councillors</b>		
Executive Mayor	860 859	413 875
Speaker	688 688	598 081
Chief whip	645 645	532 864
Executive committee	4 308 782	4 033 435
Total for all other councillors	11 504 860	11 819 433
	<b>18 008 834</b>	<b>17 397 688</b>

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.

#### 35. Depreciation and amortisation

Property, plant and equipment	103 564 165	127 106 968
Intangible assets	381 685	420 696
<b>Total Depreciation and Amortisation</b>	<b>103 945 850</b>	<b>127 527 664</b>

#### 36. Impairment losses

##### Impairments

Property, plant and equipment	18 137 805	4 921 816
Receivables from Non-exchange Transactions	12 498 778	28 973 936
	<b>30 636 583</b>	<b>33 895 752</b>

#### 37. Finance costs

Interest on employee benefits	281 058	245 643
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#### 38. Lease rentals on operating lease

Furniture and office equipment	330 812	662 680
Transport assets	12 960	121 037
	<b>343 772</b>	<b>783 717</b>

#### 39. Inventory consumed

Materials and Supplies	7 442 188	4 457 070
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#### 40. Contracted services

##### Outsourced services

Business and Advisory	1 044 104	3 428 929
Catering Services	120 313	275 342
Internal Auditors	1 056 107	924 889
Personnel and Labour	9 255 582	8 107 587
Professional Staff	132 657	501 800
Security Services	11 228 399	6 928 107
Traffic Fines Management	656 073	949 426

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Figures in Rand	2020	2019
<b>40. Contracted services (continued)</b>		
<b>Consultants and professional services</b>		
Business and Advisory	8 989 606	6 022 891
Infrastructure and Planning	2 733 333	2 578 779
Legal Cost	3 045 472	1 243 297
<b>Contractors</b>		
Artists and Performers	675 400	802 921
Building	652 174	652 015
Catering Services	5 294 731	2 599 793
Employee Wellness	7 644	310 710
Event Promoters	1 014 226	964 414
Graphic Designers	166 955	-
Maintenance of Buildings and Facilities	1 945 420	1 075 843
Maintenance of Equipment	2 910 607	1 321 588
Maintenance of Other Assets	468 413	4 678 391
Plants, Flowers and Other Decorations	-	2 000
Tracing Agents and Debt Collectors	174 652	396 811
Safeguard and Security	281 000	303 000
Stage and Sound Crew	298 350	413 000
Presented previously	-	-
Outsourced Services	23 493 235	21 116 080
Consultants and Professional Services	14 768 411	9 844 967
Contractors	13 889 572	13 520 486
	<b>52 151 218</b>	<b>44 481 533</b>
<b>41. Transfers and subsidies paid</b>		
<b>Operational Grants</b>		
Bursaries for scarce skills	271 388	419 661
Monetary allocations	931 830	847 288
	<b>1 203 218</b>	<b>1 266 949</b>
<b>42. Fair Value Adjustments</b>		
Fair value adjustment of provision for landfill site and investment properties	(564 741)	189 398

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Figures in Rand	2020	2019
<b>43. Operating costs</b>		
Advertising fees	2 382 489	2 806 819
Auditors fees	3 825 382	4 522 873
Bank charges	357 187	426 590
Agrarian reform	23 000	-
Entertainment	-	1 993
Fines and penalties	1 124 058	2 230 332
Insurance underwriting	2 071 839	251 491
External computer services	980 589	873 928
Hire charges	8 054 378	8 927 458
Transport provided as part of departmental activities	880 639	1 914 246
Drivers licences and permits	182 016	232 418
Wet fuel	2 070 795	2 962 958
Communication	5 644 982	4 719 085
Printing publications and books	425 509	447 131
Uniform and protective clothing	1 367 830	1 145 238
Remuneration to ward committees	3 744 000	3 635 895
Professional bodies membership and subscriptions	567 116	291 404
Achievements and awards	624 553	662 330
Vehicle licensing	52 869	79 681
Registration fees	2 662 176	2 106 899
Municipal services	1 964 972	1 234 737
Indigent relief	6 619 406	5 241 345
Signage	151 163	161 904
Travel and subsistence	5 157 048	6 746 892
Bursaries (Employees)	351 684	380 232
Learnerships and internships	229 484	332 564
Resettlement cost	100 673	35 238
Seating allowance for traditional leaders	224 800	185 600
Travel agency and visa's	248 017	294 182
	<b>52 088 654</b>	<b>52 851 463</b>
<b>44. Auditors' remuneration</b>		
Fees	3 825 382	4 522 873

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Figures in Rand	2020	2019
<b>45. Cash generated from operations</b>		
Surplus for the year	3 774 177	(2 175 243)
<b>Adjustments for:</b>		
Depreciation and amortisation	103 945 850	127 527 664
Losses on Disposal of Property, Plant and Equipment	-	788 501
Finance costs	(281 058)	-
Effects of prior period adjustments	(564 741)	633 567
Impairment loss	30 636 583	33 929 217
Bad debts written off against provision	(12 477 277)	(6 164 075)
Movements in operating lease assets and accruals	(374 686)	(4 056 173)
Contribution to Employee Benefits	932 423	663 584
Contribution to Provisions - Current	932 764	17 059 321
Provision for bonus	245 368	-
Provision for leave	751 460	-
Fairvalue adjustments	1 089 743	-
<b>Changes in working capital:</b>		
Inventories	(185 984)	(491 095)
Receivables from exchange transactions	488 445	(6 745 459)
(Increase) in receivables from non-exchange transactions	(1 987 652)	(32 939 462)
Payables from exchange transactions	(7 245 865)	22 876 441
VAT	917 137	696 083
Taxes and transfers payable (non-exchange)	(2 530 335)	392 228
Unspent conditional grants and receipts	1 512 856	2 302 050
Consumer deposits	14 548	14 710
Increase in Operating lease liability	-	(3 567 491)
	<b>119 593 756</b>	<b>150 744 368</b>

#### 46. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

N1 - During the physical verification it was identified that there were infrastructure assets and buildings that could not be traced back to the asset register (newly found) and there were assets in the 2018/19 asset register that could not be verified (not found). The physical verification assisted in identifying duplicates in the asset register. The auditor general findings on existence, completeness, inaccurate valuation of assets calculation and incorrectly capitalized amounts resulted in prior year opening balance changes. Furthermore, adjustments were made to moveable assets that had been recorded including VAT where the supplier is a registered VAT vendor and a valid tax invoice had been supplied.

N2 - This was due to incomplete traffic fines recognised in the prior year and were identified in the current year.

N3 - This was due to calculation errors in the provision calculations in the prior year discovered in the current year.

N4 - This was due to correction of leave provision previously classified as a trade payable

N5 - This was due to interest accounted for in the incorrect year (cut off)

N6 - Intangible assets were previously amortised and yet they have an indefinite useful life. The amortisation was reversed.

N7 - Transfer of the 2019 interest earned not transferred to the Capital Replacement reserve



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Figures in Rand

2020

2019

#### 46. Prior-year adjustments (continued)

##### Statement of financial position

##### 2018

	Note	As previously reported	Correction of error	Restated
<b>Non-current assets</b>				
Property, plant and equipment - N1		1 041 993 722	(106 521 895)	935 471 827
Intangible assets N6		1 932 748	120 580	2 053 328
Provisions		-	(897 493)	(897 493)
<b>Net assets</b>				
Accumulated (surplus)/deficit		(1 078 645 853)	89 457 817	(989 188 036)
		<b>(34 719 383)</b>	<b>(17 840 991)</b>	<b>(52 560 374)</b>

##### 2019

	Note	As previously reported	Correction of error	Restated
<b>Current assets</b>				
Receivables from exchange transactions N2		2 380 956	(622 585)	1 758 371
Receivables from non-exchange transactions N2		18 265 577	3 630 029	21 895 606
VAT receivable N1		5 451 696	233 367	5 685 063
Cash and cash equivalents N5		89 584 167	(22 082)	89 562 085
<b>Non-current assets</b>				
Property, plant and equipment N1		995 408 353	(68 977 623)	926 430 730
Intangible assets N6		2 079 604	223 234	2 302 838
<b>Current liabilities</b>				
Payables from exchange transactions N4		(44 618 498)	6 762 993	(37 855 505)
Provisions N4		(3 677 096)	(7 117 776)	(10 794 872)
<b>Non-current liabilities</b>				
<b>Net assets</b>				
Capital replacement reserve N7		(26 016 917)	(1 908 678)	(27 925 595)
Accumulated (surplus)/deficit		(1 052 972 302)	67 868 175	(985 104 127)
		<b>(14 114 460)</b>	<b>69 054</b>	<b>(14 045 406)</b>

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#### 46. Prior-year adjustments (continued)

##### Statement of financial performance

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	Note	As previously reported	Correction of error	Restated
Revenue from exchange transactions				
Interest received - investment	N5	(9 996 947)	(22 082)	(10 019 029)
Revenue from non-exchange transactions				
Traffic fines	N3	(32 981 620)	(563 745)	(33 545 365)
Expenditure				
Depreciation and amortisation	N1	146 572 276	(19 044 612)	127 527 664
Impairment loss	N1	38 146 905	(4 660 672)	33 486 233
		<b>141 740 614</b>	<b>(24 291 111)</b>	<b>117 449 503</b>

#### 47. Events after the reporting date

- nature of the event.

The nature of the event is an adjusting event after the reporting date of 30 June 2020. The anticipated authorisation date is 31 March 2021 as per National treasury circular 104 of 2020.

- estimation of its financial impact.

The financial impact of the event is approximated to be a decrease in property, plant and equipment of R106 521 895 for 2018 financial year and R68 977 623 for 2019 with a corresponding decrease in accumulated surplus.

#### 48. Financial instruments

##### 48.1 Classification

##### Financial assets

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

##### Financial Assets at Amortised cost

##### Receivables from Exchange Transactions

Refuse	633 177	1 534 953
Vat Input Accrual		95 826
Sundry Rental	370 969	127 593

##### Receivables from Non-exchange Transactions

Property Rates	21 347 364	17 301 921
Fines	2 535 896	5 003 206

##### Cash and Cash Equivalents

Call Deposits	73 489 114	84 046 585
Bank Balances	27 980 458	5 537 582

<b>Total Financial Assets</b>	<b>126 356 978</b>	<b>113 647 666</b>
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##### Financial liabilities

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<b>48. Financial Instruments (continued)</b>		
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:		
<b>Financial Liabilities at Amortised cost</b>		
<b>Payables from Exchange Transactions</b>		
Trade payables	28 221 016	33 020 758
Retentions	1 205 314	1 551 477
Accrued bonus	2 180 142	1 934 774
Unallocated deposits	-	1 348 499
<b>Payables from Non-exchange Transactions</b>		
Property Rates Received in Advance	2 397 185	4 927 520
<b>Total Financial Liabilities</b>	<b>34 003 657</b>	<b>42 783 028</b>

#### 48.1 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.

#### 48.2 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 2020 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:

#### 48.3 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 2019.

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.

#### 48.4 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.



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#### 48. Financial instruments (continued)

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 Budget and Treasury Department 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.

#### 48.5 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 timely 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 48 to the Annual Financial Statements.

#### 48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.6.1 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.

##### 48.6.1 Interest Rate Risk Management

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#### 48. Financial instruments (continued)

*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.

#### 48.7 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:



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<b>48. Financial instruments (continued)</b>		
Receivables from Exchange Transactions	1 004 146	1 758 371
Receivables from Non-exchange Transactions	23 883 260	21 895 608
Bank, Cash and Cash Equivalents	101 560 335	89 562 085
<b>Maximum Credit and Interest Risk Exposure</b>	<b>126 447 741</b>	<b>113 216 064</b>
<b>49. Commitments</b>		
<b>49.1 Capital Commitments</b>		
Commitments in respect of Capital Expenditure:		
<b>Approved and Contracted for:</b>		
• Land and Buildings	64 235 977	80 425 617
• Infrastructure	29 401 147	21 592 119
• Value Added Tax (To be Claimed)	14 045 569	15 302 880
	<b>107 682 693</b>	<b>117 320 616</b>
<b>This expenditure will be financed from:</b>		
Government Grants	32 438 066	25 849 655
Own Resources	75 244 627	91 470 961
	<b>107 682 693</b>	<b>117 320 616</b>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	107 682 693	117 320 616

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<b>50. Contingencies</b>		
<b>Contingent liabilities</b>		
<b>50.1 Court Proceedings</b>		
(1) Umzimvubu Local Municipality vs Norman Liliza 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 200,000.	-	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 240,000.	840 000	800 000
(3) Lindelwa 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 110,000.00. The matter is still new, legal processes are still exchanged between parties.	147 484	57 484
(4) Atlas Towers (Pty) Ltd vs Umzimvubu Local Municipality Case No. 2912/2019 Withdrawal of permission to install a network tower. Exchange of pleadings has closed-to draft and file heads of argument and thereafter have the matter set down for argument	380 000	-
(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 finalized.	-	69 000
(6) Madodana Mayekiso 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. The case has been finalized.	-	15 000
(7) Chrisborne Moodley and Other vs Umzimvubu Local Municipality ( Case No. EC/MTHA/RC611/2015): 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 case has been finalized.	-	400 000
(8) Ngangelizwe Jama vs Umzimvubu Local Municipality ( Case No. 1034/2011): High Court claim a sum of R 500,000 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.	1 090 000	590 000

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<b>50. Contingencies (continued)</b>		
(9) Sunset Beach Trading 299CC JV Nyamezela Consulting Engineers ( Pty) LTD ( Case No. 2308/2013): High Court claim a sum of R 500,000 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.	3 875 126	2 000 000
(10) Imbumba Mzamani the Immediate Contractors vs Umzimvubu Local Municipality ( Case No. Ec/Mtha/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.	368 098	212 000
(11) Umzimvubu Local Municipality vs Millennium Development Trust ( Case No. GOM/ULM/0089/ad): Millennium Development Trust ( Litigation) Extension 6 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. 84/2015): 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.	240 000	40 000
(13) Ndzameko Kene ( Case No. 87/2015): 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. Plaintiff is out of time to execute appeal, no prospects of success	-	40 000
(14) Tamsanqa Tuswa ( Case No. 83/2015): 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. Plaintiff out of time to execute appeal, no prospects of success	-	40 000
(15) Yelela Ntintili ( Case No. 83/2015): 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. Plaintiff is out of time to execute appeal, no prospects of success	-	40 000
(16) Rose Jakuja ( Case No. 82/2015): 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. Plaintiff is out of time to execute appeal, no prospects of success	-	40 000



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<b>50. Contingencies (continued)</b>		
(17) Gideon Kondlo ( Case No. 85/2015): 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 Maxhegwini 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. Plaintiff is out of time to execute appeal, no prospects of success	-	40 000
(18) Mzolisi 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, Lubhacweni Adminstrative Area, Kwa-Bhaca The matter was finalised and closed.	-	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).	30 000	11 000
(20) Umzimvubu Local Municipality vs Thandeka Mgeyi and 4 others Case No. 2914/2019 The municipality is seeking eviction order from court. The respondents invaded its RDP houses. The matter was refereed for oral evidence.	200 000	-
(21) Umzimvubu Local Municipality vs Rawutini Yicokise Gawulana & Others Land Invasion on ERF 188 in MaXesibeni. The matter will appear on the opposed court roll.	200 000	180 000
(22) Umzimvubu Local Municipality vs Zola Manqumakazi Case has been finalized through a settlement agreement.	-	135 165
(23) Umzimvubu Local Municipality vs Andile Menyo Case No 2016/11 - The plaintiff is suing the defendant seeking an order that the defendant be vacated from its land (portion of ERF 188). The matter is ready for a trial date from the registrar of the High Court.	420 000	-
(24) Umzimvubu Local Municipality vs Sibongiseni Magaqa The plaintiff is claiming a portion of ERF 185 which he claims was sold to him by the municipality. The applicant has not served the municipality with his application yet.	200 000	-
(25) Umzimvubu Local Municipality vs Zilindile Amos Mrhamba//Chief Baphathe Makaula & Others Case No. 28/2020 Unlawful demarcation of sites, on land earmarked for the development of a Sports Facility. An urgent application has been filed and the matter was before court on 14 January 2020, the applicant (ULM) has been granted an interim relief until finalisation of the application. The matter to go before court on 25 February 2020. The matter has been postponed sine die in order to file joint application.	200 000	-
(26) Umzimvubu Local Municipality vs Jabanqa Giwu Municipality is suing for rentals at trading facility. Letter of demand could not be served, the address provided was locked and closed.	30 000	-
(27) Umzimvubu Local Municipality vs Zandile Lucia Mtshubungu Municipality is suing for rentals at trading facility. Letter of demand could not be served, the address provided was locked and closed.	30 000	-

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<b>50. Contingencies (continued)</b>		
(28) Umzimvubu Local Municipality vs Luyanda Maka Municipality is suing for rentals at trading facility. Letter of demand could not be served, the address provided was locked and closed.	30 000	-
(29) Andiswa Gxobole -Nomthwa's Projects v Umzimvubu Local Municipality Demand for full payment of monies paid by the Director of Nombwa Projects to effect repairs and installation of electricity at the Fresh Produce Market building belonging to ULM. Summons have been issued by the applicant and the matter has since been defended.	50 000	-
(30) Phumza Vitshimav vs Umzimvubu Local Municipality Case No. P256/19. Alleged unlawful termination of applicant's contract of employment on 01 August 2011. Contractual damages to the amount of R508 312.08. Date of hearing pending.	1 416 624	-
(31) Umzimvubu Local Municipality vs Nyameka Ntonga Municipality is suing for rentals at trading facility. Letter of demand could not be served, the address provided was locked and closed.	30 000	-
(32) Notemba Millicent Mpitl vs Umzimvubu Local Municipality Case No. 3209/2019. The municipality is cited as the 2nd respondent on the matter. Ms Mpitl wish for demolishing and removal of structures unlawfully erected by Ms Notemba Manxusa on Ms Mpitl's property. The matter will appear on the opposed roll on the 9th of September 2020.	30 000	-
(33) Umzimvubu Local Municipality vs M Zibuke Clothing & Multipurpose & Another The municipality seeks an eviction order against the respondents at TRANSIDO KwaBhaca. The matter is opposed, it was set down on 28 May 2020 and it was postponed to 4th June 2020 due to lockdown. The matter did not proceed on 4th June 2020 because the Judge indicated that evictions were not possible during lock down, consequently it was removed from the roll with no order as to costs.	250 000	-
(34) Umzimvubu Local Municipality vs Lulama Maka The plaintiff is suing the municipality claiming a sum of R600 000 for damages resulting from assault by a traffic officer.	30 000	-
(35) Umzimvubu Local Municipality vs Nolubabalo Khuzani & 62 Others The municipality is seeking a court order to evict the respondents illegally occupying RDP houses at Chithwa Village, Ext5 in MaXesibeni. Ready to file the applicant's affidavit but processes were disturbed by the lockdown.	200 000	-
(36) Jane Ntombesithathu Nkondlwana vs Umzimvubu Local Municipality ULM is 3rd respondent to the matter and the court has instructed as follows: "that the third respondent if need be, be and is hereby ordered to conduct an investigation into the welfare of respondent no 1 and 2 and provide them with accommodation where necessary as being part of its Constitutional mandate. The matter is postponed sine die.	40 000	-
(37) Prince Mbusi Mdlalose vs Umzimvubu Local Municipality Case No. 3359/2019 The plaintiff alleges that he was unlawfully arrested by the Municipal Traffic Officer on 10 September 2017, then handed him over to Mt Frere Police Station allegedly for exceeding the speed limit, detained for 7 hours and released on bail of R500.00. Pleadings closed and the matter ready for trial.	1 300 000	-
	<b>13 127 332</b>	<b>6 689 649</b>

#### Contingent assets

[Disclose:

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#### 50. Contingencies (continued)

- any contingent liabilities that the venturer has incurred in relation to its interest in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other ventures.
- its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable, and
- those contingent liabilities that arise because the venturers is contingently liable for the liabilities of the other venturers of a joint venture.]

#### Contingent assets

1. 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 54.

2. In a matter between Umzimvubu Local Municipality vs Mbali Rural Developers CC ( Arbitration), a claim in favour of the municipality was awarded of R 220 601. To enforce the arbitration award, the municipality seeks to attach movables to satisfy the claim. However, the Writ has been misplaced by the office's Sheriff of Kokstad and we are taking the necessary steps to re-issue the Writ.



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#### 51. Related party transactions

##### 51.1 Interest of related parties.

Councillors and/or Management of the Municipality have relationship with businesses as indicated below.

LC Kganyago (Councillor)	Director of and 25% Interest in African Haze Trading
Canca Nokwazi (Official)	Owner (Husband) of Litto Trading Enterprise
Dikwayo Siphokazi (Official)	Owner (Husband) of DMMP Trading CC
Ntshengulana Mygirl (Official)	Owner (Husband) of Mizestozz Trading Enterprise
Madlanga Lindiswa (Official)	Owner (Brother) of Mpi Attorneys
Mr Mdzinwa (Chief Whip)	Owner (Wife) of 2nd World BnB

##### 51.2 Councillors and Key Management Personnel - Family of the Municipality

Assistant Manager - Z Ndevu Family member: Mbiko B Department: Budget & Treasury Relationship: Cousin	182 281	262 151
Manager - MN Sineke Family member: Sineke S Department: Citizens & Community Relationship: Cousin	79 733	-
Councillor - S Madlanga Family member: Madlanga L Department: Budget & Treasury Relationship: Brother	-	226 188
Councillor - Mlenzana MN Family member: Mlenzana LL Department: Special Programmes Relationship: Cousin	711 686	-
Councillor - Mpepanduku MM Family member: Mpepanduku S Department: Council Relationship: Daughter	279 195	-
	<b>1 252 895</b>	<b>488 339</b>

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#### 51. Related party transactions (continued)

##### 51.3 Services rendered to Related Parties

##### 51.4 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.

##### 51.5 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in note 33 and 34 respectively, to the Annual Financial Statements

##### 51.6 Receivables from Related parties

As at 30th of June 2020, the following councillors owed the municipality for services rendered as well as levies on property rates;

Councillors	Rates	Refuse	Outstanding balances
Cllr Mdzinwa	10 414	3 699	14 113
Cllr Garane	3 736	2 110	5 846
	<b>14 150</b>	<b>5 809</b>	<b>19 959</b>

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.

##### 51.7 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.

##### 51.8 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Interim Financial Statements

##### 51.9 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Sips and Zozo Trading Related person: Dikwayo Siphokazi Company Capacity: Owner (brother) Municipal Capacity: Official	71 081	15 052
Misetozz Trading Related person: Mygirl Ntshengulana Company Capacity: Owner (husband) Municipal Capacity: Official	50 550	28 750

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<b>51. Related party transactions (continued)</b>		
Glenhope Trading Related person: Qaba Zembe Company Capacity: Owner (wife) Municipal Capacity: Snr Manager (The award is for R2 880 000 and commitments at year end are R1 440 000)	1 440 000	87 240
Litto Trading Related person: Canca Nokwazi Company Capacity: Owner (husband) Municipal Capacity: Disaster Officer	1 007 908	1 126 455
MPI Attorney Related person: Madlanga Lindiswa Company Capacity: Owner (brother) Municipal Capacity: Disaster Officer	-	417 554
2nd World Guest House Related person: Mr Mdzinwa Company Capacity: Owner (husband) Municipal Capacity: Chief Whip	2 390	28 221
Brotherly Love Trading & Projects Related person: Qaba Zembe Company Capacity: Owner (wife) Municipal Capacity: Snr Manager	146 100	142 410
Njola Mhle Construction Related person: N. Xashimba Company Capacity: Owner (brother) Municipal Capacity: Official	36 000	-
Myoza-Myoza Trading Related person: B. Jokazi Company Capacity: Owner (wife) Municipal Capacity: Official	9 033 805	-
Moepangauta T/A Mdlanger Partners Related person: L. Madlanga Company Capacity: Owner (brother) Municipal Capacity: Official	92 219	-
	<b>11 880 053</b>	<b>1 845 682</b>

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.

#### 52. Going concern

Management considered the following matters relating to the Going Concern position of Umzimvubu Local Municipality:

- (i) The Council adopted the 2020 to 2021 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to supported 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.



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#### 52. Going concern (continued)

(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 basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 53. Unauthorised expenditure

Opening balance as previously reported	-	96 399 127
<b>Opening balance as restated</b>	<b>-</b>	<b>96 399 127</b>
Add: Unauthorised expenditure - prior period	-	16 901 217
Unauthorised Expenditure written off	-	(113 300 344)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

#### 54. Fruitless and wasteful expenditure

Opening balance as previously reported	812 367	-
<b>Opening balance as restated</b>	<b>812 367</b>	<b>-</b>
Add: Fruitless and wasteful expenditure - prior period	-	2 160 825
Less: Expenditure recovered	-	(1 348 458)
<b>Closing balance</b>	<b>812 367</b>	<b>812 367</b>

Expenditure identified in the current year include those listed below:

	<b>Disciplinary steps taken/criminal proceedings</b>
<p>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 totaling to R2 160 825.180 and an amount of R1 348 458.30 was transferred back to the municipal bank account. The balance of R812 307 is still under investigation.</p>	<p>The matter is still under investigation by South African Police Services (SAPS), case number CAS 69/11/2018, in line with Section 32 (6) (b). Investigations are still ongoing in efforts to recover the expenditure in terms of Section 32 (2) of the MFMA to recover this expenditure.</p>

#### 55. Irregular expenditure

Opening balance as previously reported	1 417 773	15 093 685
<b>Opening balance as restated</b>	<b>1 417 773</b>	<b>15 093 685</b>
Add: Irregular expenditure - prior period	-	25 922 507
Add: Irregular expenditure - current period	-	183 660
Less: Amount written off - prior period	(1 417 773)	(39 782 079)
<b>Closing balance</b>	<b>-</b>	<b>1 417 773</b>

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#### 55. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

##### Disciplinary steps taken/criminal proceedings

Council resolved to write off amounts.

1 261 239

1 234 113

Two Senior managers are being remunerated above the gazetted upper limits to the value of R1 261 239. 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.

#### Amounts written-off

After the council committee investigations, council adopted the council committee recommendations to write-off an amount of R1 417 773 as unrecoverable and no official was charged in relation to the matter.

#### 56. Additional disclosure in terms of Municipal Finance Management Act

##### 59.1 Contributions to organised local government - SALGA

Council Subscriptions	7 497	771 722
Amount paid - current year	(7 497)	(771 722)
<b>Balance Unpaid (included in Creditors)</b>	-	-

##### 59.2 Audit fees

Opening balance	-	672 902
Current year Audit Fee	4 399 189	5 201 304
Amount paid - current year	(4 399 189)	(5 874 206)
<b>Balance Unpaid (included in Creditors)</b>	-	-



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#### 56. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### 59.3 PAYE, Skills Development Levy and UIF

Opening balance		135 201
Current year Payroll Deductions	16 899 171	16 048 092
Amount paid - current year	(16 899 171)	(16 183 293)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

##### 59.4 Pension and Medical Aid Deductions

Current year Payroll Deductions and Council Contributions	16 786 191	14 695 120
Amount paid - current year	(16 786 191)	(14 695 120)
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

#### Interest charged on outstanding debtors - [MFMA 64 (2)(g)]

In terms of section 64 (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 charges interest on outstanding debtors account at a rate of 10% per annum as approved by the council.

#### Revenue not disclosed per source in the SDBIP - [MFMA 1]

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.

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#### 56. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### 59.5 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

Mascor Mount Currie - Repairs and maintenance	49 917	15 757
Repairs and maintenance of John Deere Tractors and its grass slasher cannot be done anywhere else other than Mascor MT Currie as the Municipal does not know what needs to be repaired as such a diagnoses needs to be done prior repairs, hence it will not be possible to source for quotations from different suppliers.		
Mzintlava Development Trading Project - Repairs and maintenance	-	3 523
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.		
Visual Advertising - Repairs and maintenance	-	9 472
Request for deviation of repairs for repairs of the electronic billboard situated at EMaxesibeni. 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	-	183 660
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.		
Babcock Africa - Repairs and maintenance and Plant Hire	224 209	357 285
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.		
Government Printing Works - Printing	6 053	-
Gazette of Municipal by-Laws is the only service provider done this type of service by Government Printing works. The municipality was Gazetting Building plan fees.		

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<b>56. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
Government Printing Works - Printing	3 026	75 660
<p>Gazette of Municipal by –Laws is the only service provider done this type of service by Government Printing works. The municipality was Gazetting Rates tariffs for 2019-2020.</p>		
John Deere Tractors	36 846	-
<p>Repairs and maintenance of the CAT TLB cannot be done anywhere else than Barloworld as the municipality does not know what needs to be repaired as such a diagnoses needs to be done prior repairs, hence it will not be possible to source for quotations from different suppliers. Terms and conditions.</p>		
Akonamilla (Pty) Ltd	129 540	-
<p>It was impractical to follow SCM processing in terms of requesting quotations or advertising due to the fact that the equipment being surgical masks, latex gloves, spray cans as well hand sanitizer are in high demand as the threat of COVID 19 Worldwide pandemic spreads all over the globe and therefore in short supply. At the time of procuring the sanitizer, spray cans and latex gloves the national number of infections officially reported stands at 1655 and already 11 related deaths in South Africa. The Municipality also received an intention by essential services to down tools as they do not have the necessary tools to protect themselves from infection. In an effort to reduce the spread of infection the Municipality procured the goods from supplier, Akonamilla PTY (Ltd) who had suppliers in stock, to sanitize public spaces and furnish workers with disposable latex gloves.</p>		
Babcock Africa Services	21 321	-
<p>Volvo Machinery &amp; 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.</p>		
SGM Tires and Car wash	213 989	-
<p>It will be impractical to follow SCM process in terms of requesting quotations or advertising due to the fact that the equipment are in high demand as the threat of COVID 19 worldwide pandemic spreads all over the globe and therefore in short supply. At the time of procuring, National number of infections officially increases and deaths in Alfred Nzo region. The municipality also received an intention by essential services to down tools as they do not have necessary tools to protect themselves from infection. And the Municipality cannot wait as the frontline workers indicated their unwillingness to work unless safety prevention equipment has been provided. Further, the virus has shown rise in infected numbers posing a risk to the municipality and the community at large.</p>		
Barloworld Equipment - Repairs and maintenance and Plant Hire	78 796	-
<p>Repairs and maintenance of the CAT TLB cannot be done anywhere else than Barloworld as the municipality does not know what needs to be repaired as such a diagnoses needs to be done prior repairs, hence it will not be possible to source for quotations from different suppliers.</p>		
	<b>763 697</b>	<b>645 357</b>



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#### 57. Impact of COVID-19 Pandemic

At the end of March 2020, the COVID-19 virus was declared a pandemic by the World Health Organisation and by the South African Government. South Africa entered into lockdown on 26th March 2020, which meant that businesses that were not seen as essential had to shut down.

This then meant any facilities that are normally rented out by the municipality had to be shut down and the affordability customers was negatively affected as such debt collection reduced even further. COVID-19 had a significant impact on the amounts as disclosed on the Annual Financial Statements. The affected areas were mainly debtors, cash and cash equivalent, debtor's impairment.

All areas of society were affected by the global pandemic as a result of the COVID-19 virus. South African government announced the national state of disaster and further gazetted regulations implementing National lockdown Level 5. The declaration of the national state of disaster as published in Gazette No 43096 on the 15th March 2020 and extended thereafter has had an impact which meant that businesses that were not seen as essential had to shut down.

COVID 19 had a significant impact on the amounts as disclosed on the Annual Financial Statements. The affected areas were mainly debtors, cash and cash equivalent, debtor's impairment and spending particularly on capital grants which the municipality under performed and resulted to unspent conditional grants. The Municipality has applied and for roll over to National Treasury.

The municipality continued to provide services during the national state of national disaster and raised revenue in accordance with services provided under both exchange and non-exchange revenue. Management has assessed that there have been no material changes in revenue raised for services. The nationwide lockdown has had a negative impact on the entity's recovery of income generated. The municipality in its assessment of impairment has considered the consumers risk profile and payment history.

Management has considered the impact of COVID-19 and that there have been no material changes in the use of asset that would require a change in the expected useful life of assets.

Management further adjusted the 2019/2020 financial year budget as a result of Covid-19 grant received late in the financial year and was tabled and approved by council.

No material information has come to the attention of management to suggest that there is a going concern issue. The financial statements for the year ended 30 June 2020 have been prepared under the going concern assumption.

The amount spent by the council on COVID-19 related expenses is R1 472 352 as at 30 June 2020.

#### 58. Budget differences

##### Material differences between budget and actual amounts

##### Property Rates:

"The variance is due to the billing of annual government properties and implementation of supplementary valuation roll for the period under review.

##### Fines, Penalties and Forfeits:

'A contract with TMT untimely terminated which resulted in a decrease in the billing in tickets issued.

##### Licences and Permits:

'Increase on licences and permits is as a result of motorist coming from the surrounding municipalities for their car registration as they do not have functional registraring authorities.

##### 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.

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#### 58. Budget differences (continued)

##### Service Charges:

'Increase in service charges is as a result of payments for arrears made for Government properties emanating from arear debt reconciliation that has been conducted.

##### 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.

##### Rental from Fixed Assets:

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

##### Operational Revenue:

'The decrease is as a result of budgeting while taking into consideration the external investments and capital replacement reserves that was anticipated to be cashed back for funding of non cash items.

##### Employee Related Costs:

'The material variance is due to non-implementation of budgeted increment percentage for the managers and the contract employees

##### Remuneration of Councillors:

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

##### Depreciation and Amortisation:

'The difference is caused by the restatement of the Infrastructure assets after verification which lead to some assets being removed as they were duplicated on the asset register.

##### 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 belt tightening measures and COVID19 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.

##### Financial Position

##### Inventories:

'The municipality has a contract for inventory and purchases are done in bulk as opposed previous years.

##### Receivables from Exchange Transactions:

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#### 58. Budget differences (continued)

'The budget is underspent 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 overspent 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.

Intangible Assets:

'The difference is due to less expenditure on the municipal website that initially anticipated

Investment Property:

'Difference is due to investment property values not having fallen as anticipated due to decrease in their revenue

Consumer Deposits:

'The consumer deposit were under budgeted for.

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 fact that we were not anticipating that we will have the unspent grants.

Accumulated Surplus / (Deficit):

'Combination of reasons stated above

#### 59. Multi-Employer Retirement Benefit Information

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.



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#### 59. Multi-Employer Retirement Benefit Information (continued)

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 (2019: 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 basis of current service costs.

#### Municipal Employees Pension Fund:

Employees contribute 7.5% of their salary to the fund and the Council 18%. Total contributions for the year : R3 530 146 (2019: R3 210 277).

Total members to the fund during the year were 76.

#### Councillors Cape Joint Pension Fund:

Councillors contributes 12% of their allowance to the fund and the Council 15%. Total contributions for the year : R1 357 289 (2019: R848 743).

Total members to the fund during the year were 34.

#### Cape Joint Retirement Fund:

Employees contribute 7.5% & 9% of their salary to the fund and the Council 18%. Total contributions for the year : R3 164 243 (2019: R1 073 037).

Total members to the fund during the year were 60.

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#### 59. Multi-Employer Retirement Benefit Information (continued)

##### Municipal Councillors Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15%) is sufficient to fund the benefits accruing from the fund in the future. Total contributions for the year : R590 087 (2019: 758 764).

Total members to the fund during the year were 11.

##### National Fund for Municipal Workers (SAMWU) - Provident Fund:

Employees contribute 7.5% of their salary to the fund and the Council 18%. Total contributions for the year : R 1 538 109 (2019: R1 326 266)

Total members to the fund during the year were 31.

None of the above mentioned plans are State Plans.



## 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

	<b>Indicator name</b>	<b>Total number of people (planned for) during the year under review</b>	<b>Achievement level during the year under review</b>	<b>Achievement percentage during the year</b>	<b>Comments on the gap</b>
1	Vacancy rate for all approved and budgeted posts;	223	217	97,31%	Speed up Recruitment Processes and Retention of Employees
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	7	7	100%	None
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	7	7	100%	None
4	Percentage of Managers in Technical Services with a professional qualification	6	6	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)	<b>THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM</b>  <b>LM-</b> 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.			
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	217	217	100%	None
8	Percentage of councillors who attended a skill development training within the current 5 year term	53	53	100%	None
9	Percentage of staff complement with disability	00	02	0,92%	There is no target
10	Percentage of female employees	131	121	92.36	
11	Percentage of employees that are aged 35 or younger	00	68	31,33%	There is no target
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**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	District function				
2	Percentage of indigent households with access to free basic potable water	District function				
3	Percentage of clinics with access to potable water	District function				
4	Percentage of schools with access to potable water	District function				
5	Percentage of households in formal settlements using buckets	District function				

**Annual performance as per key performance indicators in Electricity services**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	47800	14860	1107	953	86%
2	Percentage of indigent households with access to basic electricity services	3758	5000	2978	2978	78%
3	Percentage of indigent households with access to free alternative energy sources	2536-Solar 2400-Paraffin	6000 2500	1827 – Solar 2364-Paraffin		72% 98%

#### Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	DM function	DM function	DM function	DM function	DM function
2	Percentage of indigent households with access to free basic sanitation services	DM function	DM function	DM function	DM function	DM function

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
3	Percentage of clinics with access to sanitation services	DM function	DM function	DM function	DM function	DM function
4	Percentage of schools with access to sanitation services	DM function	DM function	DM function	DM function	DM function

#### Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	6%	98	20.5km	2 789	3%
2	Percentage of road infrastructure requiring upgrade	8%	56	10km	3817	5%
3	Percentage of planned new road infrastructure actually constructed	5%	30	18km	1129	2%
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	12%	68	88km	9 588	21%

## Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	778	0	778	778	100%
2	Existence of Integrated waste management plan	The municipality has an approved Integrated Waste Management Plan in place and is continuously implemented				

## Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	10%	2500	45	450	18%
2	Percentage of informal settlements that have been provided with basic services	45%	12 500	15%	550	6%

3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	35%	12 500	608	550	4,4%
4	Existence of an effective indigent policy	The municipality has an approved and effective Indigent Policy				
5	Existence of an approved SDF	The municipality has an approved SDF 2015 which is currently under review				
6	Existence of Land Use Management System (LUMS)	The municipality has an approved Land Use Management Scheme 2016				

#### 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	The municipality have an LED unit tht is existing, comprising of 6 staff members (LED Senior Manager, LED Manager, LED Admin Officer and 3 LED Officers).		
2	Percentage of LED Budget spent on LED related activities.	N/A	The LED Unit was budgeted an amount of R 25 346 154,00 during the reporting Financial Year .	N/A

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
3	Existence of LED strategy	<b>THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM</b>		
4	Number of LED stakeholder forum meetings held	The LED Strategy Review Preparatory Meeting held on the 28 <sup>th</sup> January 2020 and we held our LED Strategy Review Summit on the 28 <sup>th</sup> – 29 <sup>th</sup> February 2020. The LED Strategy Five-Year Document was then approved by the Council in June 2020.		
5	Plans to stimulate second economy	The Municipality have plans in place that seeks to stimulate second economy: There is an Agricultural Development Plan, Tourism Development Plan and an SMME Development Plan, all these plans are addressing the strategies and approaches that will stimulate the second economy.		
6	Percentage of SMME that have benefited from a SMME support program	In total we have 33 SMME's that were supported as follows: 20 Agric SMME's benefited under Farmer Mentorship, 5 SMME's from various sectors assisted, 4 SMME's under Cullinary Programme and 4 SMME's under Designer Mentorship Programmme by June 2020		
7	Number of job opportunities created through EPWP	100 EPWP beneficiaries that were employed under the Donga Rehabilitation Programme, 10 EPWP working on the Umzimvubu Nursery and 10 EPWP working under the Lingomso Aloe Value-Addition Project.		
8	Number of job opportunities created through PPP	N/A	N/A	N/A

#### Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability



	<b>Indicator name</b>	<b>Target set for the year R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
1	Percentage expenditure of capital budget	150 814 803	107 708 351	71%
		<b>Target set for the year (35%) R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year vs the operational budget</b>
2	Salary budget as a percentage of the total operational budget	21% (84 983 618/397 512 244)	22% (74 703 109/344 013 920)	-1%
		<b>Target set for the year (20% or less) R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year vs the actual revenue</b>
3	Trade creditors as a percentage of total actual revenue	13% (56 276 000/ 422 382 385)	10% (34 003 655/ 343 929 622)	3%
		<b>Target set for the year (80% and more) R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
4	Total municipal own revenue as a percentage of the total actual budget	27%	14%	13%
		<b>Target set for the year R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
5	Rate of municipal consumer debt reduction	38 457 000	24 887 406	35%

6	Percentage of MIG budget appropriately spent	46 433 925	46 433 925	100%
7	Percentage of MSIG budget appropriately spent	N/A	N/A	N/A
8	AG Audit opinion	Unqualified	Qualification	Qualification
9	Functionality of the Audit Committee	Functional	Functional	Functional
10	Submission of AFS after the end of financial year	31 October 2020	31 October 2020	31 October 2020

**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%	265	98%
2	% of ward committees that are functional	100%	All the 27 ward committees were functional, sat monthly and submitted attendance registers and reports to the office of the Speaker.	100 %
3	Existence of an effective system to monitor CDWs	The municipality have quarterly sittings with the CDWs and they also submit their reports monthly. The municipality is having only 18 CDWs instead of 27 CDWs participate in municipal programmes even though there is still a challenge on the recruitment of the 9 remaining CDWs.		
4	Existence of an IGR strategy	IGR Strategy is in place		
5	Effectiveness of IGR structural meetings	IGR Meetings are convened Bi-annually		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
6	Existence of an effective communication strategy	Communication Strategy is in place and continuously implemented.		
7	Number of mayoral imbizos conducted	1	1.	Service delivery Mayoral Imbizo was held through the Inkonjane FM and Alfred Nzo Community radio due to National Lockdown.
8	Existence of a fraud prevention mechanism	<b>THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM</b>		