



UMZIMVUBU
LOCAL MUNICIPALITY

**UMZIMVUBU LOCAL
MUNICIPALITY – EC 442**

**DRAFT ANNUAL REPORT
FOR 2020/2021
FINANCIAL YEAR**

Chapter 1:	Mayor’s Foreword and Executive Summary.....	5
Component A:	Mayor’s Foreword.....	5
Component B:	Executive Summary.....	5
1.1	Municipal Overview.....	7
1.2	Municipal Functions and Population Overview.....	9
1.2	Service Delivery Overview.....	15
1.3	Financial Health Overview.....	15
1.4	Auditor General’s Report.....	15
Chapter 2:	Governance.....	17
Component A:	Political and Administrative Governance.....	17
2.1	Political Governance.....	17
2.2	Administrative Governance.....	19
2.3	Audit Committee Report.....	22
Component B:	Intergovernmental Relations.....	22
2.4	IGR Structures and Participation.....	22
Component C:	Public Accountability and Participation.....	23
2.5	Public Meetings.....	23
2.6	Integrated Development Planning and Alignment.....	39
Component D	Corporate Governance.....	40
2.7	Risk Management.....	40
2.8	Anti-Corruption and Fraud Management.....	40
2.9	Supply Chain Management.....	42
2.10	Municipal Website.....	42
2.11	Municipal Public Accounts Committee.....	44
Chapter 3:	Service Delivery Performance.....	48
Component A:	Basic Service Delivery.....	48
3.1	Electricity provision.....	48
3.2	Waste Management and Refuse Removal.....	49
3.3	Housing /Human settlement.....	56
3.4	Free Basic Services and Indigent Support.....	59
Component B:	Roads.....	61

3.5	Roads and Storm Water drainage.....	61
Component C: Planning and development.....		72
3.6	Planning.....	72
3.7	Local Economic Development and Tourism.....	80
Component D: Community and social Services.....		97
3.8	Libraries and Community Facilities.....	98
3.9	Cemeteries.....	103
3.10	Special Programmes.....	104
Component E: Environmental Management and Signage Control.....		104
3.12	Pollution control, Biodiversity, Landscape and Coastal Protection.....	104
Component F: Safety and Security.....		110
3.14	Fire and Disaster Management.....	110
3.15	Protection services.....	115
3.16	Driver's License Testing Centre.....	116
3.17	POUND SECTION.....	117
Component G: Sport and Recreation.....		119
3.16	Sport Development.....	120
Component H: Corporate Policy Offices and Other Services.....		120
3.17	Executive and Council Structures.....	120
3.18	Financial Services.....	124
3.19	Human Resources and Skills Management.....	128
3.20	Information and Communication Technology Services.....	129
3.21	Meetings and Administration and Registry Services.....	133
3.22	Employee health and well-being.....	134
Component I: Annual Performance Report.....		135
Chapter 4: Organisational Development Performance.....		251
Component A: Introduction to Municipal Personnel.....		251
4.1	Employee Totals, Turnover and Vacancies.....	251
Component B: Managing the Municipal Workforce.....		252
4.3	Suspensions.....	249
4.4	Performance Rewards.....	250
Component C: Capacitating the Workforce.....		253

4.4	Skills Development and Training this must also include skills development expenditure.....	256
Chapter 5:	Financial Management.....	257
5.1	Statement of Financial Performance.....	257
5.2	Grants.....	258
5.3	Asset Management.....	259
5.4	Capital Expenditure	260
5.5	Sources of Finance.....	260
5.7	Basic Service and Infrastructure Backlogs.....	260
Component C:	Cash Flow Management and Investment.....	262
5.8	Cash flow.....	262
5.9	Borrowing and Investment.....	262
Component D:	Other Financial Matters.....	262
5.10	GRAP Compliance.....	262
Chapter Six:	Auditor General’s Audit Findings.....	263
Component A:	Auditor’s Opinion on the Finance Statement for Prior Year.....	263
6.2	Current Year.....	264
Appendices.....		265
A.	ULM Councillors and Council Attendance.....	265
B.	Municipal Committees.....	272
C.	Third Tier Management Structure.....	273
D.	Municipal Functions.....	278
E.	Ward Reporting.....	279
F.	Audit Corrective Action Plan.....	280
G.	Audit Committee Recommendation.....	281
H.	Revenue Collection Performance By Source.....	286
Volume 2:	Annual Financial Statements.....	286
CoGta EC	Standardised Performance Indicators.....	286
Oversight Report	on the Annual Report.....	286

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 2021 with the submission of the Annual Financial Statements for the financial year ending June 2021 audit purposes.

The Office of the Auditor General has finalized the audit and has issued a report in their opinion regarding their audit of Annual Financial Statements and Performance information.

The Annual Report is consolidated and was presented to Council by end January 2022, after-which it shall be considered by the Municipal Public Accounts Committee which is vested with the power to play oversight responsibility on behalf of Council. The Oversight Report on the annual report will be presented to Council by end March 2022 in line with Circular 11 and 63 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

On behalf of the Municipal Council and officials, I hereby present the Annual Report for the financial Year 2020/2021. This report will outline our performance on the targets we set ourselves to do over this period. The report will give our stakeholders and communities an insight into the performance and achievements of the Municipality. The mandate of Umzimvubu Local Municipality is not unique to the broader mandate given to Local Government by the South African Constitution, Chapter 7.

Our specific mandate is drawn from the IDP road shows that we embark upon, which is our guiding document in our performance. Our resolve is based on servicing our communities and improving the status quo of our Municipality.

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 2020/2021 financial year.

The current Annual Report outlines our successes and shortcomings in relation to our political mandate as provided in the key focus areas of Local Government, these can be summarised as follows:

- Building a Municipality that is efficient, effective and responsive
- Strengthen Accountability and promote clean Municipal operations
- Accelerating Service Delivery and supporting the vulnerable
- Promoting Economic and Social development
- Fostering Development Partnerships
- Social Cohesion and community

Looking at the above priority areas, it is imperative to note that these can never be successful on their own, it becomes important that as a collective, Councillors and Officials, work together in identifying the challenges raised in the annual report and rectify them as soon as possible.

It is commendable to note the improvements in relation to our spending and expenditure patterns. According to the Auditor General (AG), Umzimvubu Local Municipality has obtained an Unqualified Audit opinion for the 2020/2021 FY. It goes without say that this is a testament to the dedication and commitment of the municipality's entire team who take responsibility as custodians of their communities. This achievement follows consecutive years of qualified audit opinions.

Whilst there is still much to improve on, the Council will continue to 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).

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 surfacing of internal streets in villages.

This reflects our effectiveness in rolling out infrastructure programmes on roads and the construction of bridges, waste management and the enhancement of our Local Economic Development. It also demonstrates progress in our expansion of access to better services and better lives for all.

The municipality wishes to reaffirm its commitment to spending 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. Umzimvubu Local Municipality has since created more than 900 EPWP job opportunities in the financial year under review.

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, during this financial year we have ensured 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 new ways for sustainable opportunities in the agricultural sector such as building auction pens to mainstream the Umzimvubu livestock and conduct maize cropping in 405 hectares to increase and grow the local economy.

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.

Honourable Cllr Z. Ndevu

Component B: Executive Summary

Municipal Managers Foreword

The 2020/2021 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. The report addresses the performance of Umzimvubu Municipality for the year ended 30 June 20 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 2020/2021 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, Phepheni Sports Field in Ward 1 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 648 households benefited. We also have the Indigent support programme subsidizing a tune of 5472 Indigent beneficiaries (1326 (50KHW electricity tokens), 2198 (Solar) and 1948 (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 and functionality in all six departments within the municipality.

The municipality has received an Unqualified Audit Opinion, This a huge improvement from the previous financial year's Qualified Audit Opinion. This improvement can be attributed in the main to a rigorous implementation of the Audit Improvement Action Plan that saw the formulation of an Operation Audit Action Committee that sat on a bi-weekly basis to iron out issues as raised both by the Office of the Auditor-General as well as the Internal Audit Unit.

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

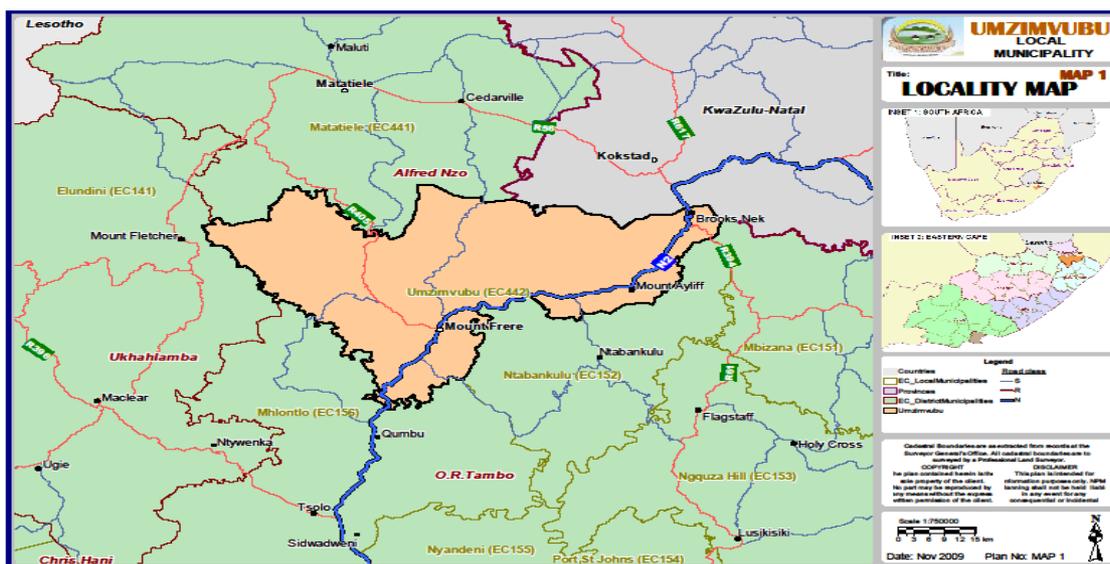
1.2. Municipal Functions and population Overview

(a) Brief Description of the Municipal Area

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

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

Map 1: Umzimvubu Locality map showing ward boundaries



(b) Population by Municipalities under ANDM

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

second lowest number of households. The table below demonstrates the total population, number of households and the average of households per municipality within the district.

(c) District Population by Municipalities

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

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

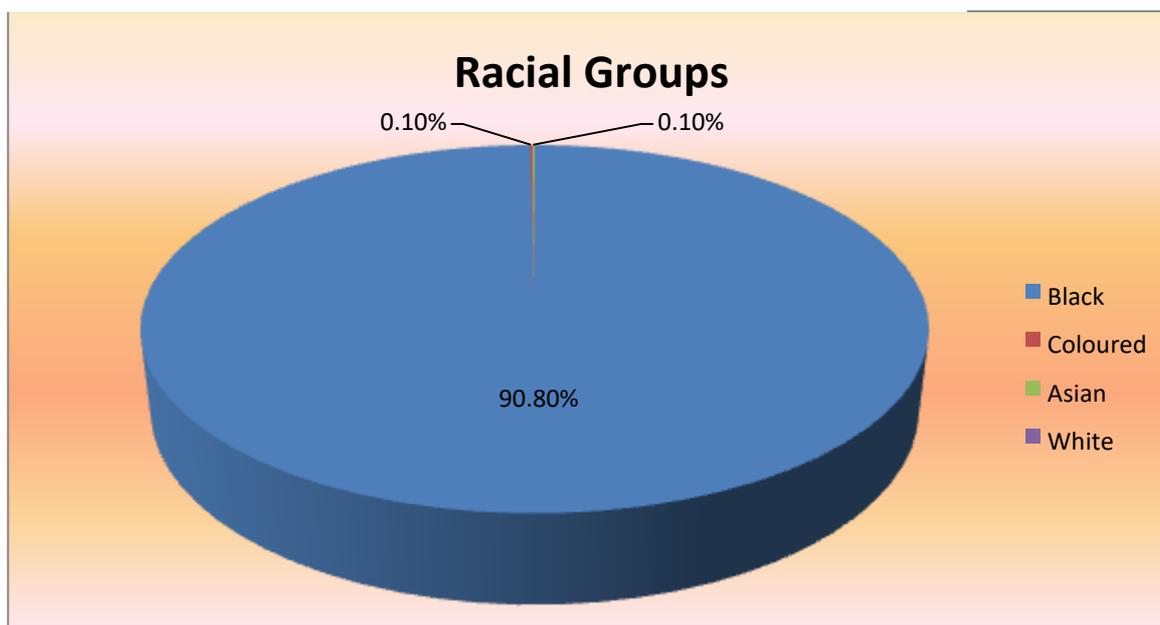


Figure3.3.3 Racial Groups

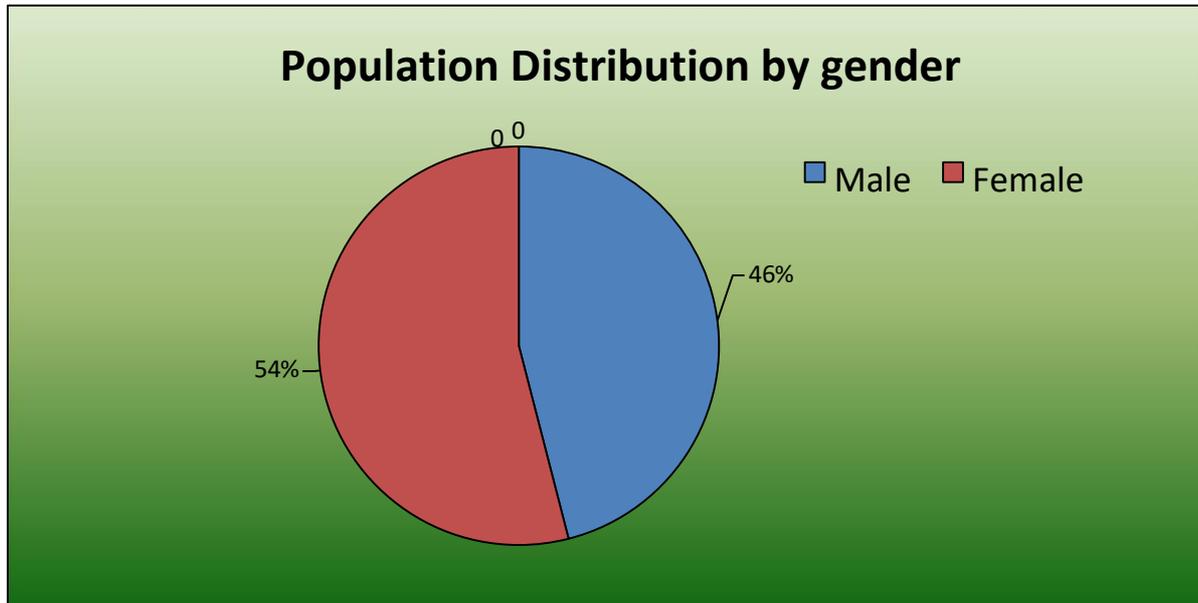
StatsSA: 2016 Community Survey

(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



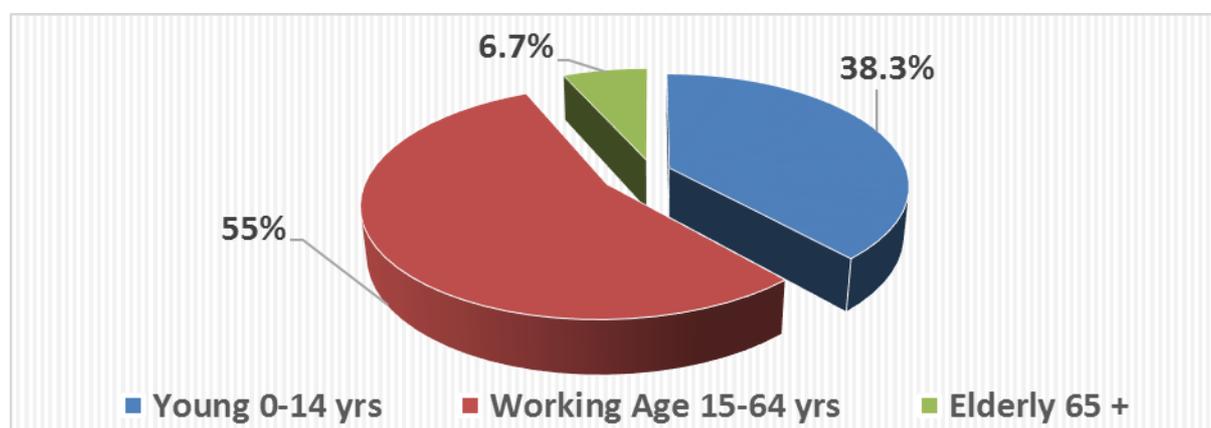
StatsSA: 2016 Community Survey

(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



StatsSA: 2016 Community Survey

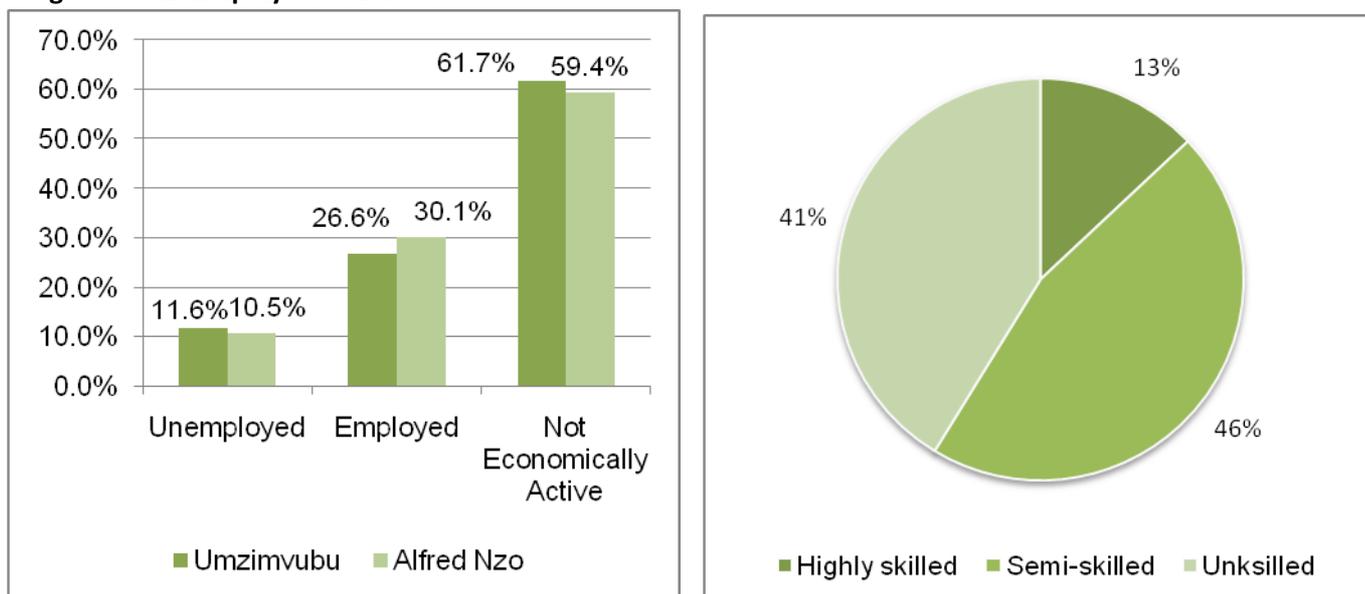
(g) Employment Profile

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



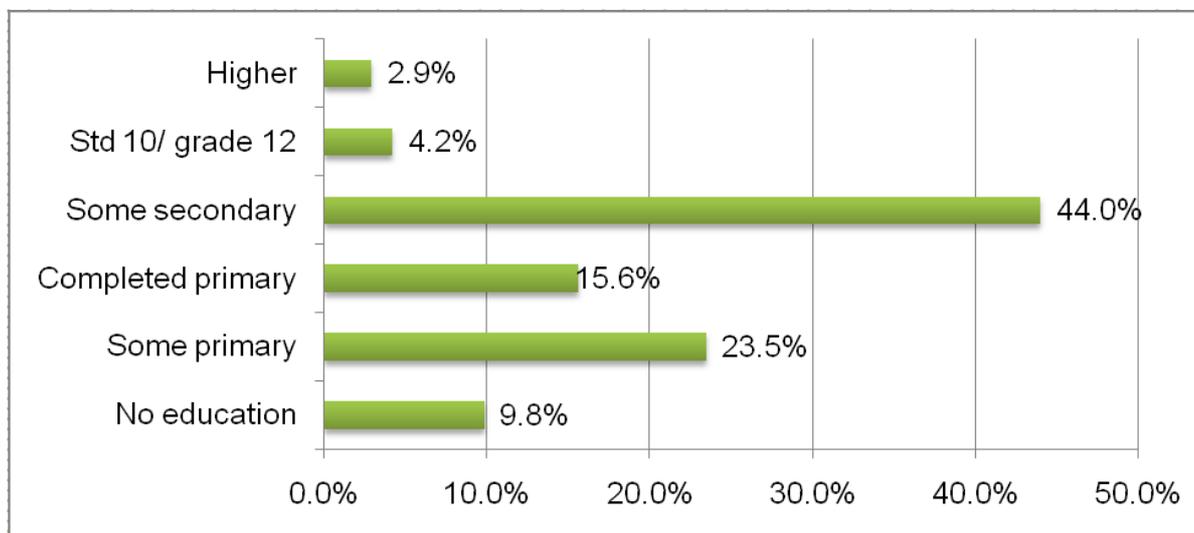
StatsSA: 2016 Community Survey

(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 an 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 2020/2021 financial year the municipality received an MIG Allocation of R56 112 000.00

A total of 13,7 km of new roads were constructed at Sinethemba Access Road, Tshisane Access Road and Bumnandi-Mxhinweni Access Road . An amount of R6 155 895,24 was spent on the maintenance of 83, 23 km's of gravel roads. A further R400 000,00 was spent towards the completion of Sirhoqobeni sport facility. A tune of R14 951 995,00 was spent on the construction of Construction of Mahobe ,Tshisane , Silindini and Tyinirha Bridges. During 2020/2021 financial year, we saw the completion of Cwebeni Bridge maintenance at a tune of R700 000. We further saw the construction and Completion of four community halls in Ntsimangweni, Phepheni, Lusuthu and Mzinto at a cost of R10 312 884.

The municipality further received an Integrated National Electrification Programme (INEP) Grant of about R14 706 000 and Electrification of 654HH (Mmangweni Phase 2, Ntlabeni, Mpondomise Ridge Phase 2 and Sithane)

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 R25 370 million which is 25% increase as compared to prior year. 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.

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 observ

1.4. Revenue Trends of the Municipality

The municipality has been affected by COVID19 pandemic like many other municipalities in the Country even though the 2020-2021 financial year collection has increased by 2% to 45% of the overall outstanding debtors compared to 2019-2020 financial year collection of 43% of which it remains less than 95% Treasury norm.

The municipality has shown improvement in its current year billing collection with 87% compared to 66% in the previous year (2019-2020).

REVENUE COLLECTION BY SOURCE

01/07/2020 - 30/06/2021			
Revenue Source	Billing	Receipts	Collection %
Rates	17 733 487.67	15 674 447.43	88%
Refuse	1 210 120.51	645 170.16	53%
Interest	2 015 490.61	1 384 610.20	69%
Total	20 959 098.79	17 704 227.79	84%
Other Revenue			
Revenue Source	Budget	Receipts	Collection %
Traffic Fines	6 367 150.00	3 294 785.00	52%
Trading Licences	136 370.00	118 578.87	87%
Drivers & Learners Licenses	1 573 500.00	1 700 196.00	108%
Vehicle Registration	2 098 000.00	2 231 470.21	106%
Vehicle Testing Station	209 800.00	213 705.00	102%
Hall Rental	207 151.00	68 508.36	33%
Sophia Park	75 000.00	75 426.29	101%
Plant Rental	5 000.00	9 475.62	190%
Interest o Investment	2 455 298.00	3 753 707.08	153%
Interest on Current Account	584 339.00	128 503.84	22%
Advertising	188 820.00	177 890.72	94%
Building Plan Fees	350 601.00	434 487.85	124%
Clearance Certificates	5 848.00	8 452.31	145%
Funeral Plots	23 378.00	34 478.44	147%
LGSeta	110 774.00	119 576.60	108%
Parks	2 881.00	2 870.50	100%
Pound Fees	367 150.00	626 793.00	171%
Rezoning Application	7 000.00	521.76	7%
Rezoning Certificate	1 500.00	5 235.80	349%
SG Diagrams	234.00	-	0%
Tender Fees	607 704.00	586 007.99	96%
Vat Claims SARS	20 000 000.00	29 329 879.46	147%
Licenses & Permits	57 695.00	40 653.43	70%
TOTAL	35 435 193.00	42 961 204.13	121%

UMZIMVUBU LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2021



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Umzimvubu Local Municipality set out on pages ... to ... , which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umzimvubu Local Municipality as at 30 June 2021, and financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of the Revenue Act 16 of 2020 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Material losses - receivables from exchange and receivables from non-exchange transactions

7. As disclosed in notes 5 and 6 to the financial statements, cumulative allowance for impairment of receivables from exchange and receivables from non-exchange transactions amounted to R8 million (2019-20: R6,7 million) and R27,4 million (2019-20: R55,4 million), respectively.

Restatement of corresponding

8. As disclosed in note 64 to the financial statements, the corresponding figures for the 30 June 2020 were restated as a result of error in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Other matter

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

Unaudited disclosure note

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

Responsibilities of the accounting officer for the financial statements

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

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

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

Introduction and scope

15. 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 priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

16. My procedures address the usefulness and reliability of the reported performance information , which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2021:

Development priority	Pages in the annual performance report
KPA 2 - Basic services delivery	x-x

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

19. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority:

- Basic services delivery.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

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

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements and annual reports

24. 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 receivables from exchange transactions, receivables from non-exchange transactions, revenue, expenditure, contingent liabilities, cash flow statement, statement of changes in net assets and statement of comparison of budget and actual amounts items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

25. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. This limitation was identified in the procurement processes for the completion of Tyinirha Bridge.

Strategic planning and performance management

26. The SDBIP for the year under review did not include the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

Other information

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

28. 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.

29. 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 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.

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

Internal control deficiencies

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

32. The municipality did not have adequate systems in place to monitor compliance with all applicable legislation, audit action plan was implemented; however, it was not monitored adequately to ensure that the root cause of prior year findings on compliance with legislation were addressed, as recurring findings were raised in the financial year under review

Auditor General
East London

01 February 2022



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priority 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other



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="201 741 470 772">Councillor N. Mdzinwa</p>	Chief Whip	Council Chief Whip
 <p data-bbox="201 1182 481 1214">Councillor H.M. Ngqasa</p>	Chairperson	Budget and Treasury
 <p data-bbox="201 1608 513 1639">Councillor U.G. Makhanda</p>	Chairperson	Infrastructure and Planning

Name of Councillor	Portfolio	Committee
 <p data-bbox="201 658 491 689">Councillor C. N. Mnyaiza</p>	Chairperson	Local Economic Development
 <p data-bbox="201 1084 451 1115">Councillor M. Mataka</p>	Chairperson	Corporate Services
 <p data-bbox="201 1576 491 1608">Councillor N. Sonyabashi</p>	Chairperson	Citizens & Community Services

Name of Councillor	Portfolio	Committee
 <p data-bbox="201 651 448 680">Councillor N. Garane</p>	Chairperson	Special Programmes & Communications
 <p data-bbox="201 1070 512 1099">Councillor P. Thingathinga</p>		Executive Committee Member
 <p data-bbox="201 1503 440 1532">Councillor T. Mambi</p>		Executive Committee Member

2.2. Administrative Governance

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

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



**Citizens & Community Services
Manager: 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.

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2020 TO 30 JUNE 2021

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 2020 to 30 June 2021.

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) (Resigned- October 2020)	0
Mr. S. Ngqwala	6
Mr S Mnguni CA (SA) (New Chairperson)	6
Mr. S. Buthelezi (Appointed-April 2021)	2

Overview of Activities

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

	Meeting date	Meeting	Comments
1.	19 August 2020	Scheduled meeting	AC Chairperson absent -Apology.
2.	7 September 2020	Special meeting	AC Chairperson absent -Apology.
3.	19 November 2020	Scheduled meeting	All AC members were present.
4.	16 February 2021	Scheduled meeting	All AC members were present.
5.	14 May 2021	Scheduled meeting	All AC members were present.
6.	28 June 2021	Special meeting	All AC members were present.

The Audit Committee chairperson also availed himself for Council Meeting to present an annual report of the Audit Committee for the 2020 financial year.

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 23 June 2020 and was approved accordingly.

The internal audit completed all planned projects as per table below. In addition, one ad hoc project was undertaken and completed by internal audit.

No.	Project Name	Status	Conclusion on controls	
			Control design	Control implementation
1.	AOPI Quarter 1	Completed	Adequate	Partially effective
2.	Human Resources Management Audit	Completed	Adequate	Partially effective
3.	IT General controls review	Completed	Adequate	Partially effective
4.	Review of Local Econ. Development Programs	Completed	Inadequate	Ineffective
5.	Fleet management Audit	Completed	Inadequate	Partially effective
6.	Review of AFS	Completed	Adequate	Partially effective
7.	Review of Annual Performance Report	Completed	Adequate	Partially effective
8.	Asset Management Audit	Completed	Inadequate	Ineffective
9.	Compliance Review	Completed	Adequate	Effective
10.	MSCOA Review	Completed	Adequate	Partially effective
11.	AOPI Quarter 2	Completed	Adequate	Partially effective
12.	AOPI Quarter 3	Completed	Adequate	Partially effective
13.	Annual Report Review	Completed	Adequate	Effective
14.	Review of Performance Bonus (Ad-hoc)	Completed	Adequate	Partially effective
15.	Cyber Audit (Internal Vulnerability)	Completed	Inadequate	Partially effective
16.	Budget Audit	Completed	Adequate	Partially effective
17.	Grants Audit	Completed	Adequate	Effective
18.	Review of Interim Financial Statements	Completed	Adequate	Partially effective.
19.	Project Management Audit	Completed	Inadequate	Ineffective

20.	Revenue management audit	Completed	Adequate	Partially effective.
21.	Supply chain management audit	Completed	Adequate	Partially effective.

All planned assurance projects as per the Approved 2020/21 Risk-based Internal Audit plan were conducted and reports were tabled to Audit Committee for approval and adopted. The Audit Committee adopted all the reports of the internal audit with recommendations to be implemented by management.

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)l.

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

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.

Based on the above, Audit committee's conclusion on the overall control environment is that control design is adequate. However, implementation requires improvement to ensure effectiveness of controls. The audit committee is still concerned with controls regarding asset management, controls regarding implementation of local economic development programs, fleet management, computer controls, controls to ensure that financial statements are accurate and complete and project management. Controls regarding these areas requires improvement in order to achieved improved audit outcome and enhanced service delivery.

RISK MANAGEMENT

Risk management is formalised within the municipality through the establishment of various structures (i.e. Risk Management Committee) in line with MFMA and treasury guidelines.

The Audit Committee has been monitoring the risks identified including the strategic risks. The good progress by management in addressing risks as per the approved risk register was noted during the year.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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. However, as indicated above, management should continue improving controls to detect and correct errors in the financial statements as the financial statements submitted to the Audit Committee initially contained material errors and omissions.

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 2020-21 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 continuous improvement in the control environment especially with respect to asset management.

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.

As far as the Audit Committee is aware, there are no concerns with respect to independence of AGSA and the Audit Committee is happy with the quality of the external audit.

The Audit Committee concurs with **audit opinion** received from the AGSA which is an improvement from the prior year and will support management in developing an 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 had 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 _____

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 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 as and when the need arises. Implementation of risk mitigation plans is monitored on monthly basis and reported to Management Committee, Quarterly to Audit & Performance Management Committee and Council. The Risk Management Strategy 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. 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

Demand Management: Deals with planning which is critical to develop Procurement plans, Bid Committees to be formulated, Policy development and SOPs to implement all relevant legislation.

Acquisition Management: It is where the procurement processes kicks in, ranges of procurement, competitive bidding, evaluation up to appointments, deviations, unsolicited bidding, and proper adherence to SCM processes.

Logistics Management: Deals with logistics, inventory Management, disposal Management, Risk Management and Performance Management

Risk Management: Supply chain management may be incurring irregular expenditure, fraud and corruption by not implementing the approved policies, MFMA and SCM regulations.

Performance Management: As a Manager of the sections need to ensure that subordinates perform and implement procurement plan timeous have strategies to deal with SCM delays since SCM is a heart of the institution, To ensure that contracts management on adhering to section 116 of MFMA regular monitoring and implementation of service provider to perform on service delivery especially on conditional grants.

STRUCTURE OF APPROVAL		
GOODS/SERVICE VALUE	PROCUREMENT METHOD MINIMUM	APPROVAL AUTHORITY
0-2000	Petty Cash transaction and one quote range	HOD's and Managers
2001-30 000	Request for quotations from CSD and ULM Database	SCM Manager
30 000-200 000	Advertisement for a period of seven days	Accounting Officer
Above 200 000	Advertisement for a period of not less than 14 days	Accounting Officer

The bid committees are appointed for specific projects with the following principle applied at all times:

All bid committees are appointed by Accounting Officer for the entire financial year.

2.11. MPAC Committee

(Provide a narrative on the existence, mandate & function of the 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 of Mid - Year Assessment Report 2019/2020

Recommendations on Annual Report 2020/2021

1. That Council should note the Oversight Committee report on the annual report for 2020/2021 FY.
2. That the Oversight Report on the Annual Report for 2020/2021 FY be adopted by Council.
3. That the Annual Report for 2019/2020 FY be adopted by Council without reservations.

Names of members and number of meetings attended by MPAC Members (2020/2021)

Initial and Surname	F/T P/T	OR	Committee	Political Organization	Number of planned meetings	Attended	Absent
Cllr S Myingwa	P/T		MPAC	ANC	8	8	0
Cllr N Ntshayisa	P/T		MPAC	AIC	8	6	0
Cllr NN Gcadinja	P/T		MPAC	ANC	8	4	2
Cllr NE Ngalonkulu	P/T		MPAC	ANC	8	3	3
Cllr N.A Mantshongo	P/T		MPAC	DA	8	3	3

Cllr P Makhinzi	P/T	MPAC	ANC	8	4	2
Cllr LL Nqatsha	P/T	MPAC	ANC	8	7	1
Cllr V Bulana	P/T	MPAC	ANC	8	6	0

(a) Office of the Municipal Manager

(c) Legal Services

Case Load for 2020-2021 Financial year

ATTORNEYS	CASE NO	PARTIES	DESCRIPTION	STATUS	CONTACT NO	ADDRESS
Fikile Ntayiya & Associates	High Court Case no. 2106/2011	Andile Menyo // ULM	The defendant is in possession of the municipal land (portion of ERF 188). The municipality is seeking an order from the court to evict him.	The matter came before court for trial on 11 May 2021. Judgement was granted in favour of the Municipality and an order issued that the Defendant restores possession of a portion of Erf 188 and the removal of structures erected thereon. Defendant also ordered to pay costs of suit.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
Fikile Ntayiya & Associates	High Court Case no. 4258/2016	General P. Madikizela // ULM	The plaintiff is suing the municipality for a sum of R600 000.00 arising out of malicious arrest and assault.	Still awaiting for the plaintiff's legal representatives to confirm a date suitable for the Pre-trial conference.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madeira Street MTHATHA 5099

				Plaintiff's legal representatives have failed to arrange suitable date for pre-trial conference. Municipal legal representatives to attend to arranging same.		
Fikile Ntayiya & Associates	None	Sibongiseni Magaqa // ULM	The applicant is claiming a portion of ERF 185 KwaBhaca which he claims was sold to him by the municipality.	The municipality is still waiting for the Applicant's attorneys to serve the municipality with the application.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
Fikile Ntayiya & Associates	Magistrates Court Case no. 40/2018	Lindelwa Nyokana // ULM	The plaintiff issued summons against the Municipality for damages allegedly as a result of her motor vehicle which hit the pothole at Canca Street, KwaBhaca. The plaintiff is claiming a sum of R37 484.55.	On 12 February 2021 the matter was postponed sine die. A new trial date will be requested from the Clerk of the Court. Still awaiting allocation of new trial date by the Clerk of the Court.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
Fikile Ntayiya & Associates	High Court Case no. 2570/2018	Zibuke Clothing, Bakery & Multipurpose // ULM	The municipality seeks the eviction order against the respondents at Transido,	The matter is trial ready and was postponed sine die	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera

			KwaBhaca. The respondents have occupied the premises which belong to Umzimvubu Municipality without consent, ERF 351 KwaBhaca.	because of the suspension of evictions during Lockdown period. A new date of hearing has been requested from the Registrar.		Street MTHATHA 5099
P Conjwa & Associates	High Court Case no. 2912/2019	Atlas Tower (Pty) Ltd // ULM	The matter is a High Court Review Application - cellular phone tower installation and review of a decision to approve the installation.	Withdrawal of permission to install a network tower. The matter was before court on 28 January 2021. Counter claim dismissed with costs. The applicant is ordered to pay 50% of the first respondent's costs associated with the main application.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099
P Conjwa & Associates	Magistrates Court Case no. 138/2020	Jabanqa Giwu // ULM	Rentals at Trading Facility	Acknowledgement of debt has been prepared and signed. The Tenant has vacated the	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

				premises and will not be returning.		
P Conjwa & Associates	None	Nyameka Ntonga // ULM	Rentals at Trading Facility	Acknowledgement of debt has been prepared and signed. Acknowledgement of debt has been signed and Payment arrangements have been secured with the Tenant.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099
P Conjwa & Associates	Magistrates Court Case no. 139/2020	Zandile Mtshubungu // ULM	Rentals at Trading Facility	Notice of bar has been issued to the plaintiff's attorneys and no response received within the required period of 5 days. The matter will go to court. Payment arrangements has since been secured and the defendant has since withdrawn her defence.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099
P Conjwa & Associates	None	Lulama Maka // ULM	Rentals at Trading Facility	No appearance of the defendant in court. Default	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

				judgement granted in favour of the plaintiff (ULM). The defendant has been ordered and directed to pay to the plaintiff (ULM) a sum of R49 158.54 due to rental money. Matter finalized, service is processed through the sheriff for property attachment and removal.		
P Conjwa & Associates	None	Luyanda Maka // ULM	Rentals at Trading Facility	Acknowledgement of debt has been prepared and signed. The occupant has started to pay the old debt.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099
P Conjwa & Associates	None	Lindile Mpepanduku//ULM	Rentals at Trading Facility	Acknowledgement of debt has been prepared and signed. The occupant has started to pay the old debt.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

P Conjwa & Associates	Magistrates Court Case no. 276/2019	Joseph Ndamse // ULM	Rentals at Trading Facility	Signed acknowledgement of old debt. Matter is finalized and the Tenant has vacated the premises.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099
P Conjwa & Associates	High Court Case no. 1554/2019	Rawutini Yicokise Gawulana & Others // ULM	Land Invasion on ERF 188 in MaXesibeni	The matter appeared in court on the 9th of February 2021 for the application to rescind the order that was granted on the 19th of November 2020. Recession application granted against the Municipality. Application for leave to appeal filed and awaiting judgement on application for leave to appeal.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099
P Conjwa & Associates		Andiswa Gxobole // ULM	The plaintiff demands a full payment of monies paid by the Director of Nomtwa Projects to effect repairs and installation of electricity at the Fresh Produce	The municipality is to prepare and file a plea as per the amended particulars of claim.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

			Market building that belongs to ULM.	The matter is still pending before the High Court.		
Fikile Ntayiya & Associates	High Court Case no. 2914/2019	Thandeka Mgeyi & 4 Others // ULM	The municipality seeks eviction order from the court. The respondents invaded RDP houses at Chithwa Village, EXT5, MaXesibeni.	The matter was referred for oral evidence and it is trial ready. Still waiting for a trial date from the Registrar.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
Fikile Ntayiya & Associates	High Court Case no. 4859/2019	Nolubabalo Khuzani & 62 Others // ULM	The municipality seeks eviction order from the court. The respondents invaded RDP houses at Chithwa Village, EXT5, MaXesibeni.	The matter was before Judge Rugunanan on 25 November 2020 and Order was granted which enables the Sheriff to serve the said Notice in terms of the Pie Act upon the respondents. ULM lawyers have served a notice in terms of the Pie Act, to request a date of hearing of the matters (Main application and incidental application).	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099

Fikile Ntayiya & Associates	None	TJ Manyeli // ULM	Incident on a motor vehicle that occurred as a result of a pothole without warning signs. Claim of R5 275.12 with interest calculated at 10.25% per annum.	ULM attorneys have responded to the letter of demand and awaiting for the plaintiff to decide whether to issue summons against the municipality. The case is dormant.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
Fikile Ntayiya & Associates	High Court Case no. 1531/2012	Nodelile H Conjwa & 8 Others	The plaintiff's attorneys issued letters of demand on behalf of the plaintiffs. They are claiming that the municipal officials unlawfully demolished their structures at Papanana location, KwaBhaca.	Summons not yet issued by plaintiff's attorneys.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
P Conjwa & Associates	High Court Case no. 2841/2019	Jane Ntombesithathu Nkondlwana // ULM	Unlawful occupation of ERF 308 KwaBhaca	ULM is 3rd respondent in 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	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

				and 2 and provide them with accommodation where necessary as being part of its Constitutional mandate. The case is dormant.		
Madlanga & Partners Incorporated	High Court Case no. 3359/2019	Prince Mbusi Mdlalose // ULM	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. The plaintiff is claiming R450 000.00 from the Municipality.	Municipal attorneys to draft the discovery affidavit for the matter to be ready for trial.	011 447 0345/3720	The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG
Madlanga & Associates Incorporated	High Court	Millenium Development Trust // ULM	Extension 6 development / assisting ULM and providing legal advisory service on progress to the project and to provide legal opinion on merits of success with regard to cancellation/termination of the agreement between ULM and MDT.	Instructions to institute High court legal proceedings with the assistance of Junior and Senior Counsel. The case is dormant	011 447 0345/3720	The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG
Xolile Ntshulana Attorneys	Labour Court Case	Phumza Vitshima // ULM	The applicant claims contractual damages to the amount of R508 312.08. Alleged unlawful	Opposing papers have been filed in the matter.	084 982 8156	

	no. P256/2019		<p>termination of applicant's contract of employment on 01 August 2011.</p>	<p>On 16 November 2017 the matter was before Court and a settlement agreement between the parties was reached and made an Order of Court. In November 2019 the Applicant reinstated the matter for a claim for Contractual damages. On 6 May 2021 the matter was before Court and judgement was delivered on 11 May 2021 against the municipality regarding the interpretation of the Settlement Agreement. The Municipality has since filed its application for leave to appeal the</p>		
--	------------------	--	---	--	--	--

				Judgement of 11 May 2021.		
P Conjwa & Associates	High Court Case no. 3209/2019	Notemba Millicent Mpiti // Nothemba Manxusa & ULM	Unlawful occupation of property that belongs to Ms Mpiti by Ms Manxusa	The municipality is cited as the 2nd respondent on the matter. The matter is due to appear in court on the opposed roll in July 2021. Matter was postponed to 11 November 2021 to allow the applicant to supplement its papers and for the Municipality to file its Answering Affidavit. The Municipality has since filed its Answering Affidavit.	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099
P Conjwa & Associates	High Court Case no. 28/2020	Zilindile Mrhamba & Chief Baphathe Makaula // ULM	Unlawful demarcation of sites on land reserved for development of a Sportsfield in Semeni / Dungu.	Allocation of the opposed date from the Registrar. The Municipal legal representatives have since started the drafting of the	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

				Municipality's Replying Affidavit.		
Mdledle Incorporated	None	Geoilocate (Pty) Ltd // ULM	The plaintiff is claiming an amount of R152 720, 00 allegedly due by ULM in respect of services rendered.	Letter of demand. The municipality is still to determine work done by the service provider then advise lawyers.	031 301 9823/083 339 4672	Suit 501 the Marine 22 Dorothy Nyembe Street DURBAN 4001 Or Office No.16 Mount Ayliff Mall MOUNT AYLIFF 4735
Madlanga & Partners Incorporated	High Court Case no. 1351/2020	PriceWaterHouseCoopers // ULM	Claim of R460 209, 35 in respect of services allegedly rendered in 2015, 2016 and 2019.	The matter has been defended and consultation with the client is due. Judgement by Default granted against the Municipality in the amount of R460 209, 35. Municipal Legal Representatives have moved an application for rescission of default judgement.	011 447 0345/3720	The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG
P Conjwa & Associates	Magistrates Court Case no. 206/2020	Momelezi Methusi // ULM	The plaintiff claims an amount of R92 765.00 due to alleged damages to his car as a result of an accident with the municipal refuse truck.	The matter was before court on 27 November 2020 and the Joinder	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

				application was ordered. Matter still to be heard in Court.		
Madlanga & Partners Incorporated	High Court	Siti Cargo // ULM	Damages of R5 861 677.62 allegedly suffered by the plaintiff in respect of the termination of contract, contract number: UMZ/2018/19/INFRA/MIG/005-construction of Silindini bridge.	No summons have been issued by the plaintiff.	011 447 0345/3720	The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG
Fikile Ntayiya & Associates	High Court Case no.	NEDBANK & Mabona Civils // ULM	The municipality wish to recover an amount of R 809 048,94 from Nedbank. The first defendant (Nedbank) negligently so, paid the whole amount of R 809 048, 94 to the fraudster without first making verification whether the recipient was indeed from the second defendant (Mabona Civils) or not.	The first defendant (Nedbank) has since filed its plea. Still waiting for the first defendant's Discovery affidavit and thereafter a pre-trial conference will be set.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
Fikile Ntayiya & Associates	Magistrates Court Case no. 233/2020	Zandisile Mzondi // ULM	The plaintiff is claiming his 2 bulls that were impounded by the provincial officers to the municipal Pound site.	The matter was set down on 18 December 2020 and it was postponed sine die. The matter was reinstated and came before Court on 13 August 2021 and the Plaintiff, by	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099

				agreement between the parties; withdrew its claim against the Municipality with no order as to costs.		
Madlanga & Partners Incorporated	High Court Case no. 983/2021	Economic Freedom Fighters & Other // ULM & Others	This is a High Court Application to declare the ULM's dress code policies unlawful and unconstitutional and in the alternative to review and set aside ULM's dress code policies. Several other Municipalities are cited as respondents in the matter. Counsel has since been briefed.	Notice of intention to oppose was served and filed. Answering Affidavit has also been prepared, served and filed. Awaiting service of the Applicant's reply, if any.	011 447 0345/3720	The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG
Madlanga & Partners Incorporated	High Court Case no.	Vuyo Chitha // ULM	An application to release Mr Vuyo Chitha's pension fund to Umzimvubu local municipality where Mr Chitha is liable to pay the Municipality an amount of R 102 000.00 to ULM. As it stands counsel has been briefed to make an application in court ordering the Pension fund to release the funds to ULM for R 350 000.00 Matter Still pending. settlement.	The pension fund number and pension fund that Mr Chitha was registered to has been requested from ULM so as to complete the application.	011 447 0345/3720	The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG

Madlanga & Partners Incorporated	None	Ayalneh Mandefra Fantaye // ULM	The plaintiff demands an amount of R150 000.00 as a result of vehicle collision that includes the municipal truck in January 2021.	Notice of intention to institute legal proceedings received. Letter by the Municipal legal representatives denying liability on the part of the Municipality and further requesting proof that the persons mentioned in the Letter of Demand are indeed the employees of the Municipality was dispatched to the Plaintiff. Awaiting the service of Summons by the Plaintiff.	011 447 0345/3720	The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG
P Conjwa & Associates	Case no. 1986/2021	Concerned Group of Sigidini A/A // ULM		26 May 2021, the matter was before Court and was postponed to 06 July 2021 and the Court directed that the Municipality	066 474 2634	No.3 Majova Place Main Street KWABHACA 5099

				file its replying affidavit within 10 days. Replying Affidavit served and filed. On 6 July 2021 the matter was before court and order was granted as prayed for by the Municipality.		
Mdledle Incorporated	None	Disciplinary Hearing – Councillor SK Mnukwa // ULM	The Municipality initiated hearing against the Mayor for a motor vehicle accident involving the Mayoral Motor Vehicle.	The matter has since been concluded and the Mayor was found guilty on Counts 1 and 2 as set out in the Charge Sheet.	031 301 9823/083 339 4672	Suit 501 the Marine 22 Dorothy Nyembe Street DURBAN 4001 Or Office No.16 Mount Ayliff Mall MOUNT AYLIFF 4735
Mdledle Incorporated	ECD 012101	Arbitration Proceedings – Mvuyisi Nqwazi // ULM	The applicant, Mr Mvuyisi Nqwazi; initiated arbitration proceedings against the Municipality for allegedly being unfairly dismissed by the Municipality.	The Municipality has commenced with the leading of its witnesses in these proceedings. Two more witnesses are still to be led where after Applicant will proceed to lead its case.	031 301 9823/083 339 4672	Suit 501 the Marine 22 Dorothy Nyembe Street DURBAN 4001 Or Office No.16 Mount Ayliff Mall MOUNT AYLIFF 4735

Fikile Ntayiya & Associates	Magistrates Court Case no. 91/2014	Simphiwe Mhlongo // ULM	This matter dates back to 2014 where the Municipality was sued by the Plaintiff for his unlawful arrest by the second defendant who at the time was employed by the Municipality. The trial commenced, evidence was led and argued to completion. However, the presiding magistrate passed away before delivering judgement. This necessitated a trial de novo.	The matter is now set down for hearing on the 3rd of September 2021.	047 531 4816/ 0837025794	Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099
-----------------------------	------------------------------------	-------------------------	---	--	-----------------------------	--

Employees :Office of the Municipal Manager

Level	2019-2020	2020-2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	Mr GPT Nota				
4-6	Mrs C. Nenemba				
7-9	Ms T. Novukela				
10-12	Mr Z Tyebisa				
13-15	Mrs B Jokazi				
	Ms N. Boyce				
	Mr S. Mhlawuli				
	Mr S. Tshekela				
	1 Vacant post				
Total					

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.

Financial Performance Year 2020/2021: Electricity Services					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget		R14 607 000.00	R6000 000.00	R20 607 000.00	
Expenditure		R14 607 000.00	R6000 000.00	R20 607 000.00	
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Capital Expenditure Year 2020/2021: Electricity Services	
Capital Project	2020/2021

	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
	R14 706 000.00	R10 026 099.00	R21 711 924.00		R21 711 924.00

3.2. Waste Management and Refuse Removal

Umzimvubu Local Municipality developed its IWMP dated June 2019, adopted by the Council in October 2019 and endorsed by MEC Department of Economic Development, Environmental affairs and Tourism on the 13th of March 2020. The role of the Umzimvubu Local Municipality (ULM) in relation to environmental management is enhanced in Section 152 of the Constitution, which requires municipalities, among others, to ensure the provision of services to communities in a suitable manner and to promote a safe and healthy environment. Section 156 (1) a of the Constitution, read with schedule 5, assigns responsibility for refuse removal, refuse dumps, solid waste disposal and cleansing to local government. Umzimvubu Local Municipality (ULM) is a largely rural municipality, with an estimated 90% or more of the population residing in rural areas (ULM, 2017-2022). Currently, the Municipality provides refuse

collection services to only 4.3% of its population (StatsSA, 2016). In an effort to address the low level of service delivery (particularly in rural areas), the Municipality is proposing Peri-Urban Area waste management expansion or expand its waste management services to peri-urban area.

Waste Educational/ Awareness Programs:

ULM regularly organizes clean-up campaigns as part of awareness raising campaign and strengthening public participation in waste management. The programme has expanded whereby local communities are organizing their own clean-ups in problematic areas and the Municipality provides a waste truck to assist them. Furthermore, it has created a platform where the Municipality can further educate people about recycling.

1. Waste Recycling Initiatives: for environmental and economic benefit

There are three main types of organisations that are recycling in ULM, including:

- Recycling co-operatives
- Supermarket chains
- Private recycling companies.

Recycling co-operatives

There are two established recycling co-operatives in the municipality. 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.

Challenges in Waste Management:

Illegal dumping
Pollution
Budget
Infrastructure

Solid Waste Service Delivery Levels: House Holds						
Description	2018/19	2019/2020	2020/2021	Original Budget No	Adjusted No	Actual No
	Actual No	Actual No	Actual No			
Solid Waste Removal:	Services are rendered five days a week in residential areas and seven days a week in urban areas.	Services are rendered five days a week in residential areas and seven days a week in urban areas.	Services are rendered five days a week in residential areas and seven days a week in urban areas.	2018/19= R 2 800 000.00 2019/20 R 2 954 000.00 2020/21 R 3 113 516.00		2018/19= R 2 800 000.00 2019/20= R 2 954 000.00 2020/21 R 3 113 516.00
Removed Once a week						
Removed More than once a week						

Total Number of House holds	2127					
-----------------------------	------	--	--	--	--	--

Employees :Waste Management and Refuse Removal services					
Level	2020/21	2020/2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	49	58	58	Non	Non
4-6	4				
7-9					
10-12	5				
13-15					
Total					

Financial Performance Year 2020/2021: Waste Management and Refuse Removal

Details					
	2019-2020	2020-2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	R 1 111 970.00	R 1 111 970.00			
Expenditure					
Employees	R 11 995 329.90	R 11 995 329.90			
Repairs and Maintenance	R 1 055 000.00	R 1 111 970.00			
Other					
Total Operating Expenditure	R 1 111 970.00	R 1 111 970.00			
Net Operational Expenditure					

Capital Expenditure Year 2020/2021: Waste Management and Refuse Removal

Capital Project	2020/2021				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Landfill site	R 6 180 635.24	R 6 630 635.42	R 4 500 000.00	R450 000.00	R 6 180 635.24
Plant and equipment					R 2 686 563.30 two year contract- Tool and equipment R 2 101 612.37- Refuse compactor tru
EIA for Mount Ayliff Landfill site (extension to the current landfill site which is approaching capacity)	R 800 000.00	Non	R0	Non	R 800 000.00

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 settlemen

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
Total	5	5	5	0	0

Financial Performance Year 2020/2021: Housing					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	1 000 000.00	1 000 000.00	0.00	1 000 000.00	R0.00
Expenditure	800 000.00	800 000.00	0.00	200 000.00	200 000.00
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
Total Operating Expenditure	N/A	N/A			
Net Operational Expenditure	8000 000.00	8000 000.00	0.00	800 000.00	800 000.00

Capital Expenditure Year 2020/21 Housing					
Capital Project	2020/2021				
	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

Below is the project budget from the department of human settlements

KEY PERFORMANCE INDICATOR	ANNUAL TARGETS FOR 2020/2021
DESTITUTE AND VULNERABLE	608
UNITS	608
FULL SERVICES	N/A
PARTIAL SERVICES	N/A
RECTIFICATION	N/A
BUDGET	R88 802 462

Successes: the municipality has facilitated for the construction of housing units in more than 5000 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. 290 emergency were facilitated in 2020-2021 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

3.4 Free Basic Services and Indigent support

Background:

The municipality provides free basic services in the form of paraffin, solar and electricity from Eskom. Paraffin and solar is provided to indigent households who are not connected to the main grid. The municipality has a register of indigent households of 7 880 which is reviewed quarterly.

Free Basic Services to Low Income House holds						
Year	Number of House Holds					
	Total	House Holds Earning Not More Than Two State Pensions Per month				
		Free Basic Electricity			Free Basic Refuse	
		Total	Access	%	Access	%
2020-2021	1 326	1 326	1 326	16	N/A	N/A

Financial Performance 2020-2021: Cost to the Municipality Free Basic Services Delivered					
Services Delivered	2019/2020	2020-2021			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Free Basic electricity and free Basic Alternative Energy	1 893 940	1 893 940	N/A	1 893 940	N/A
Indigent Burial Support	N/A	N/A	N/A	N/A	N/A
Rates	N/A	N/A	N/A	N/A	N/A

Free Basic Services: Refuse removal and compilation of indigent register	N/A	N/A	N/A	N/A	N/A
--	-----	-----	-----	-----	-----

Challenges:

The municipality encounter challenges that relate to beneficiaries that own companies, Eskom claiming for beneficiaries that are outside of Umzimvubu LM jurisdiction.

Component B: Roads

3.5. Roads and Storm Water Drainage

(Roads construction narrative during 2020-2021 financial year and populate the tables below)

Gravel Road Infrastructure : Kilometres				
Years	Total gravel Roads(Km)	New Gravel Roads Constructed	Gravel Roads Upgraded to Tar	Gravel Roads Maintained
2018-2019				
2019-2020				
2020-2021	109km	35.7km	0km	73.3km

Cost of Construction and Maintenance : Rand Per KM				
Year	Gravel Roads		Tarred Roads	
	New gravel road	Maintained Road	New	Maintained
2018-19				
2019-2020				
2020-2021	R750 000.00	R250 000.00	R3000 000.00	R300 000

•

Financial Performance Year 2020-2021: Roads					
Details	2020-2021	2020-2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue					
Expenditure					
Employees					
Maintenance		R20.7mil		R20.7	
Other					
Total Operating Expenditure					
Net Operational Expenditure					

(Provide photos of some new road projects and populate the table below):

Capital Expenditure Year 2020-2021: Roads (PMU)						
Capital Projects	2020-2021					
	STATUS	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Mapheleni AR	Completed					
Bumnandini-Mxhinweni to Mt Horeb AR	Completed					
Mahobe AR& Bridge	Completed					
Tshisane AR & bridge	Completed					
Sinethemba AR	Completed					

Capital Expenditure Year 2020-2021: Maintenance						
Capital Projects	2020-2021					
	Status	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Ngwegweni ARM	completed	R1178122.74		R1178122.74		R1178122.74
Natala ARM	completed	R1226218		R1226218		R1226218
Singeni ARM	completed	R1231782.25		R1231782.25		R1231782.25
Luxwesa ARM	completed	R997098		R997098		R997098
Xhameni ARM	completed	R1136869.30		R1136869.30		R113689.30
Zwelitsha-Mhlokwana ARM	completed	R923639.75		R923639.75		R923639.75
Baphathe-Rholihlahla ARM	completed	R1457180		R1263047.15		R1263047.15
Badibanise ARM	completed	R798223.03		R798223.03		R798223.03
Maribela Mntwana ARM	completed	R969600		R969600		R969600
Timber ARM	completed	R1223818.05		R1223818.05		R1223818.05
Dangwana JSS - Mhlanganisweni ARM	completed	R1024241.75		R1024241.75		R1024241.75
Mvumelwano ARM	completed	R1389365.60		R1389365.60		R1389365.60
Baphathe-Mthonjeni ARM	completed	R1300000		R1300000		R1300000
Xaba-Koloba-Mangoxhwalile ARM	completed	R1133523.24		R1133476.55		R1133476.55
Sibhozweni ARM	completed	R1171000		R1170515.45		R1170515.45

Employees : Project Management Unit					
Level	2020-2021	2020-2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
4-6					
10-12					
13-15	4	4	4	0	100%
Total	4	4	4	0	100%

Employees: Maintenance					
Level	2020-2021	2020-2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
4-6	9	9	9		100%
10-12					
13-16	1	1	1	0	100%
Total					

Component C: Planning and Development

3.6. Planning

Development Planning

Promote municipal and private developments by interpreting the Spatial Development Framework (SDF) of Council's Integrated Development Plan (IDP) for private developers, professionals and the general public and commenting on the desirability of Land Use applications. Makes recommendations relating to the desirability and feasibility of projects by monitoring and coordinating the production of reports, maps and presentations, regarding Forward Planning Policy and proposals to the Municipal Council/public.

The core function of the Department are:

- Land Use Management
- Settlement Planning
- Spatial and Forward Planning Management
- Real Estate Management
- Planning Enforcement

Location of the section

The section is located within the infrastructure and Planning Department.

Objectives and functions of the section

The objectives of the section is to promote planned, economic, scientific and artistic development of the municipal towns and rural areas.

Functions

A function of the section is to enhance service delivery through planning, facilitating, coordinating, administering and implementing the following functions;

Spatial Planning

The objective is to promote orderly development and sustainable livelihood by implementing sound spatial principles and land use management. Furthermore, to achieve optimum organization and use of land resources in order to meet the social, environmental and economic needs of the present and future generations. The municipality has adopted its Spatial Development Framework with a Vision which is: "To ensure delivery of quality services that promote economic growth, support development and respond to the community needs in accordance with our development mandate".

Building Control

As stated under section 156 of the Constitution of 1996 of South Africa that the local municipality must regulate building developments taking place within its jurisdiction, the municipality is therefore charged with the responsibility to regulate, monitor and control construction of buildings, ensuring compliance with standards set out in pieces of legislation and by laws that regulate building environment.

The submission and eventual approval of building plans is a statutory requirement of which the Building Control division within the municipality Infrastructure and Planning, is the custodian. Building Control ensures the health and safety of people in and around buildings by examining the following: -

- Buildings are structurally sound.

- They are safe, amongst other things, in the event of fire.
- They have adequate drainage.
- Building have adequate ventilation systems.
- Building have sufficient toilet/ablution facilities

The statutory laws promotes uniformity in the law relating to the erection of buildings in the jurisdiction of the municipality, and to prescribe standards and matters related thereto. Building Control ensures these standards are met by approving application, as well as on-site inspections, but does not include quality assessments of the building practice.

Included in the Building Control's function are:

- Inspecting building works to ensure that they meet the minimum standards as set out in the approved documents.
- Action to protect the public from dangerous and dilapidated buildings or structures.
- Demolitions monitoring.

Status Quo

In 2020-2021 FY the municipality has received and approved about 28 building plans for developments. 4 of these were business developments and 1 of these were only alteration of the existing structure. 23 of these submission of these submissions were residential private residential developments, one development was government development. The municipality has seen a decline in the submission of new development and this can be attributed to the Covid 19 pandemic that has led to economic crisis. The municipality has from the recent years seen an increase in compliance of building development as there has been increase in submission of building plans for approval and this can be credited to the awareness that are continuous being done by the municipality on Building Control requirements.

Valuation

(Provide a narrative on the existence and implementation of valuation roll)

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, 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.

The uMzimvubu Local Municipality is currently in the process of appointing a Service Provider in order to review the Land Use Scheme. The reason for this Review of the Land Use Scheme is that in terms of the Spatial Planning and Land Use Management Act, Act 16 of 2013 (SPLUMA) it is a requirement that the Land Use Scheme be reviewed every 5 years in order to remain current with the Zoning requirements of the Municipality.

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 funding for Development Planning Projects.
- No GIS Infrastructure (Hardware)

Successes for the development planning unit are:

- The Umzimvubu Local Municipality has recently completed the public uMzimvubu Urban Design Framework and Regeneration Plan.

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.

The uMzimvubu Local Municipality is currently in the process of appointing a Service Provider in order to conduct a new Land Use Audit. The objectives of the new Land Audit is to:

- Confirm land ownership for correct billing procedures.
- Identify and confirm zonings per erf.
- Identify conforming and non-conforming land uses.
- Identify surveyed and un-surveyed sites.
- Identify all unregistered and lapsed General Plans.
- Produce a detailed spreadsheet of municipal-owned, government-owned and privately-owned sites.
- Identify all unregistered land
- Develop a property register with information of all Erven within municipal area.

Other application must be mentioned										
-------------------------------------	--	--	--	--	--	--	--	--	--	--

Building control

Employees : Planning and Land use and Building control					
Level	2019/2020 FY	2020/2021 FY			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6					
7-9					
10-12					
13-15					
Total					

Financial Year Performance 2020-2021: Planning and Land use , Building Control					
Details	2019-2020	2020-2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue					
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operating Expenditure					
Net Operational Expenditure					

3.7. Local Economic Development and Tourism

(Provide core mandate and functions of the department)

2020-2021 CROPPING SEASON:

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
1.	1	15ha	Sulubere fields	15ha land in use	<ul style="list-style-type: none"> The inputs were supplied and delivered on the November 2020 according to the specification.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done as per the specification. • The maize planting was done on the 10th December 2020. • The first spray programme was done on the 13th December 2020.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • Maize is at the 6th leaf leave development. • Good germination percentage and crop estimate is at 30 000 per hector. • The service provider is expected to conduct the post spraying and top dressing. • The practical completion certificate were signed by the PSC and the ward Councillor thus; 1. Disking x 2, planting and Pre – spraying.

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
					<ul style="list-style-type: none"><li data-bbox="1317 464 1843 491">• The yellow maize is growing well in the area. 

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
2	2	15ha	Nkanji	15ha virgin land	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 20th November 2020 according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The yellow maize was planted on the 28th December 2020. There were delays due to the heavy rains experienced on the area. Due to bad soil condition and big stones the community was convinced to identify new sites and such delays contributed to the late planting.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • Some farmers resisted to identify new site they ended up using planting using old method of ploughing and planting and as such farmer were paid by the service provider. • The plant population is 32000 plants per ha. • The maize plant germination is 90% which the seed planter as the planter was properly calibrated. • The practical completion certificates were signed by beneficiaries and Ward Councillor.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
3	3	5ha 10ha	Lokwe	12ha in use	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the month of November 2020 according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The planting and spraying of yellow maize was done on the 4th January 2021 due to delays from heavy rain falls experiences on the area. • The plants has started to germinate.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> The project completion certificates were signed by the beneficiaries and the Ward Councillor.
4.	4	15ha	Sigidini	15ha land in use Gardens	<ul style="list-style-type: none"> The inputs were supplied and delivered on the month of November 2020 according to the specification.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • Due to lack of rain fall and dryness of the land the service provider requested through the ward Councillor to hold the operation. • The ploughing services were done on the 14th December 2020. • The maize germination percent is 91%.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The plant population is estimated to be 31000 plants per ha. • The project completion certificates were signed by both Beneficiaries and the Ward Councillor.
5.	5	10ha	Dambeni	15ha virgin land	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the month of October 2020 according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • Planting was done on the 12th December 2020. • The first spray programme was done on the 12th December 2020.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The germination percentage recorded was 90% and the plant population is 33000 plant per ha. • The service provider is expected to conduct post spray and the top dressing before end January 2021. • The maize is developing the 6th leaf growth stage. <ul style="list-style-type: none"> • The practical completion certificate was signed by the PSC and the ward Councilor.
6.	6	15ha	Mbumbazi	15ha land in use	

			Ndakeni		<ul style="list-style-type: none">• The inputs were supplied and delivered on the 19th October 2020 according to the specification.• The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors.• The maize planting delayed due to high rainfall.• The Service provider has started on the 23th December 2020.• The germination percentage 90% and crop yield estimate is 32000 plants per hectare.
--	--	--	---------	--	---

					<ul style="list-style-type: none">• The spraying of weeds was done on the 29 December 2020.• The practical completion certificate was signed by the PSC and the ward Councillor. 
--	--	--	--	--	--

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
7.	7	7.5ha	Skemane	15ha land in use	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 15th November 2020 according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done on the 13th December 2020: Thus two ripping and disking • The maize germination percentage is 90%.
		7.5ha	Ntsakeni		

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> The plant population is 29000 plant per ha.
8	8	15ha	Madadieles gardens	15ha land in use	<ul style="list-style-type: none"> The inputs were supplied and delivered on the 11th October 2020 according to the specification. The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. The planting was done on the 05th December 2020. The number of 41 gardens were planted. The germination percentage is 80% and crop yield estimate is 27000 per hectare. The practical completion certificate was signed by the PSC and the ward Councillor.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					
9.	9	15ha	Goso (5ha)	15ha land in use	<ul style="list-style-type: none"> The inputs were supplied and delivered on the 25th October 2020 according to the specification.
			Sugarbush (5ha)		

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
			Luxwesa (5ha)		<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillor. • The service provider planted on the 23rd December 2020. • The plant population is 34000 plant per ha. • The germination percentage is 98%. • The maize is on it 4th leaf development.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"><li data-bbox="1317 539 2033 616">• The practical complication were signed by the beneficiaries and the Ward Councillor confirming the operations done.<li data-bbox="1317 740 1720 769">• The yellow maize is growing well. 

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
10	10	15ha	Ngqumane	15ha land in use	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 05th November 2020 and the service provider is expected to deliver the remaining shortage on inputs. • The beneficiaries and the ward Councillor signed the input acceptance forms and delivery notes as per the specification. • The planting of yellow maize was done on the 10th December 2020. • The plant population is 32000 plant per ha.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"><li data-bbox="1317 539 1783 564">• The maize germination percent is 91%.<li data-bbox="1317 691 1798 716">• The maize is on its 6th leaf development.<li data-bbox="1317 842 1644 868">• The maize is growing well.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					
11	11	15ha	Lutshikini	15ha in use land	<ul style="list-style-type: none"> <li data-bbox="1317 943 2031 1018">• The inputs were supplied and delivered on the 18th October 2020 according to the specification. <li data-bbox="1317 1142 2031 1265">• The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The soil preparation was done on the 09th December 2020. • The planting was done on the 12th December 2020 • The plant population is 33000 plant per ha. • The germination percent is 96%. • The practical completion certificate was signed by the beneficiaries and the Ward Councillor.

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
					

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					
12	12	15ha	Lutatani	15ha land in use	<ul style="list-style-type: none"> <li data-bbox="1317 906 2033 986">• The inputs were supplied and delivered on the 17th October 2020 according to the specification. <li data-bbox="1317 1107 2033 1235">• The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The soil preparation was done on the 11th December 2020 according to the specification. • The planting and pre –spray programme was done on the 16th December 2020. • The ploughing operations were delayed to poor and unproductive land identified by the beneficiaries. Such that numerous community meetings were set to resolve the issue. • The post spraying and top dressing is expected to be done on the 16 – 22nd December 2020.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"><li data-bbox="1317 539 2045 616">• The plant germination is 92% and the plant population is 31000 plant per ha.<li data-bbox="1317 660 1731 691">• The maize growth level is 6th leaf.<li data-bbox="1317 815 2045 892">• The project completion certificates were signed to confirm the services by the beneficiaries and the Ward Councillor.

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
					 A photograph showing a field of young corn plants in rows, with a dirt path or furrow running through them. The background features a flat landscape with some distant hills under a cloudy sky.

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
					 A photograph showing a person wearing a red shirt and a hat, bent over and working in a field of young corn plants. The soil is reddish-brown, and the plants are in the early stages of growth. The person appears to be tending to the plants, possibly weeding or fertilizing.

13	13	7.5ha	Ntlabeni	15ha land in use	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 15th October 2020 according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done on the 6th December 2020. • The planting was done on the 07th December 2019 and all the first operations were done on the 10th December 2020. • The plant germination is 95% and the plant population is 32000plant per ha.
----	----	-------	----------	------------------	--

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
		7.5ha	Ngcozana		<ul style="list-style-type: none"> • The maize growth level is 6th leaf. • The heavy storms destroyed the maize through the maize is recovering. • The Post spraying and top dressing was done on the 15th January 2021. • The project completion certificates were signed to confirm the services by the beneficiaries and the Ward Councillor. • The yellow maize is growing well.

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
					
14	14	7.5ha	Matyeni	15ha virgin land	
		7.5ha	Nqalweni		

					<ul style="list-style-type: none">• The soil preparations were done according to the specification on the 03rd December 2020.• The germination percentage is 98% and the plant population is estimated to be 34000 plants per hectare.• The maize plant is at 6th leave development level.• The planting was done on the 04th December 2020.• The post spraying and top dressing was done on the 23rd January 2021.• The practical completion certificates were signed by the Ward Councillor and the beneficiaries.
--	--	--	--	--	---

					
--	--	--	--	--	---

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
15	15	15ha	Luganeni	15ha virgin land gardens	<ul style="list-style-type: none"> • The gardens were planted according to the specification. • The soil preparation was done on the 27th November 2020. • The planting was done 15th December 2020. • The maize is on the 4th leaf development stage. • The plant population is estimated to 35000 plant per hectare with 100% germination rate.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"><li data-bbox="1317 539 1720 568">• The yellow maize is growing well. <p data-bbox="1272 767 1644 796">Sheep grazing on maize at ward 15</p>

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
17	17	3.75 ha	Mabhaceni	15ha land in use	<ul style="list-style-type: none"> The inputs were supplied and delivered on the 31st October 2020 according to the specification.
		3.75 ha	Ngqantosi	Gardens	
		3.75 ha	Sdikidiki		
		3.75 ha	Cwalinkungu		

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done on the 4th December 2020. • The planting was done on the 16th December 2020 and was completed. • The germination percentage is 80% and the plant population is 28000 plants per ha.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> <li data-bbox="1317 464 1872 491">• The maize growth level is 4th leaf development. <li data-bbox="1317 616 2033 691">• Project completion certificates were signed by the beneficiaries and the Ward Councillor. 
20	20	5ha	Mpembha	15ha virgin land	

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
		5ha	Lwandlana		<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 22nd October 2020 according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The project was planted on the 14th December 2020. • Due to high rainfall received between November and December 2020 the operations were affected at Lwandlana project. Such that the weeds grow up fast to super exceed the maize growth.
		5ha	Ngxabaxa		

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
					

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					 <p>Ngxabaxa maze fields</p>
21	21	6.5ha	Zibukwana	13ha In use	<ul style="list-style-type: none"> The project is implemented on the gardens. The inputs were supplied and delivered on the 28th October 2020 according to the specification.
		6.5ha	Qoqa	Gardens	

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done on the 03rd December 2020. The planting was done on the 14th December 2020. • The germination percentage recorded was 95% and the plant population is 32000 plants per ha. • The maize growth level is 4th leaf.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> The practical completion certificate was signed by the PSC and the ward Councillor. 
22	22	22	Ngqwarha Gamakhulu	10ha in use 05ha	<ul style="list-style-type: none"> The inputs were supplied and delivered on the 26th October 2020 according to the specification.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillor. • The soil preparation was done on the 13th December 2020. • The planting was done on the 13th December 2020.The pre – spraying was done on the 15th December 2020. • The maize growth stage is 4th leaf level.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"><li data-bbox="1317 464 2045 544">• The plant population recorded is 35000 plants per ha which is 100% germination rate.<li data-bbox="1317 663 2045 743">• The practical completion certificate was signed by the PSC and the ward Councillor. 

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village
					

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					
23	23	7.5ha	Pondomise	15ha virgin land gardens	<ul style="list-style-type: none"> • The project was implemented on the beneficiary gardens on both areas. • The inputs were supplied and delivered on the 29 October 2020 according to the specification.
		7.5ha	Hofisa		

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • Due to the following reasons the operations were delayed: <ol style="list-style-type: none"> 1. High rainfall the operations were delayed. 2. Tractor break down. 3. Cov - 19 out - break at Hofisa. • The planting was done on the 14th December to the 20th December 2020.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none">• The plant population is 30000 plants per ha.• The germination percentage is 90%.• The planted maize is at 4th leaf stage development.• The service provider is expected to apply the chemical spray to kill the weeds.

					 
--	--	--	--	--	---

No	Ward	Hectares	Location	Land status	Ploughing status qou report per village

24	24	15ha	Amrose	15ha virgin land	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 11th November 2020 according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done on the 09th December 2020 according to the specification. • The planting was done on the 10th December 2020. • The pre spraying programme was done on the 12th December 2020.
----	----	------	--------	------------------	---

				<ul style="list-style-type: none">• The plant population is 32000 plant per ha and the plant germination is 100%.• The maize growth level is at 8th leaf and the service provider is expected to do post spray and top dressing.• The practical completion certificate was signed by the PSC and the ward Councillor.• The beneficiaries were able to procure fencing material and fence the area of 10 hectares.
--	--	--	--	---

					
--	--	--	--	--	---

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
25	25	15ha	Magqangqeni	15ha virgin land	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 11th October 2020 as per according to the specification. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done on the 15th December 2020. • The maize is on its 4th leaf development and the germination percentage is 100%.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> The operations were suspended due to high rainfall received on the 10th -13th December 2020. The service provider planted on the 14th December 2020. There is 100% germination rate and the plant population is estimated to 32000 plants per hectare.
26	26	5ha	Zinkawini	15ha virgin land	<ul style="list-style-type: none"> The project was implemented on gardens due to the unfenced maize fields. The inputs were supplied and delivered on the 02th October 2020 according to the specification.
		5ha	Trustini	Gardens	
		5ha	Phuka		

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"><li data-bbox="1317 539 2045 663">• The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors.<li data-bbox="1317 788 2045 817">• The soil was prepared and the planting.<li data-bbox="1317 938 2045 967">• The planted maize is on its 2nd leaf development.<li data-bbox="1317 1091 2045 1120">• The plant population is 30000 plants per hectare.

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
					<ul style="list-style-type: none"> • There was lack of beneficiary commitment and support on assisting the service provider with the provision of inputs as such there were delays on planting on time. • The practical completion certificate was signed by the beneficiaries and the Ward Councillor.
27	27	15ha	Zixhoba	15ha virgin land	<ul style="list-style-type: none"> • The inputs were supplied and delivered on the 12thOctober 2020 according to the specification.
			Mpendla		

No	Ward	Hectares	Location	Land status	Ploughing status you report per village
			Zibozana		<ul style="list-style-type: none"> • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done on the 20th December 2020. • The maize is on its 4th leaf development and the germination percentage is 87%.

ANALYSIS OF THE CROPPING AND HARVEST REPORT

(Provide a narrative and populate the table below)

MAIZE PLANTED:

MAIZE PLANTED:

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Gijimana Balimi cooperative	Sulubere	01	06 19	15ha	15ha	Early November 2020
Luthabembeko cooperative	Nkanji	02	21	15ha	15ha	Early December 2020
Sondle cooperative	Lokwe	03	21	15ha	15ha	Early November 2020
Meshace cooperative	Sigidini	04	51	15ha	15ha	Early November 2018
Mafusini cooperative	Dambeni	05	31	15ha	15ha	Early October 2018
Mqhokweni cooperative	Mbumbazi Ndakeni	06	23	15ha	15ha	Early October 2018
Mqhokweni cooperatives	Sikhemane (Fields)	07	32	7.5ha	7.5ha	Late November 2020
	Ntshakeni			7.5ha	7.5ha	Late November 2020

Ngqubusini cooperative	Projects Matiedele	08	18	15ha	15ha	Early October 2020
The Dream Services cooperative	Goso (Fields)	09	49	05ha	05ha	Early December 2020
	Sugarbush			05ha	05ha	Early December 2020
	Luxwesa			05ha	05ha	Late November 2020
Ngqume cooperative	Ngqumane Fields	10	23	15ha	15ha	Early October 2020
Ucwazi cooperative	Sithinteni Fields	11	26	15ha	15ha	Late November 2020
	Lutatani (Fields)	12	29	15ha	15ha	Late November 2020
matshiya cooperative	Ntlabeni	13	27	7.5ha	7.5ha	Late November 2020
	Ngcozana			7.5ha	7.5ha	Late November 2020
Ziseleni cooperative	Matyeni	14	34	7.5ha	7.5ha	Late November 2018
	Nqalweni			7.5ha	7.5ha	Late November 2020

Usukulokulingisa cooperative	Lugwelweni	15	32	7.5ha	7.5ha	Late November 2020
	Zwelitsha			7.5ha	7.5ha	Late November 2020
Rose Five cooperative	Lubhacweni	16	60	05ha	05ha	Late November 2020
sakhukhanyo cooperative	Mabhaceni (Fields)	17	30	3.75 ha	3.75 ha	Late November 2020
	Ngqantosi			3.75 ha	3.75 ha	Late November 2020
	Sdikidiki			3.75 ha	3.75 ha	Late November 2020
	Cwalinkungu			3.75 ha	3.75 ha	Late November 2020
Thuthukani cooperative	Mtshazi	19	16	05ha	05ha	Late November 2020
HoHANA cooperative	Mntwana	20	35	05ha	05ha	Late November 2020
	Mpembha			05ha	05ha	Late November 2020
	Lwandlana			05ha	05ha	Late November 2020
Xolo cooperative	Zibokwana	21	19	7.5ha	7.5ha	Late November 2020

	Qoqa			7.5ha	7.5ha	Late November 2020
Maxoweni cooperative	Hofisa	22	19	15ha	15ha	Late November 2020
Hlokoloza cooperative	Mampondomiseni Gardens	23	35	7.5ha	7.5ha	Early October 2020
	Qwidlana			7.5ha	7.5ha	Early October 2020
	Amrose	24	15	7.5ha	7.5ha	Early October 2020
				7.5ha	7.5ha	
Sakha Isizwe cooperative	Gojini (Field)	25	15	15ha	15ha	Late November 2020
Sakhukuhle cooperative	Mthonjeni	26	27	05ha	05ha	Late November 2020
	Nyantungo			05ha	05ha	Late November 2020
	Bhobhodla			05ha	05ha	Late November 2020
Qubani cooperative	Mbumbhathi	27	39	05ha	05ha	Late November 2020
	Bhibha			05ha	05ha	Late November 2020

	Butsheni			05ha	05ha	Late November 2020
--	----------	--	--	------	------	--------------------

CONTRACTOR DEVELOPMENT PROGRAM

INFORMAL TRADING: MARKET PLACE

The municipality has constructed 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. The municipality received a funding from Department of Economic Development Environmental Affairs & Tourism for the construction of EmaXesibeni Hawker stalls, the construction has commenced and it is expected to be completed in April 2022.

There are 600 street traders in both towns, the challenge is 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

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	
2017-2018	<ol style="list-style-type: none"> 1. 20 During the 7th Annual Tourism Celebrations 2. 40 during the 3rd annual fashion show 			

2018-2019	<ol style="list-style-type: none"> 1. 20 During the 8th Annual Tourism Celebrations 2. 40 During the 4th Annual Fashion Show 			
2019-2020	<ol style="list-style-type: none"> 1. 20 During 9^h Annual Tourism Celebrations 2. 40 During Annual 5th Fashion show 			
2020-2021				
Jobs created by EPWP projects				
Year	No of EPWP projects	No of Jobs created		
2020-2021				

Financial Performance Year 2020-2021 LED and Tourism					
Details	2019-2020	2020-2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget

Total Operational Revenue	R 383 774	R 162 638	R 402 579	R 421 903	R 442 154
Expenditure	R 16 118 414	R 10 243 868	R 12 320 712	R 12 932 106	R 13 552 847
Employees	R 1 057 882	R 1 923 334	R 2 017 577	R 1 057 882	R 94 243,00
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
Total Operating Expenditure	R 12 281 124	R 26 066 126	R 21 700	R 22 129 112	R 20 987 423
Net Operational Expenditure	R 10 898 455	R 12 281 124	R 18 674	R 22 129 112	R 19 887,00

Employees : Local Economic Development and Tourism					
Level	2019-2020	2020-2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	02	02	02	N/A	100%
4-6	03	04	03	01	75%
7-9	01	02	01	01	60%

10-12	N/A	N/A	N/A	N/A	N/A
13-15	N/A	N/A	N/A	N/A	N/A
Total	06	08	06	02	55%

Capital Expenditure Year 2020-2021: Local economic Development					
Capital Projects	2020-2021				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Anchor Project	R 5 750 000	R 201 500	R 5 548 500	R 3 548 000	R 4 500 000
SMME & Cooperative Support Fund	R 1 500 000	R 1 000 000	R 2 900 000	R 1 500 000	R 2 500 000

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

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			
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	No	No	No
18	Fleet Management Policy			
19	Special Risk Policy			
20				

4.3. Suspensions

Five employees were on precautionary suspension for the money that was not accounted for at Registration Authority.

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 2020/21 financial year: 22 Manager who were evaluated for 2020/21 annual financial year in April to June 2021. Five (5) Managers are eligible for Performance Bonus and 17 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.

Municipal Manager & S57 managers	Male	04	N/A	N/A	N/A	N/A	N/A	N/A		
Councillors	Female	21	N/A	N/A	N/A	N/A	N/A	N/A		
	Male	31	N/A	N/A	N/A	N/A	N/A	N/A		
Technicians and Associate Professionals	Female	0	N/A	N/A	N/A	N/A	N/A	N/A		
	Male	04	N/A	N/A	N/A	N/A	N/A	N/A		
Professionals	Female	66	N/A	N/A	N/A	N/A	N/A	N/A		
	Male	54	NA	N/A	N/A	N/A	N/A	N/A		
Sub totals	Female	90	N/A	N/A	N/A	N/A	N/A	N/A		
	Male	93	N/A	N/A	N/A	N/A	N/A	N/A		
Totals		183	N/A	N/A	N/A	N/A	N/A		R1 787,000.00	R1 656,963.98

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	01	01	Yes	01	01

Chief Finance Officer	01	01	Yes	01	01
Heads Of Departments	05	05	Partly completed	04	04
Assistant Manager Supply Chain	01	01	Yes	01	01
Other Financial Officials	04	04	Partly Completed	03	03
Totals	12	12		10	10

Employees :Corporate services					
Level	2019/2020		2020/2021		
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3			89	0	0
4-6			30	0	0
7-9			6	0	0
10-12			66	2	2,94
13-16			20	2	9,09%
17-20			7	0	0
21-26			1	0	0
Total			219	4	1,79%

Skills Development Expenditure								
Management Level	Gender	Employees in posts as at 30 June 2020	Skills programmes and other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual		
		No of employees						
Municipal Manager & S57 managers	Female	03						
	Male	04						
Councillors & Managers	Female	21						
	Male	31						
Technicians and Associate Professionals	Female	0						
	Male	04						
Professionals	Female	66						
	Male	54						
Sub total	Female	90						

	Male	93						
Total		183	R1 787,000.00	R1 656,963.98			R1 787,000.00	R1 656,963.98

Capital Expenditure Year 2020/2021: Corporate Services

Capital Projects	2020/2021				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
IT Equipment					
Vehicles					
Furniture & Equipment					
ICT					
Training & Development					
Protective Clothing					
Vehicle Fuel & Oil					
Advertising Fees					
Water & Sanitation					
Training: Students					
Study Assistance					
EAP					
Tracker					
Telephone					
Travelling & Accommodation					

Subsistence & Travelling					
Printing & Stationery					
Labour Relation					
ICT License					
License Fees					
Insurance External					
Conference & Workshops					
Cleaning Material					
R&M Equipment & Vehicles					
R & M Building & Installation					
TOTAL					

Component D: Community and Social Services

Libraries and Community Facilitie

3.8 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 regular 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.

3.10 SPECIAL PROGRAMMES

Employees : SPECIAL PROGRAMMES UNIT			
Level	2020-2021		2020-2021

	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
0-3	0	0	0	0	0
4-6	1	1	1	0	0
7-9	0	0	0	0	0
10-12	3	3	3	0	100
13-14	1	1	1	0	100
Total	5	5	5	5	100

- The social agenda as adopted by the democratic government has channelled a significant amount of effort and resources towards identifying vulnerable groups in society, crafting legislation that would protect their interests and develop and implement programmes and strategies to support them. At the centre of the response to the challenges faced by the vulnerable groups, is the creation of mechanisms and systems that Mitigate or reduce the impact of vulnerability of building the capacity to withstand or with the conditions of vulnerability and addressing or tackling the root causes of vulnerability such as poverty, poor governance, discrimination, inequality poor access and inadequate resources and livelihoods

Elderly

The rights of older persons, just like the rights of all other citizens are protected by the basic human rights. Older person's rights include, among many the right.

Improving the live hood of the older persons and celebrate their positive contributions in the development of our families and society and in general

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
1. Elderly Projects	Elderly games	-Lingelethu- Qwidlane ward 23 -Mzamomhle – Mtshazi ward 19 -Sivukile ward 27 Mbodleni - Sinoncedo Semen ward19 Masonwabe –Ntsizw ward 6 Lindokuhle –Goxe 14 Mayibuye-Sivumela w24 Igqabilethu- Libaleku w2 Mthombokazi w12 Phutumani-Qhanq	35 40 40 35 35

		Lukhanyiso –	35
		Dangwana w20	
		Celizapholo- Mvuzi w19	
		Mabhobho- 35	
		Mbhobho w22	
		Banano Kuhle-	
		Mandileni w24 40	
		Likomkhulu-	
		Lugangeni w15	
		Nceduluntu- 30	
		Ntlabeni w13	
		Sinothando-	
		Mgungundlovu w12 30	
		Mt frere citizen-	
		KwaBhaca town w18 40	
		Bambelihle –	
		Ngonyameni w4	
		Mzamowethu- 40	
		Ngwegeni w3	
		Buhlebendalo- 40	
		maXesibeni town w7	

		Bambanani	35
		maxesibe-	
		Brooksneck w1	
		Sibatsha- Betshwane	40
		w26	
		Sangezulwazi-	
		Lugelweni w8	40
		Kamvelihle	
		Betshwana w8	
		Masongane –	40
		Msukeni w26	
		Mpembeni- Sigidini	
		w4	
		Yeyethu -Phuka w3	40
		Thuthukani-	
		Mhlotsheni w11	
		Phakamisisizwe	
		-Msukeni w26	
			35
			38

			37
			40
			45
			40
			35
			28
			45

			40
			40
			40
2. Elderly Christmas programme	Elderly Christmas with voucher giving	All wards	135

PWD

(Provide a narrative and populate the tables below)

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
1.	none	None	

Children

Children are often susceptible to abuse and neglect with little or no means to defend themselves against the wrongs. Children need special attention and protection because of their fragile state of development

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
Children's Christmas	n/a	n/a	n/a
Back to school Campaign	Handing over o school uniform	Ward 11 and ward 10	150

Youth

Youth development is one of the key imperative in the socio-economic development of our country and society. Therefore there is a need for government and the broader society to address the needs, challenges in the policy development and implementation especially those areas that impact on the youth development. The following are some of the imperatives that are required in the response to the needs and challenges of young people

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
Youth Program	Youth Seminar	All wards	150
Youth Program	National Spelling Competition grade 4-6	Schools	150
Mayoral Youth Development Programme	Mayoral cup Youth Games	All wards	500

Youth Program	Masikhandi youth mentorship	All wards but only three groups were assisted in recording programme which are: Half Brown,	3
		Manyandule and Cellular	
Youth programs Projects	Assisting youth projects on supplying of projects equipment on different projects	4	50

- Initiation

N/A

Mayors School Achievement Awards

N/A

Best Schools

Category	Winners	Percentage	Prizes
N/A	n/a	n/a	n/a

Best Performed Learners

Category	Prizes	Name of the learner	Average (%)	School
N/A	n/a	n/a	n/a	n/a

Best Educators in scarce skills

Category	Educator	School	Percentage	Prize
----------	----------	--------	------------	-------

N/A	n/a	n/a	n/a	n/a
-----	-----	-----	-----	-----

Career Exhibition

(Provide a narrative and populate the tables below)

DATE	VENUE	NO. OF SCHOOLS	TIME
N/A	n/a	n/a	n/a

Women

(Provide a narrative and populate the tables below)

- Local government intervention in improving the quality of life for women is supported by a number of legislative and policy framework. Also Empowerment of women refers to the capacity of women to access and control economic resources and make decisions for improving their quality of life. Improving the skills and capacity levels of women within our communities.
-

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
---------------------------	---------	-------------	--------------------------------

Woman's Projects	Msukeni woman's projects	04	5
Woman's Projects	Assisting Sizanani with sewing equipment including sewing machines and material	ward 06	120
Woman's day commemoration	-Woman's celebrated their woman's month, -Marching to Magistrate office sending petitions of GBV against woman	All wards	200
Woman's empowerment	Skills developmnt,providing skills for fire fighter and first aid kit, Providing with skills to Mthakanyane woman's projects with Fire Fighter and skills development	All wards Ward 14	80 10

	Training skills on woman in construction by NHBRC		
--	--	--	--

Component E: Environmental management and Signage Control

3.12. Pollution control, Biodiversity, Landscape

1.12. Pollution control, Biodiversity, Landscape and Coastal Protection

Umzimvubu LM has three parks and one botanical gardens. Parks continue to play an important role in building infrastructure for ULM towns– which is essential for creating healthy life styles, enhancing the values of urban settings and providing dynamic and attractive recreation opportunities for citizens. However, Green public open spaces are under threat from a lack of resources and an increase in antisocial activities, [pollution and waste illegal dumping, among other things]. Pollution. Littering and illegal waste dumping has significant social, economic and environmental impacts. It is important that it is managed well using a multi-pronged approach.

Capital Expenditure Year 2020/2021: Environmental Management and Biodiversity					
Capital Projects	2020/2021				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value

Biodiversity profiling or eMaXesibeni botanical gardens visitors and exhibition centre content	R 798 564.32				R 798 564.32
eMaXesibeni botanical gardens visitors Wooden board walk	R 500 000.00				R 500 000.00
Sophia recreational park swimming pool maintenance	R 180 000.00				R 180 000.00

Financial Performance Year 2020/2021: Environmental Management and Biodiversity					
Details	2020-2021	2020/2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R 30 000.00	R 30 000	10 0000		20 000.00
Expenditure	R 1 478 5564.32				
Employees	R				
Repairs and Maintenance	R 180 000.00	R 180 000.00		R 180 000.00	Non
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Employees : Environmental Management and Biodiversity					
Level	2019/2020	2020/2021			
	Employees No	Posts No	Employees No	Vacancies	

					Vacancies % (As a % of total posts)
0-3					
4-6					
7-9					
10-12					
13-15					
Total					

COMPONENT F: SAFETY AND SECURITY

3.14 Fire and Disaster Management

Umzimvubu Local Municipality has Disaster Management unit only. No Fire management unit exists. Disaster Management falls under Community Safety Section.

Functions of the disaster management unit are as follows:

- Reduce, or avoid, losses from hazards,
- Assure prompt assistance to victims,
- Achieve rapid and effective recovery.
- Disaster awareness campaigns,

- Disaster Management Forum held once in a quarter.

3.15. PROTECTION SERVICES

Protection services don't fall under Community Safety

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 was converted to a law enforcement section and falls under Community Safety Section under Citizen and Community Services. It comprises of Pound unit under it. Law enforcement section has one branch in KwaBhaca and another in EmaXesibeni.

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:

Prevent and combat anything that may be threaten the safety and security of any community, ensure offenders are brought to justice and participate in efforts to address the root causes of crime. Law enforcement has three main functions that they are responsible for:

- Traffic Management (50%)
- By-law Management (30%)
- Crime Prevention (20%)

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

- *One automatic number plate recognition (ANPR) system fitted in one of the patrol vehicles,*
- *One pro-laser 3 speed camera*
- *One prolaser 4 speed camera,*
- *8 alcohol breathalysers testing machines.*

PROGRESS:

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' assets relative to theft, assault, fire and other safety issues. Follow procedures for various initiatives, including fire prevention, property protection etc.

CHALLENGES:

Attacks to municipal buildings and premises. Burglary and theft of municipal property.

POUND:

The rangers have a broad range of duties to conduct and include such things as animal control, public safety and order, including the movement of stock from public roads and reserves. Among other functions rangers have are as follows:

- Herding of impounded animals.
- Cleaning of animal and feed sheds.
- Cleaning of animal kraals.
- Vaccination of identified sick animals.

Traffic Police Service data				
Details	2019-2020	2020/2021		2021/2022
	Actual Number	Estimated Number	Actual Number	Estimated Number
Number of road traffic accidents during the year	67	111	154	150
Number of by-law infringements attended	45	20	28	24
Number of traffic officers on the field on an average day	9	23	27	24
Number of officers on duty on an average day	9	23	27	24

Employees : Protection Services including security services					
Level	2019/2020	2020/2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	6	36	26	10	72%
4-6	68	65	58	07	89%
7-9	0	0	0	0	0
10-12	10	10	10	0	100%
13-15	0	0	0	0	0
Total	84	111	94	17	84%

Capital Expenditure Year 2020/2021: Protection Services					
Capital Projects	2020/2021				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
NONE	N/A	N/A	N/A	N/A	N/A

Financial Performance Year 2020/2021:					
Details	2020-2021		2020/2021		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R13 400 000	R30 443 128	R 308 000	R19 085 076.74	R11 358 051.26
Expenditure					
Employees	R9 564 996	R7454740	NIL	R4160777.01	R3239962.99
Repairs and Maintenance	R288 2000	R250 000	R100 000	R94360	R55 640
Other	N/A				
Total Operating Expenditure	R	R19085076.74			
Net Operational Expenditure	R	R19085076.74			

3.16. Driver's Licensing and Testing Centre

DLTC is based in EmaXesibeni

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

Driving License Testing Centre (DLTC) Functions that are rendered at the DLTC are:

- Appointment for Learners and Driving Licenses tests.
- Go for an eye test.
- Application and issuing of temporary driving licenses.
- Application and issuing of learners' licenses.
- Application and issuing of duplicate learners' licenses.
- Renewal of driving licenses.
- Application of Professional Driving Permits (PrDPs).
- Driving license card collection.

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

- *10 learners' licence testing tablets*
- *3 eNaTIS systems*
- *2 eye testing machine*

SUCSESSES

In South Africa, the driving licence is the official document which authorizes the holder to drive a motor vehicle on a public road. Driving licences are issued by authorized driving licence testing centres, 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).

CHALLENGES

Shortage of examiners. Two are on suspension from doing duties of the DLTC. Need at least 4 permanent examiners.

DLTC Data		
Details	2019-2020	2020/2021
	Actuals	Actuals
Total Number of learner's licences processed	2431	2186
Total Number of driver's licences processed	1376	2354
Average turnaround time –leaners licence	1 HOUR	1 HOUR
Average turnaround time –Drivers- licence	1 HOUR 5 MINUTES	1 HOUR 5 MINUTES

Employees : DLTC					
Level	2020/2021				
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	1	1	1	1	100%
4-6	4	4	4	4	100%
7-9	2	4	2	2	50%
10-12	3	3	3	3	100%

13-15					
Total	10	12	10	10	

Capital Expenditure Year 2020/2021: DLTC						
Capital Projects	2020/2021					
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value	
NONE	N/A	N/A	N/A	N/A	N/A	
Financial Performance Year 2020/2021: DLTC						
Details	2020-2021		2020/2021			

	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R179 488	R280 000	NIL	R232 995	R47 005
Expenditure	R179 488				
Employees	11				
Repairs and Maintenance	R150 000	N/A	N/A	N/A	N/A
Other	N/A				
Total Operating Expenditure	R329 488	R232 995	NIL	R232995	R47 005
Net Operational Expenditure	R329 488	R232 995	NIL	R232995	R47 005

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

Renewal of expired licence discs of some vehicles whose licence discs were expiring in April, May and June 2021 were given an extension up until the end of August 2021.

Registering Authority Data		
Details	2020-2021	2020/2021
	Actuals	Actuals
Total amount collected for the Department of transport(DOT)	R6 750 387.48	R10 296 081.25
Total amount collected for the municipality	R2 021 473.20	R2 844 120.73
Total for Registration and Penalties	N/A	N/A
Total for transaction fees (RTMC)	R628 488	R735 696.00

Employees : Registering Authority					
Level	2020/2021		2020/2021		
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	0	1	1	1	100%
4-6	3	3	3	3	100%
7-9	0	0	0	0	0%
10-12	1	1	1	1	100%
13-15	0	0	0	0	0%
Total	4	5	5	5	100%

Capital Expenditure Year 2020/2021: Registering Authority					
Capital Projects	2020/2021				
	Budget	Adjusted Budget	Actual Expenditure	Variance from	Total Proje

				Original Budget	Actual Value
NONE	NONE	NONE	NONE	NONE	NONE
Financial Performance Year 2020/2021: Registering Authority					
Details	2020-2021	2020/2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	N/A	N/A	N/A	N/A	N/A
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

The rangers have a broad range of duties to conduct and include such things as animal control, public safety and order, including the movement of stock from public roads and reserves. Among other functions rangers have are as follows:

- Herd impounded animals.
- Cleaning of animal and feed sheds.
- Cleaning of animal kraals.
- Vaccination of identified sick animals.

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

None

SUCCESES

All stray animals found straying on public roads in the urban areas and sometimes along N2 get impounded by Rangers.

CHALLENGES

None

Pound Data		
Details	2019-2020	2020/2021
	Actuals	Actual
Total Number of animals impounded	2653	1966

Employees : Pound					
Level	2020/2021				
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	10	10	10	10	100%
4-6	NONE	NONE	NONE	NONE	NONE
7-9	10	10	10	10	100%

10-12	2	2	2	2	100%
13-15	NONE	NONE	NONE	NONE	NONE
Total	12	12	12	12	100%

Capital Expenditure Year 2020/2021: Pound						
Capital Projects	2020/2021					
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value	
Upgrading of Mount Frere Pound	R1 500 000	NONE	R650 000	R850 000	R1 500 000	

Financial Performance Year 2020/2021: Pound					
Details	2020-2021	2020/2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R110 000	R150 000	NIL	R149 904	R96
Expenditure	R53 650	R150 000	NIL	R149 904	R96
Employees	22				
Repairs and Maintenance	N/A	N/A	N/A	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A
Total Operating Expenditure	R53 650				
Net Operational Expenditure	N/A				

COMPOUND G: SPORT RECREATION

3.16 SPORT DEVELOPMENT

		WARDS	NO. OF PARTICIPANTS
Mayoral Youth Development Programme	Mayoral cup Youth Games	All wards	500

Component H: Corporate Policy Offices and Other Services

3.17. Executive and Council Structures.

(Provide a narrative)

Career Exhibition

This programme was developed after the municipality recognized that many high school learners are not provided sufficient exposure to Higher Education Institutions and Further Education and Training Institutions before they make subject and career choices and leave school. The aims for this initiative are to

- **Provide high school learners with access to study and information for future career pathing and available bursaries;**
- **Motivate learners to make informed and calculated career choices and/or to further their education after completing high school.**

The career expo was held on the 29th and 30th of March 2021 successfully. 33 schools attended, with a total of 4433 learners from Umzimvubu Juristically area attended. And was graced with the presence of 17 exhibitors

DATE	VENUE	NO. OF SCHOOLS	TIME
29-30 March 2021	Mount Frere : Badibanise Sports Ground	33	09h00-17h00

3.18. Financial Services

Financial Services is integral to all the operations of the municipality providing support and guidance in financial matters to the municipality.

It is expected that municipal revenues will be come under pressure in the coming years. We are constantly being reminded by Provincial and National Government that less reliance must be placed on Grant revenues and that alternate sources of revenue must be explored. Now, with Covid-19 and the cost cutting regulations and the experience in local government one can clearly see the result of the pandemic on the revenue of a municipality.

The municipality has been analysed in detail all its operations and ensure that they operate as efficiently as possible. Below is the status of position in the section.

	Post	Vacant or Filled
1.	Chief Financial Officer	Filled
2.	Personal Assistant	Filled
3.	DCFO	Filled

4.	M : Supply Chain Management	Filled
5.	M : Expenditure	Filled
6.	M : Revenue	Filled
7.	M : Budgeting & Reporting	Filled
8.	M: Asset Management	Filled
9.	Asset Management Officer-Movable	Filled
10.	Asset Management Officer- Immovable	Filled
11.	Accountant: Asset Management	Vacant
12.	Senior SCM Officer	Vacant
13.	Logistics Officer	Filled
14.	Demand Management Officer	Filled
15.	Messenger Driver	Filled
16.	Messenger Driver	Filled
17.	Accountant: Expenditure	Filled
18.	Payroll Officer	Filled

19.	Expenditure	Vacant
20.	Accountant: Revenue	Filled
21.	Credit Control Officer	Filled
22.	Free Basic Services Coordinator	Filled
23.	Cashier	Filled
24.	Cashier	Filled

The Budget and Treasury Office is made up of the following sections, all of which are functional and are able to perform at the expected levels:-

- **Revenue Management:**

- ✓ Revenue management of the municipality is mandated with the levying of rates and refuse removal that is performed monthly.
- ✓ Monthly subsidisation of indigent households.
- ✓ Implementation of credit control and debt collection policy and by-law.
- ✓ Cash management.
- ✓ Valuations for assessment rates and investment property.

- **Expenditure Management:**

- ✓ Payment of Creditors)
- ✓ Payment of salaries and Councillor's allowances

- ✓ VAT Management
- **Supply Chain Management:**
 - ✓ Responsible for the procurement of goods and services)
 - ✓ Stores management
 - ✓ Fleet management
- **Budgeting , Reporting**
 - ✓ Budget Management and Monitoring,
 - ✓ Grants Management
 - ✓ Statutory reporting
- **Asset Management**
 - ✓ Responsible for management and safeguarding of Council Assets

Debt recovery			
	2019-2020	2020-2021	2021-2022

Details of the types of account raised and recovered	Actual for accounts billed in year	Proportion of accounts value billed that were collected in %	Actual for accounts billed in year	Proportion of accounts value billed that were collected in %	Estimated outturn for accounts billed	Estimated proportion of accounts billed value
Property rates	15 000 000	65%	17 733 487	88%	18 000 000	95%
Refuse removal	920 000	55%	1 210 121	53%	1 300 000	95%
Other	N/A	N/A	N/A	N/A	N/A	N/A

Employees :Budget and Treasury					
Level	2019-2020	2020-2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6					
7-9	4	4	4	0	0
10-12	14	14	14	0	0
13-15					

Total	28	28	28	0	0
--------------	----	----	----	---	---

Financial Performance Year 2020-2021: Budget and Treasury					
Details	2019-2020	2020-2021			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R 18 680 246	R 19 589 653	R0	R 19 589 653	
Expenditure	R 52 088 654	R 128 263 000	R0	R 55 375 084	R 72 887 916
Employees	R 74 703 109	R 89 935 000	0	R 80 632 207	R 9 302 793
Repairs and Maintenance	R 4 390 919	R 7 755 000.00	R0	R 8 295 392	-R 540 392
Other					
Total Operating Expenditure	R 149 862 928	R 245 542 653		R 163 892 336	R 81 650 317
Net Operational Expenditure	R 75 159 819	R 155 589 653		R 83 260 129	R 72 347 524

3.19. 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:

Filled positions: out of 223 approved positions 219 are filled and 4 vacant having the municipality at a 1,79% vacancy rate during the 2020/21 FY.

Vacant Positions filled during 2020/2021: Vacant Positions filled during 2020/2021: 26 positions were filled in the 2019/20 FY.

Skills Development and Training

To improve the quality of life of workers, their prospects of work and labour mobility. To improve productivity in the workplace and competitiveness of employers. To increase the level of investment in education and training in the labour market and to improve the return on that investment

3.20. Information and Communication Technology Services

Printing Solutions

Umzimvubu printing solution is centralized using Xerox printing machines, users are assigned PIN codes and there is a monthly report on paper usage.

MUNICIPAL LICENSES AND SLAs

Umzimvubu pays annual licenses and sign SLAs annually for the following applications: MUNSOFT, Mimecast,

PROCUREMENT OF HARDWARE

Procurement of umzimvubu hardware is per umzimvubu ICT strategy that is approved and is aligned to umzimvubu IDP. Yearly projects are on the Umzimvubu SDBIP and Budget and treasury procurement plan.

Network Infrastructure

Umzimvubu has a stable network that covers the main offices in (KwaBhaca) and (EmaXesibeni) both towns are connected by Telkom 10Mgps 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.

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.

Policies

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

4	ICT Governance Charter	√		√
5	ICT Governance Framework (with ICT Strategy)	√	√	√
6	ICT Governance Policy	√	√	√
7	ICT Infrastructure Policy	-	-	-
8	ICT Security Policy	√	√	√
9	ICT Service Management Policy	√	√	√
10	Virus and Patch Management	-	-	-
11	Business Continuity Plan	√	√	√
13	Disaster Recovery Plan	√	√	√

3.21. Meetings and Administration and registry services

(Provide a narrative)

3.22. Employee Health and Well – being

The municipality has adopted programs that seeks to assist all employees regarding their health and safety at work. The municipality conduct inspections; provide Employee Assistance Program; and Wellness programs. There are also policies adopted in regulating and ensuring the effectiveness of such programs.

Component I: Annual Performance Report

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 2020/2021 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 2020/2021 Adjusted Service Delivery and Budget Implementation Plan that was approved by the Mayor in February 2021 and its revision after the Mid-Year Performance Assessment.

The report covers the period: July 2020 to June 2021. 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 2020-2021 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 fourth 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 31st day of August 2021.



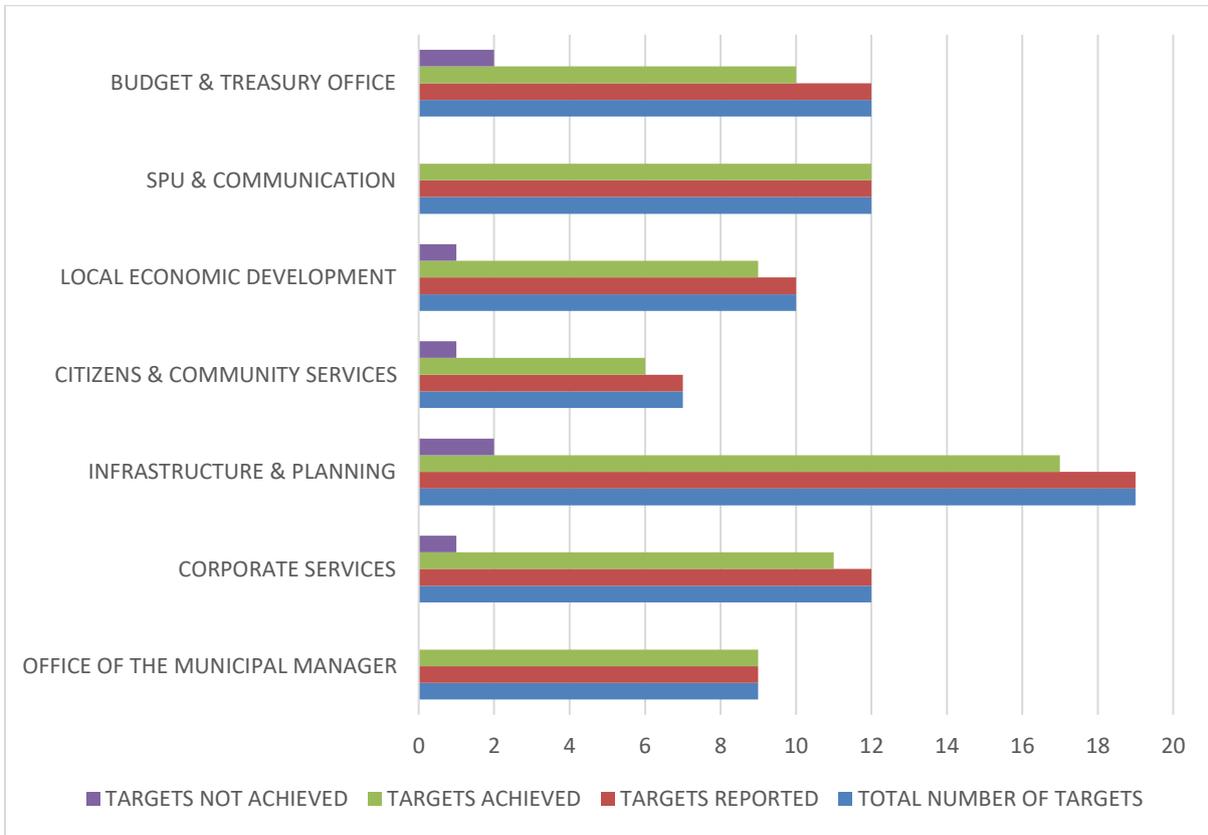
MR G.P.T. NOTA
MUNICIPAL MANAGER

2020/2021 ANNUAL PERFORMANCE REPORT IN NUMBERS

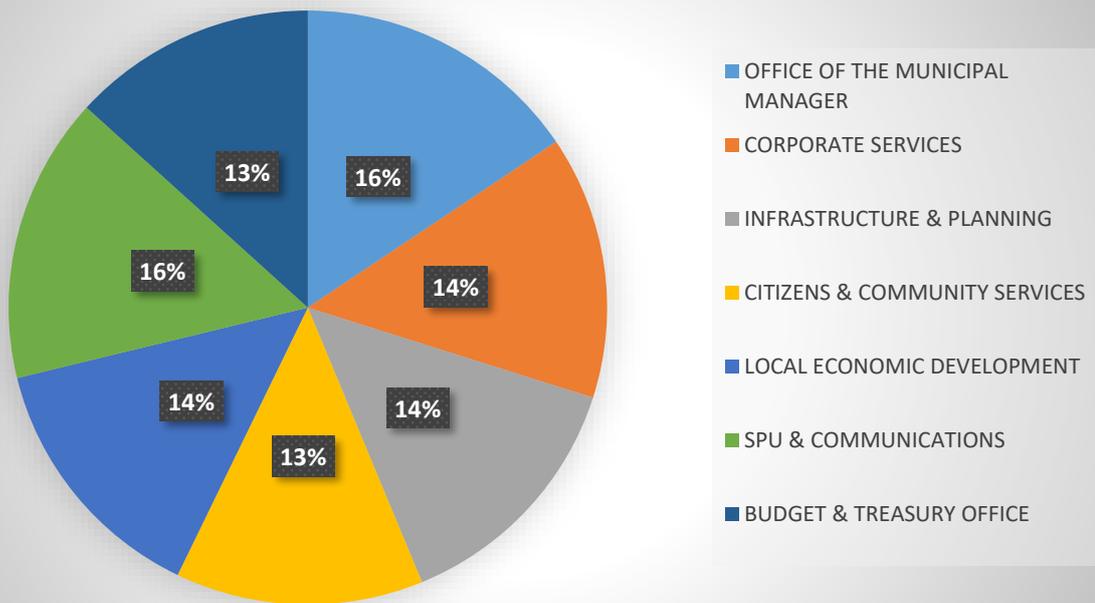
DEPT/KPA	TOTAL NUMBER OF TARGETS	TARGETS REPORTED	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	PERCENTAGE
OFFICE OF THE MUNICIPAL MANAGER	9	9	9	0	100%
CORPORATE SERVICES	12	12	11	1	92%
INFRASTRUCTURE & PLANNING	19	19	17	2	89%
CITIZENS & COMMUNITY SERVICES	7	7	6	1	86%

LOCAL ECONOMIC DEVELOPMENT	10	10	9	1	90%
SPU & COMMUNICATION	12	12	12	0	100%
BUDGET & TREASURY OFFICE	12	12	10	2	83%
TOTALS	82	82	74	7	91%

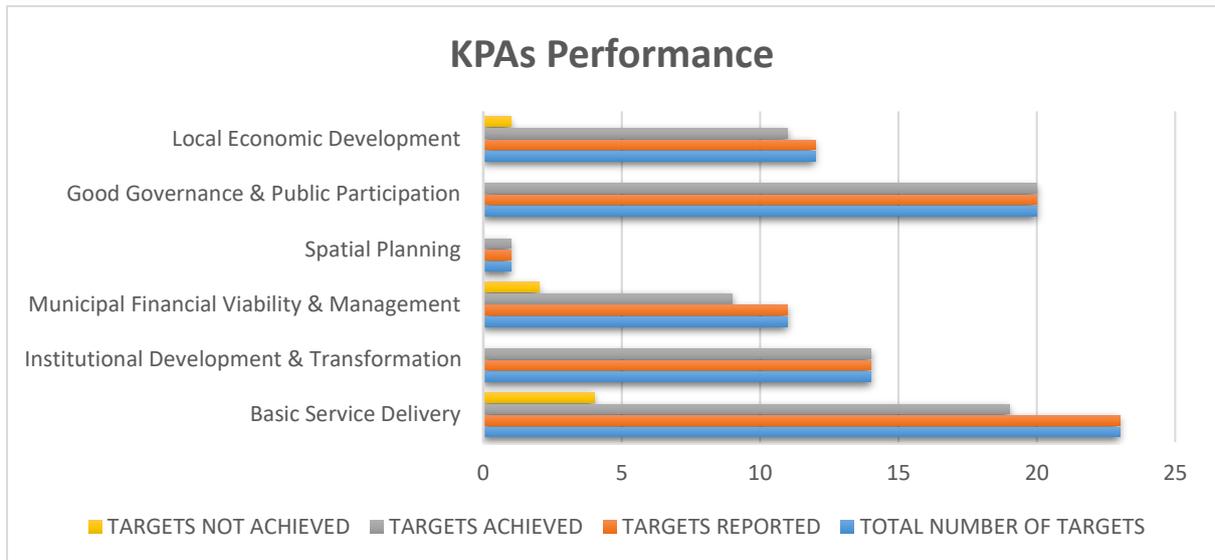
Department's Performance Graph



Departments Contribution in the Municipality's Overall Performance



MUNICIPALITY'S PERFORMANCE PER KEY PERFORMANCE AREA



The Municipality's Annual Performance for 2020/2021 Financial Year stands at 91% Based on the Analysis of Annual Performance Report and there is a 13% improvement from 2019/2020 financial year's 78% and the municipality performance has performed fairly well in its service delivery mandate.

DEPARTMENTS PERFORMANCE SCORECARD

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Municipal Manager's Office	Number of SDBIP Performance reports submitted to council	Number	Municipal Transformation and Organisational Development	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	4	Accumulative	4	4	4 Performance reports compiled and submitted to Council	Achieved		N/A
Municipal Manager's Office	Number of SDBIP's sent to Council for noting and Mayor by the approval	Number	Municipal Transformation and Organisational Development	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	2	Accumulative	2	2	Two SDBIPs approved by the Mayor	Achieved		N/A
Municipal Manager's Office	Number of IDP's submitted to Council	Number	Good Governance and Public Participation	To create a conducive environment for participatory development	1	Stand-Alone	1	1	2021/2022FY IDP adopted by Council	Achieved		N/A
Municipal Manager's Office	Number of Municipal Annual Reports submitted to Council	Number	Good Governance and Public Participation	To develop and maintain a financial viable and sustainable institution that achieves full compliance	1	Stand-Alone	1	1	2019/2020FY Annual Report adopted by Council	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
				with legislation								
Municipal Manager's Office	Number of operational and strategic risk registers developed	Number	Good Governance and Public Participation	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	1	Stand-Alone	1	1		Achieved		N/A
Municipal Manager's Office	Number of Local IGR Forum meetings organised	Number	Good Governance and Public Participation	To create a conducive environment for participatory development	2	Accumulative	2	2		Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Budget & Treasury Office	Number of indigent beneficiaries subsidized with solar, electricity and paraffin	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	8 822	Stand-Alone	7 880	5 472	5472 Indigent beneficiaries subsidized (1326 (Eskom), 2198 (Solar) and 1948 (paraffin) beneficiaries were subsidized). Reconciliation of indigent register reduced the number of legitimate indigent beneficiaries.	Not Achieved		To follow up on ward Councillors that have not submitted their respective applicants.
Budget & Treasury Office	Number of mSCOA trainings conducted for employees & councillors	Number	Municipal Transformation and Organisational Development	To build and strengthen the administrative and institutional capability of the municipality	6	Stand-Alone	2	2	Two Mscoa trainings conducted	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Budget & Treasury Office	Number of monthly Sec 71 report submitted to National Treasury by the 10th of every month	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	12	Accumulative	12	12	Twelve S71 Reports submitted to NT	Achieved		N/A
Budget & Treasury Office	Number of GRAP Compliant asset registers compiled and updated	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	2	Stand-Alone	2	2	Two sets of GRAP Compliant Asset register developed	Achieved		N/A
Budget & Treasury Office	Number of data cleansing conducted	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	2	Stand-Alone	2	2	Data cleansing conducted twice during the financial year	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Budget & Treasury Office	Number of sets of financial statements prepared and submitted for assurance reviews	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	2	Accumulative	2	2	Two sets of financial statements developed and submitted for assurance reviews	Achieved		N/A
Budget & Treasury Office	Percentage of Capital Budget spent	Percentage	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	72.00%	Carry Over	100.00%	100.00%	BTO Capital budget was spent 100%	Achieved		N/A
Budget & Treasury Office	Percentage of Creditors paid within 30 days of receipt of a valid invoice	Percentage	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	100.00%	Stand-Alone	100.00%	100.00%	Creditors were paid within 30 days after submission of valid invoice	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Corporate Services	Number of students allocated with bursaries for scarce skills	Number	Basic Service Delivery	To develop and enhance knowledge for future career pathing	14	Stand-Alone	10	4	6 Students cancelled the bursary because ULM is not paying 100% of student needs	Not Achieved		To re-advertise the external bursary so as to attract more beneficiaries
Corporate Services	Number of learners afforded with In- service training and Internship training	Number	Good Governance and Public Participation	To develop and enhance knowledge for future career pathing	18	Stand-Alone	18	18	8 In-service Trainees and 10 Interns	Achieved		N/A
Corporate Services	Number of employees awarded with internal bursary	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	14	Stand-Alone	20	20	20 employees & Councillors awarded with internal bursary	Achieved		N/A
Corporate Services	Number of Performance evaluation sessions for Manco conducted	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	4	Accumulative	4	4	Four Performance evaluation sessions for Manco conducted	Achieved		N/A
Corporate Services	Number of Performance Agreements developed and signed by Snr Managers	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	7	Stand-Alone	7	7	Seven Performance Agreements developed and signed by Snr Managers	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Corporate Services	Number of developed Standard Operating Procedures for Corporate Services Department	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	0	Accumulative	4	4	4 SOPs developed	Achieved		N/A
Corporate Services	Number of HR workplace Strategies developed	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	0	Stand-Alone	1	1	Leadership Framework developed	Achieved		N/A
Corporate Services	Number of towns with free Wi-Fi	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	0	Stand-Alone	1	1	Wi-Fi Launched at EmaXesibeni	Achieved		N/A
Corporate Services	No of Strategic Sessions Coordinated	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	5	Stand-Alone	4	4	Four Strategic Sessions Coordinated	Achieved		N/A
Special Programmes & Communications	Percentage of municipal documents/adverts uploaded on the website	Percentage	Good Governance and Public Participation	To develop and maintain a financial viable and sustainable institution that achieves full	100.00 %	Stand-Alone	100.00 %	100.00 %	All compliance documents were uploaded into the municipality's website	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
				compliance with legislation								
Special Programmes & Communications	Number of speeches written for the Mayor	Number	Good Governance and Public Participation	To build and strengthen the administrative and institutional capability of the municipality	20	Accumulative	20	22	Twenty speeches written for the Mayor	Achieved		N/A
Special Programmes & Communications	Number of council events coordinated	Number	Good Governance and Public Participation	To build and strengthen the administrative and institutional capability of the municipality	9	Accumulative	8	8	Eight Council events coordinated	Achieved		N/A
Special Programmes & Communications	Percentage of presidential Hotline complaints responded to	Percentage	Good Governance and Public Participation	To create a conducive environment for participatory development	100.00 %	Stand-Alone	100.00 %	100.00 %	All complaints in the Presidential Hotline were responded to	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Special Programmes & Communications	Number of EXCO Outreach Programs coordinated	Number	Good Governance and Public Participation	To create a conducive environment for participatory development	2	Accumulative	2	2	Two EXCO Outreach sessions coordinated	Achieved		N/A
Special Programmes & Communications	Number of Ward Committee trainings Conducted	Number	Good Governance and Public Participation	To build and strengthen the administrative and institutional capability of the municipality	1	Stand-Alone	1	1	One Ward Committee training conducted	Achieved		N/A
Citizens & Community Services	Percentage of qualifying households assisted in Disaster Affected areas	Percentage	Basic Service Delivery	To build and strengthen the administrative and institutional capability of the municipality	100.00 %	Stand-Alone	100.00 %	100.00 %	All disaster affected households were assisted	Achieved		N/A
Citizens & Community Services	Number of readership in Municipal libraries	Number	Basic Service Delivery	To develop and enhance knowledge for future career	20 000	Accumulative	6 000	9 994	9 994 library readerships	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Citizens & Community Services	Number of households provided with formal solid waste services	Number	Basic Service Delivery	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation compliance with legislation	733	Stand-Alone	733	781	781 as per the Municipal Solid Waste Collection Services Database 2020/2021.	Achieved		N/A
Citizens & Community Services	Percentage protection of council assets	Percentage	Municipal Transformation and Organisational Development	To build and strengthen the administrative and institutional capability of the municipality	100.00 %	Stand-Alone	100.00 %	100.00 %	Target Achieved	Achieved		N/A
Citizens & Community Services	Number of food for waste beneficiaries	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	100	Stand-Alone	100	100	100 beneficiaries benefitted in the Food for Waste programme	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Citizens & Community Services	Number of SMME's supported in Waste Recycling	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	2	Stand-Alone	2	2	Two SMME supported in recycling	Achieved		N/A
Local Economic Development	Number of hectares ploughed and planted with yellow maize and some with vegetables	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	400	Stand-Alone	405	405	405 ha (15 ha of 27 wards to be ploughed and planted with yellow maize and some with vegetables)	Achieved		N/A
Local Economic Development	Number of Wards supported with Donga Rehabilitation Programmes	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	0	Stand-Alone	3	3	Three Donga Rehabilitation Projects completed in three Wards	Achieved		N/A
Local Economic Development	Number of hectors of land constructed with Irrigation System.	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	0	Stand-Alone	100	0	Service provider to install irrigation system appointed late in the financial year.	Not Achieved		Project to be completed within the Q1 of the next financial year.

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Local Economic Development	Number of Auction Pan Facility Phase 2 Constructed	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	1	Stand-Alone	1	1	Action crash pans Phase 3 completed	Achieved		N/A
Local Economic Development	Number of Local Economic Development Stakeholder Forum meetings held	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	8	Stand-Alone	8	8	8 LED stakeholders forum meetings held	Achieved		N/A
Infrastructure & Planning	Kilometers of Access Roads Maintained	Kilometers	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	98	Accumulative	83.23	83.23	83.23 km access road maintenance competed.	Achieved		N/A
Infrastructure & Planning	Kilometres of Access Roads Constructed	Kilometers	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	16	Accumulative	13.7	13.7	13.7km access road construction is completed.	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Infrastructure & Planning	Number of bridges constructed	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	5	Stand-Alone	4	2	2 * bridges are completed and 2 x projects not completed Poor performance on site by contractor. In Tyinirha high water levels prevented the construction of bridge whilst widening the stream whilst in Silindini poor performance on site by contractor. High water levels prevented the construction of bridge whilst widening the stream.	Not Achieved		Silindini Bridge - Municipality to appoint another service provider for completion of works. Tyinirha bridge Service provider to expedite attending to ancillary works.
Infrastructure & Planning	Percentage completion of one sport facility	Percentage	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure	3.00%	Stand-Alone	60.00%	85.00%	project is at 85% complete with major delays that were caused by the heavy rains.	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
				to the community								
Infrastructure & Planning	Number of Households with installed electricity infrastructure	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	1 107	Stand-Alone	648	654	Infrastructure done for 654 h/h - Mmangweni Phase 2 - 169 - Mpondomise Ridge Phase 2 - 100 h/h - Completion of Ntlabeni - 286 h/h - Sithane - 99 h/h	Achieved		N/A
Infrastructure & Planning	Number of submitted final design reports for EMaXesibeni Transport Hub	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	1	Stand-Alone	1	1	Final designs for EmaXesibeni Transport Hub completed	Achieved		N/A
Infrastructure & Planning	Number of Community Halls constructed	Number	Basic Service Delivery	To provide access to improved, sustainable and	4	Stand-Alone	4	4	4 Community Hall Completed	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
				modernised infrastructure to the community								
Infrastructure & Planning	Percentage completion of Phase 3 multipurpose centre construction	Percentage	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	50.00%	Accumulative	100.00 %	100.00 %	The project is 100% complete	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Infrastructure & Planning	Percentage completion of land fill sites upgraded	Percentage	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	1.00%	Accumulative	80.00%	15.00%	The project is 15% complete. Contractor has established on site to execute all activities that are not listed as we are still awaiting authorization from DWS on the listed activity, that is the construction of the cell. Installation of storm water pipes, concrete works and sorting daily waste.	Not Achieved		A letter was written by the Municipality making a follow up regarding the issuing of license and the department was made aware that the project is funded by MIG, which is a conditional grant. And the Municipality will proceed with other items on site beside the landfill cell that needs their approval.
Infrastructure & Planning	Kilometres of surfaced Base level construction of Mt Frere streets Phase 7	Km	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	50	Stand-Alone	3.7	3.7	3.7 km base is done.	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Infrastructure & Planning	Kilometres of EmaXesibeni streets along the CBD upgraded with Kerbs for side walks	Km	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	3.2	Stand-Alone	1.6	1.6	1.6 km kerbing is complete.	Achieved		N/A
Local Economic Development	Number of Local SMMEs supported with tools and equipment	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	0	Stand-Alone	6	6	6 Local SMME's supported with Tools and Equipment	Achieved		N/A
Local Economic Development	Number of strategic partnerships established	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	0	Stand-Alone	4	4	Four strategic partnerships established	Achieved		N/A
Citizens & Community Services	Amount collected from Community Safety Sections	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full	100000	Accumulative	600000	5 156 036,68	Not achieved. Licensing section did not perform properly due to various reasons. Licensing of	Not Achieved		DOT to sort the issue of the network at Emaxesibeni. To request infrastructure to arrange

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
				compliance with legislation					vehicles whose licences expired at the end of April, May and June 2021 were given an extended grace period until August 2021. VTS had a problem of electricity disconnection. DLTC had network problems and training of the personnel for the new system installed.			generator for VTS.
Budget & Treasury Office	Number of Sec 72 reports submitted to PT & NT by the 25th of January 2020	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	0	Stand-Alone	1	1	S72 Report submitted to both National 7 Provincial Treasury	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Budget & Treasury Office	Number of budgets submitted to Council for approval	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	2	Accumulative	2	3	Three sets of Draft Budgets submitted to Council	Achieved		N/A
Budget & Treasury Office	Percentage Operating budget spent by 30 June 2021	Percentage	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	100.00 %	Carry Over	100.00 %	100.00 %	100% expenditure on operating budget for BTO	Achieved		N/A
Budget & Treasury Office	Number of opinions expressed on financial statement Auditor general	Number	Financial Management and Viability	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	0	Stand-Alone	1	0	The municipality obtained a Qualified Audit Opinion	Not Achieved		To ensure implementation of all audit turnaround plan

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Corporate Services	Number of trainings coordinated for Councillors and employees in terms of WSP	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	10	Accumulative	12	22	22 Training to be co-ordinated	Achieved		N/A
Corporate Services	Percentage of recruitment process plans submitted to Accounting Officer within 20 days after closed advertisement	Percentage	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	100.00 %	Stand-Alone	100.00 %	100.00 %	100% recruitment plans submitted to Accounting officer within 20 days after advert.	Achieved		N/A
Municipal Manager's Office	Number of Oversight Report on the Annual Report submitted to Council	Number	Good Governance and Public Participation	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	1	Stand-Alone	1	1	2019/2020FY Oversight Report submitted & adopted by Council	Achieved		N/A
Municipal Manager's Office	Number of operational and strategic internal risk based audit plans	Number	Good Governance and Public Participation	To build and strengthen the administrative and institutional capability of	2	Stand-Alone	1	1	1 Operational and Strategic internal audit risk based plan developed	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
				the municipality								
Municipal Manager's Office	Number of monitored Audit Action Plans	Number	Good Governance and Public Participation	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	2	Accumulative	4	4	Monitoring of implementation of Audit Action Plan was conducted on a quarterly basis	Achieved		N/A
Special Programmes & Communications	Number of new businesses advertising on the Municipal electronic billboard	Number	Good Governance and Public Participation	To build and strengthen the administrative and institutional capability of the municipality	20	Accumulative	20	23	23 businesses advertised on billboard	Achieved		N/A
Special Programmes & Communications	Number of communication strategy Action Plan reviewed adopted by council	Number	Good Governance and Public Participation	To create a conducive environment for participatory development	1	Stand-Alone	1	1	One approved communication Strategy Action Plan	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Special Programmes & Communications	Number of External and Internal Newsletters Issued	Number	Good Governance and Public Participation	To create a conducive environment for participatory development	16	Accumulative	16	19	Target Achieved	Achieved		N/A
Special Programmes & Communications	Number of Traditional Leader's engagement sessions	Number	Good Governance and Public Participation	To create a conducive environment for participatory development	4	Accumulative	4	6	6 Traditional Leaders Engagement sessions held	Achieved		N/A
Special Programmes & Communications	Number of stakeholder engagements held	Number	Good Governance and Public Participation	To create a conducive environment for participatory development	14	Accumulative	20	25	25 stakeholder engagements held	Achieved		N/A
Special Programmes & Communications	No of jobs created on EPWP.	Number	Good Governance and Public Participation	To create a conducive environment for economic growth and job opportunities	331	Stand-Alone	400	400	400 EPWP Jobs created	Achieved		N/A
Corporate Services	Number of CS events co-ordinated	Number	Municipal Transformation and Organisational Development	To develop and enhance knowledge for future career pathing	7	Stand-Alone	7	7	7 CS Events coordinated	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Infrastructure & Planning	Percentage of sites surveyed and Planned	Percentage	Spatial Planning and Development	To provide access to improved, sustainable and modernised infrastructure to the community	2.00%	Stand-Alone	100.00 %	100.00 %	100% of sites surveyed and Planned	Achieved		N/A
Infrastructure & Planning	Number of bridges maintained	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	0	Stand-Alone	1	1	One bridge maintained	Achieved		N/A
Infrastructure & Planning	Number of streetlights installed	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	0	Accumulative	78	78	78 streetlights installed	Achieved		N/A
Infrastructure & Planning	Percentage completion of cemetery upgrade	Percentage	Basic Service Delivery	To provide access to improved, sustainable and modernised	1.6	Accumulative	100%	100%	Project at 100% complete	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
				infrastructure to the community								
Infrastructure & Planning	Percentage of completed construction of municipal offices	Percentage	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	40.00%	Accumulative	80.00%	82.00%	The project is at 82% complete with; Roof works completed Plastering completed Finishes 90% Aluminium Windows 90% Site works 90% complete. Overall progress is at 82% complete	Achieved		N/A
Local Economic Development	Number of Economic Development Catalytic Projects provided with machinery and production inputs.	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	0	Stand-Alone	4	4	Four Economic Development Catalytic Projects (Peach & Aloe Value-Addition, Nursery, Fresh Produce Market) provided with machinery and production inputs	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Local Economic Development	Number of Wool-Pressers delivered to 27 shearing sheds	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	0	Stand-Alone	27	27	27 Wool-Pressers delivered to 27 shearing sheds	Achieved		N/A
Local Economic Development	Number of farmers under Farmer Mentorship Programme supported with tools and equipment	Number	Local Economic Development	To create a conducive environment for economic growth and job opportunities	20	Stand-Alone	20	20	Twenty farmers under Farmer Mentorship Programme supported with tools and equipment	Achieved		N/A
Infrastructure & Planning	Number of sport fields constructed from 2019/2020FY	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	3	Stand-Alone	1	1	1 sport field is practically completed	Achieved		N/A
Infrastructure & Planning	Kilometres of Access Roads maintained from 2019/2020FY	Number	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	98	Accumulative	26	26	26Kms of access roads from 2019/2020FY maintained	Achieved		N/A

Responsible Directorate	KPI Name	Description of Unit of Measurement	Municipal KPA	Pre-determined Objective	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Performance Comment	Achieved/Not Achieved	Colour Coding	Corrective Measure
Infrastructure & Planning	Kilometres of streets upgraded (Lubhacweni)	Km	Basic Service Delivery	To provide access to improved, sustainable and modernised infrastructure to the community	3.2	Stand-Alone	1.6	1.6	1.6 km of road paving using interlocking blocks is completed.	Achieved		N/A

Chapter 4: Organisational Development Performance

Component A: Introduction to Municipal Personnel

4.1. Employee Totals, Turnover and Vacancies

Employees	2020/2021			
Description	Approved Posts	No. Of Employees	Vacancies	Vacancy Rate in %
Section 56 Managers	7	7	0	0
Deputy Manager	1	1	0	0
Assistant Managers	20	19	1	5%
Support Personnel (Officers, Coordinators, Administration Clerks & General Workers)	195	192	3	1,53
Totals	223	219	4	1,79%

Vacancy rate : 2020/2021			
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 Manager	1	60 working days	0
Assistant Managers	19	60 working days	1
Support Personnel	195	60 working days	3
Total	223	60 working days	4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 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			
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	No	No	No
18	Fleet Management Policy			
19	Special Risk Policy			
20				

4.3. Suspensions

Five employees were on precautionary suspension for the money that was not accounted for at Registration Authority.

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 2020/21 financial year: 22 Manager who were evaluated for 2020/21 annual financial year in April to June 2021. Five (5) Managers are eligible for Performance Bonus and 17 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

	Male	54	NA	N/A	N/A	N/A	N/A	N/A			
Sub totals	Female	90	N/A	N/A	N/A	N/A	N/A	N/A			
	Male	93	N/A	N/A	N/A	N/A	N/A	N/A			
Totals		183	N/A	N/A	N/A	N/A	N/A		R1 787,00 0.00	R1 656,96 3.98	

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	01	01	Yes	01	01
Chief Finance Officer	01	01	Yes	01	01
Heads Of Departments	05	05	Partly completed	04	04
Assistant Manager Supply Chain	01	01	Yes	01	01
Other Financial Officials	04	04	Partly Completed	03	03
Totals	12	12		10	10

Employees :Corporate services				
Level	2019/2020	2020/2021		

	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
0-3			89	0	0
4-6			30	0	0
7-9			6	0	0
10-12			66	2	2,94
13-16			20	2	9,09%
17-20			7	0	0
21-26			1	0	0
Total			219	4	1,79%

Skills Development Expenditure								
Management Level	Gender	Employees in posts as at 30 June 2020	Skills programmes and other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual		
		No of employees						
Municipal Manager & S57 managers	Female	03						
	Male	04						
	Female	21						
	Male	31						

Councillors & Managers								
Technicians and Associate Professionals	Female	0						
	Male	04						
Professionals	Female	66						
	Male	54						
Sub total	Female	90						
	Male	93						
Total		183	R1 787,000.00	R1 656,963.98			R1 787,000.00	R1 656,963.98

Capital Expenditure Year 2020/2021: Corporate Services					
Capital Projects	2020/2021				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
IT Equipment					
Vehicles					
Furniture & Equipment					
ICT					

Training & Development					
Protective Clothing					
Vehicle Fuel & Oil					
Advertising Fees					
Water & Sanitation					
Training: Students					
Study Assistance					
EAP					
Tracker					
Telephone					
Travelling & Accommodation					
Subsistence & Travelling					
Printing & Stationery					
Labour Relation					
ICT License					
License Fees					
Insurance External					
Conference & Workshops					
Cleaning Material					
R&M Equipment & Vehicles					
R & M Building & Installation					
TOTAL					

Chapter Five: Financial Management

5.1. Statement of Financial Performance

Umzimvubu Local Municipality recorded a pre-audit surplus of R71 481 765 from an audited deficit of R (10 379 445) for the 2020/2021 and 2019/2020 financial years respectively. The pre-audit 2020/2021 Statement of Financial Performance is as follows:

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended June 30, 2021

Statement of Financial Performance

	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	22	1,246,761	991,222
Service charges	23	1,210,121	1,096,785
Rental of facilities and equipment	24	3,658,641	1,203,639
Interest received	25	5,897,702	9,900,202
Income from Agency services	26	2,231,470	1,752,963
Licences and permits	27	1,913,901	1,903,327
Operational Revenue	28	86,530	1,183,069
Fair value adjustments	29	3,200,527	564,741
Actuarial gains	17	144,000	84,298
Total revenue from exchange transactions		19,589,653	18,680,246
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	17,733,488	16,728,512
Licences and Permits	32	159,232	228,708
Transfer revenue			
Government grants and subsidies	33	383,837,790	297,357,242
Fines	34	3,921,578	11,008,328
Total revenue from non-exchange transactions		405,652,088	325,322,790
Total revenue	21	425,241,741	344,003,036
Expenditure			
Employee related costs	35	(80,632,207)	(74,703,109)
Remuneration of councillors	36	(17,977,289)	(18,008,834)
Depreciation and amortisation	37	(110,297,397)	(111,003,143)
Impairment losses	38	(17,402,346)	(37,157,276)
Finance costs	39	(320,021)	(281,058)
Lease rentals on operating lease	40	(203,849)	(343,772)
Bad debts written off	41	(2,216,061)	-
Inventory Consumed	42	(6,134,330)	(7,442,188)
Contracted services	43	(60,895,293)	(52,151,229)
Transfers and Subsidies Paid	44	(1,104,926)	(1,203,218)
Loss on disposal of assets	45	(1,201,173)	-
Operating costs	46	(55,375,084)	(52,088,654)
Total expenditure		(353,759,976)	(354,382,481)
Surplus (deficit) for the year		71,481,765	(10,379,445)

5.2. Grants

Umzimvubu Local Municipality has received grant funding for the 2020/2021 financial year as indicated in the Division of Revenue Act of 2020. The grant funding for 2020/2021 financial year is as follows:-

Description	2019/2020 Budget	Adjusted	2020/21 Budget	2021/2022 Budget
EQUITABLE SHARES	R 217 928 000.00		R 274 947 000.00	R 238 026 000.00
FINANCIAL MANAGEMENT GRANT	R 1 770 000.00		R 1 700 000.00	R 1 720 000.00
MIG	R 46 411 000.00		R 56 112 000.00	R 48 951 000.00
MIG - OPERATIONAL				
ELECTRIFICATION GRANT	R 24 907 000.00		R 18 732 990.00	R 33 000 000.00
MSIG				
DEDEAT GRANT - ALIEN PLANTS			R0	R 3 500 000
EPWP GRANT	R 2 512 000.00		R 2 700 000.00	R 3 413 000.00

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

Other grant funding the year:-

Description	2019/2020 Adjusted Budget	2020/2021 Budget	2021/2022 Budget
LIBRARY SUBSIDY	R 750 000.00	R 750 000.00	R 750 000.00

- **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"> • Asset Management Policy • GRAP compliant Fixed Asset Register • Competent Staff with available external expertise 	<ul style="list-style-type: none"> • Safeguarding of assets • Management and control of asset movement • Non-appointment of Asset management champions in each department. • Lack of close working relationship between Infrastructure department and BTO
Opportunities	Threats
<ul style="list-style-type: none"> • Integration of the Fixed Asset Register to the Munsoft system. • Effective use of the available GIS system in managing Assets. 	<ul style="list-style-type: none"> • Theft • Incomplete Asset register due to weak relations with Infrastructure department

<ul style="list-style-type: none">• Improved working relationship between all departments	<ul style="list-style-type: none">• Ownership disputes on assets without barcodes.
---	--

Component B: Spending Against Capital Budget

5.4. Capital Expenditure

The Municipality incurred a total of R 169 770 million against an approved capital budget of R 214 565 million resulting in 80% capital expenditure. The following table shows the capital expenditure incurred by the municipality for the 2020/2021 financial period:-

5.5. Sources of Finance

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.

Description	Original 2020/2021 Budget	YTD ACTUAL
ASSESSMENT RATES: RESIDENTIAL	R 17 399 000	R 17 733 488
METER REPLACEMENT		
LEASEHOLD FEES		
HALL HIRE	R 207 151	R 3 658 641
INTEREST ON INVESTMENTS	R 9 353 259	R 3 753 707
INTEREST ON CREDIT BALANCE	R 584 339	R 128 504
TRAFFIC FINES	R 6 367 150	R 3 921 578
ADVERTISING INCOME	R 188 820	R 176 371
BUILDING PLANS	R 350 601	R 429 705
INTEREST IN ARREARS	R 1 917 408	R 2 015 491
FINES – GENERAL		
DEPT TRANSPORT - LICENCING STA		
NATIS AGENCY FEES	R 2 098 000	R 2 231 470
VENDING & HAWKING		

COMMISSION RECEIVED		
REFUSE – INCOME	R 1 000 000	R 1 210 121
FUNERAL FEES		
BASIC ELECTRICITY		
TENDER FEES	R 607 704	R 586 008
LAND SALES		
ZONING FEES	R 1 500	R 3 325
POUND FEES	R 367 150	R 626 793
RECREATIONAL FACILITIES		

Component C: Cash Flow Management and Investment

5.8 Cash flow

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is one of the highest priorities within the Umzimvubu Municipality as it creates the platform for sustainable service delivery.

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.

To measure the funding of the financial position the Municipality has included in its liquidity policy a method to determine the uncommitted funds. All principles regarding GRAP needs to be implemented, to be able to measure and monitor if the liability reporting lines mentioned below can be funded with cash or near cash.

The liability reporting items are:

- Capital Replacement Reserve
- Employee benefits (current and non-current)
- Provisions (current and non-current)
- Consumer and other deposits (current and non-current)
- Payables from exchange transactions
- Unspent conditional grants and subsidies

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended June 30, 2021

Cash Flow Statement

	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Property Rates		11,638,721	3,644,987
Government Grant and Subsidies		373,565,955	298,778,398
Service Charges		-	1,096,785
Interest from debtors		5,897,702	10,030,034
Other receipts		9,296,534	32,827,132
		400,398,912	346,377,336
Payments			
Employee Related Costs		(80,632,207)	(72,689,560)
Remuneration of Councillors		(17,977,289)	(18,008,834)
Finance costs		(320,021)	(281,058)
Suppliers paid		(111,458,995)	(137,037,563)
		(210,388,512)	(228,017,015)
Net cash flows from operating activities	48	190,010,400	118,360,321
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(168,637,251)	(106,809,387)
Proceeds from sale of property, plant and equipment	10	642,377	-
Purchase of other intangible assets	11	(157,390)	(898,964)
Net cash flows from investing activities		(168,152,264)	(107,708,351)
Cash flows from financing activities			
Repayment of other financial liabilities		3,200,527	564,741
Movement in provisions		311,894	(6,149,189)
Movement in provisions		-	6,800,895
Net cash flows from financing activities		3,512,421	1,216,447
Net increase/(decrease) in cash and cash equivalents		25,370,557	11,868,417
Cash and cash equivalents at the beginning of the year		101,452,584	89,584,166
Cash and cash equivalents at the end of the year	8	126,823,141	101,452,583

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.

The total cash and cash equivalent for the year amounts to R 126 823 141 against R 101 452 583 for prior year which gives us an increase of R 25 364 558, 25%. This is mainly due to the fact that the Municipality kept cash in hand as the effect of COVID-19 pandemic is still unsure.

5.9. Borrowing and Investment

The municipality doesn't have any borrowings

The Municipality does not rely on borrowed funds to fund its capital budget. The main funding source is the Capital Replacement Reserve, to which an annual contribution is made from operating funds.

The Municipality has current investments and call deposits on hand and reviews these investments on a regular basis.

The total value of investments amounts to R 126 373 460 which is made up of our own as well as grants investments

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 20120/2021 were compiled in line with the GRAP requirements.

CHAPTER SIX: AUDITOR GENERAL'S AUDIT FINDINGS

Reflected on the attached Auditors General's Report.

3.21. Meetings and Administration and registry services

**CORPORATE SERVICES DEPARTMENT: SOUND GOVERNANCE DIVISION:
SECRETARIAT SECTION MONTHLY REPORT FOR JUNE 2021**

*(File No: 9/1/2/2)
(Author: M: CS/TN/mn)
(1st Level: MANCO – 02/07/2021)
(2nd Level: Corp. Serv. Comm. - .07/07/2021)
(3rd Level: EXCO – 22/07/2021)
(4th Level: Council – 30/07/2021)*

PURPOSE

To table a report on Secretariat Section activities for the month of June 2021 to the Council.

To recommend noting and acceptance of the contents of this report by the Council.

LEGAL / STATUTORY REQUIREMENTS

This report has been prepared in terms of the Municipal Systems Act 32 of 2000 as amended.

AUTHORITY

Section 51 (g) of the Municipal Systems Act 32 of 2000 as amended.

BACKGROUND AND REASONING

This report is submitted in respect of activities performed in the Secretariat Section during the month of April 2021. The Standing Committees for Umzimvubu Local Municipality sat during the period April 2021; below is the schedule of meetings attended by Councillors and items submitted for consideration by the Standing Committee

COUNCILLOR ATTENDANCE TO COUNCIL MEETINGS FROM JULY 2020 TILL TO DATE

Abbreviations:

A: Apology

NA: No Apology

Yellow: Poor Attendance

Red: Very Poor attendance

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 should a member of Council not attend 3 or more consecutive meetings. This report is from July 2020 to May 2021. The period for consideration on this report is the 3 previous Council meetings highlighted in blue.

It is also reported that due to covid 19 pandemic the Umzimvubu Council has established the following Committees to attend to covid 19 related necessities. All meetings were held virtually during the covid 19 pandemic as means to curb the spread of the virus.

- Solidarity Fund Committee
- Fundraising Committee
- Disbursement Committee
- Audit Risk Committee

No.	Members of Councillor	30 JULY 2020	27 AUGUST 2020	18 SEPTEMBER 2020	29 SEPTEMBER 2020	29 OCTOBER 2020	26 NOVEMBER 2020	18 DECEMBER 2020	07 JANUARY 2021	29 JANUARY 2021	23 FEBRUARY 2021	26 FEBRUARY 2021	26 MARCH 2021	05 MAY 2021	28 MAY 2021	24 JUNE 2021	TOTAL NO OF MEETINGS IN 2020/2021 FY	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ABSENT
1.	Cllr S K Mnkwa	1	1	1	1	1	1	NA	1	-	-	NA	1	A	1	1	15	13	3
2.	Cllr N F Ngonyolo	1	A	1	1	1	1	1	1	1	1	1	1	1	A	1	15	13	1
3.	Cllr N G Mdzinwa	1	1	1	1		1	1	1	1	1	1	1	1	1	1	15	15	0
4.	Cllr H M Ngqasa	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	15	0
5.	Cllr M Mataka	1	1	1	1	1	1	1	1	1	1	1	1	NA	1	1	15	14	0
6.	Cllr A N Garane	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	15	0
7.	Cllr G U Makanda	1	1	1	1	1	1	1	1	1	1	1	1	1	1	NA	15	14	0
8.	Cllr N Sonyabashi	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	15	0
9.	Cllr C N Mnyayiza	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	15	0
10.	Cllr S P Myingwa	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	15	0
11.	Cllr F J Hem	A	1	1	NA	1	1	1	1	1	1	1	1	1	1	1	15	13	2
12.	Cllr M Ntsevu	1	NA	1	1	1	NA	1	1	1	1	NA	1	NA	NA	1	15	10	5
13.	Cllr A P Mkhonto	1	1	1	1	NA	1	1	1	1	1	NA	1	NA	NA	NA	15	10	5
14.	Cllr N V Nomaqaga	1	NA	NA	NA	1	NA	NA	1	1	1	1	1	NA	NA	NA	15	7	8
15.	Cllr S Sifolo	1	1	1	1	NA	NA	1	NA	NA	1	1	1	NA	NA	NA	15	8	7
16.	Cllr N C Tshayisa	1	NA	1	A	1	NA	1	1	NA	1	NA	1	1	NA	NA	15	8	7
17.	Cllr T Sokhanyile	1	1	1	1	1	NA	1	1	1	1	1	1	1	1	1	15	14	1

18.	Cllr M Mqulwane	1	NA	NA	NA	NA	NA	1	1	NA	1	1	1	NA	NA	1	15	8	7
19.	Cllr P Makhinzi	1	1	NA	1	1	1	1	1	1	1	NA	1	1	1	1	15	13	2
20.	Cllr N Gogela	1	1	NA	1	NA	NA	1	1	NA	1	1	1	NA	1	1	15	10	5
21.	Cllr G V Lugongolo	1	1	1	A	NA	1	1	1	1	1	1	1	1	1	NA	15	13	2
22.	Cllr C L Noqhakala	A	NA	1	NA	1	1	NA	1	1	1	NA	1	NA	1	1	15	9	6
23.	Cllr T V Hlazo	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	15	0
24.	Cllr B Majalamba	1	1	1	1	1	1	1	1	1	A	1	1	NA	1	1	15	13	2
25.	Cllr S Mankanku	1	NA	NA	NA	NA	NA	1	1	NA	1	1	1	NA	NA	NA	15	6	9
27.	Cllr E N Ngalonkulu Lebelo	1	1	1	1	1	1	1	1	NA	NA	1	1	NA	1	NA	15	12	3
28.	Cllr S.A.N Cekeshe	1	1	1	1	NA	1	1	1	1	1	1	1	NA	1	1	15	13	2
29.	Cllr T. Nomkuca	1	1	1	1	1	1	1	1	1	1	1	1	1	NA	1	15	14	1
30.	Cllr N H Kolweni	1	1	NA	A	1	1	1	NA	1	1	1	1	NA	1	1	15	11	4
31.	Cllr M Joloba	1	NA	1	1	1	1	1	1	1	1	NA	A	NA	-		15	9	4
32.	Cllr M Tuku	1	1	1	1	NA	1	1	1	1	NA	1	1	NA	NA	NA	15	10	5
33.	Cllr N S Soldat	1	A	1	1	NA	1	1	NA	1	1	1	1	1	1	1	15	12	3
34.	Cllr X Jona	1	1	1	1	NA	1	1	1	1	1	1	1	NA	A	1	15	12	3
35.	Cllr N Ntshayisa	1	1	1	1	1	1	1	1	1	A	1	1	1	1	NA	15	13	2
36.	Cllr V. Bulana	1	-1	1	1	1	1	1	1	1	A	1	1	1	NA	1	15	13	2
37.	Cllr T A Mambi	1	NA	1	1	1	1	1	1	1	1	1	1	NA	1	1	15	13	2
38.	Cllr N A Mantshongo	1	1	1	1	NA	NA	1	NA	1	1	NA	1	NA	1	NA	15	10	5

39.	Cllr F P Sontsi	1	1	1	NA	NA	NA	NA	NA	1	A	NA	NA	1	NA	NA	15	5	10
40.	Cllr M Ramabina	A	NA	1	15	1	14												
41.	Cllr T Ntsalaze	1	NA	NA	NA	1	1	1	1	NA	1	1	1	1	1	1	15	11	4
42.	Cllr P K Thingathinga	1	1	1	1	1	1	1	1	1	A	1	1	1	1	1	15	14	1
43.	Cllr M Hlanekela	NA	A	1	1	NA	A	1	1	NA	1	NA	1	1	1	NA	15	8	7
44.	Cllr T Ndara	1	1	1	1	NA	1	1	NA	1	1	NA	1	1	1	NA	15	11	4
45.	Cllr N. Tshalana	1	1	NA	1	1	1	1	NA	1	1	1	1	1	NA	NA	15	11	4
46.	Cllr. M. Ntsengwane	1	1	1	NA	1	1	1	1	1	1	1	1	NA	1	1	15	13	2
47.	Cllr N. Nomnganga	1	1	1	1	1	1	1	1	1	1	1	1	1	1	NA	15	14	1
48.	Cllr LL Nqatsha	NA	1	1	1	NA	NA	1	1	1	1	1	1	1	NA	1	15	11	4
49.	Cllr NN Gcadinja	1	1	1	NA	NA	NA	NA	1	1	A	NA	1	1	1	1	15	9	6
50.	Cllr L.M Ntshobane	-	1	1	1	1	1	NA	NA	1	1	NA	1	1	NA	NA	15	10	5
51.	Cllr F. Ntwakumba	-	-	-	-	1	1	NA	NA	NA	1	NA	1	1	1	NA	15	10	5
52.	Cllr M.P Mbuli	-	-	-	-	-	1	1	1	1	1	NA	1	NA	NA	1	15	7	4
53.	Cllr T.Sincindi	-	-	-	-	-	1	1	1	1	1	NA	1	1	1	1	15	7	1
54.	Cllr X. Lungu	-	-	-	-	-	-	-	-	1	NA	NA	1	NA	1	NA	15	3	4



TRADITIONAL LEADERS																				
1.	Chief Z.D Sodladla	1	1	1	1	1	1	1	1	NA	1	NA	1	1	1	1	1	15	11	2
2.	Chief M Sogoni	A	NA	1	NA	1	1	1	NA	15	13	10								
3.	Chief N Ncapayi	1	1	1	1	1	1	NA	1	1	NA	1	1	NA	NA	1	15	14	2	
4.	Chief D Makaula	NA	1	NA	1	NA	1	NA	1	1	NA	1	1	1	1	1	15	10	5	
5.	Chief N.G Makaula	1	1	1	NA	1	1	1	NA	1	NA	1	1	NA	1	NA	15	10	3	
6.	Chief J.B Makaula	1	1	NA	1	NA	NA	1	NA	1	NA	1	1	1	1	1	15	10	5	
7.	Chief V Rholobile	NA		1	1	1	1	NA	NA	1	1	NA	NA	NA	1	NA	15	9	6	
8.	Chief M Mpakumpaku	NA	1	NA	1	NA	NA	NA	15	2	13									
9.	Chief M. Mdutyana	NA	1	NA	1	1	NA	NA	NA	NA	NA	NA	1	NA	NA		15	4	11	
10.	Chief M. E Gogela	NA	NA	1	NA	1	NA	NA		15	2	13								

Executive Committee

Members of committee	22 JULY 2020	20 AUGUST 2020	15 SEPTEMBER 2020	22 OCTOBER 2020	17 NOVEMBER 2020	18 FEBRUARY 2021	17 MARCH 2021	19 MAY 2021		Total Number of meetings	Number of meetings attended	Number of meetings absent
1. Cllr S. K Mnkwa	1	1	A	1	1	NA	1	1	1	9	7	2
2. Cllr N Sonyabashi	1	A	1	1	1	1	1	1	1	9	8	1
3. Cllr P K Thingathinga	1	1	1	NA		1	1	1	1	9	8	1
4. Cllr M Mataka	1	1	1	1	1	1	1	1	1	9	9	0

5. Cllr N Garane	1	1	1	1	1	1	1	1	1	1	9	9	0
6. Cllr U G Makanda	1	1	1	1	1	1	1	1	1	1	9	9	0
7. Cllr T A Mambi	1	A	1	1	1	A	1	1	1	1	9	6	3
8. Cllr H Ngqasa	1	1	A	A	1	1	1	1	1	1	9	7	2
9. Cllr N. Mnyayiza	1	1	1	1	1	1	1	1	1	1	9	9	0

Municipal Public Accounts Committee/ Oversight Committee

Members of committee	18 AUGUST 2020	11 SEPTEMBER 2020	12 FEBRUARY 2021	18 MARCH 2021	28 APRIL 2021	27 MAY 2021	Total Number of meetings	Number of meetings attended	Number of meetings absent
1. Cllr S Myingwa	1	1	1	1	1	1	6	6	0
2. Cllr L Nqatsha	1	1	1	1	1	A	6	5	1
3. Cllr P Makhinzi	NA	A	1	1	1	A	6	3	3
4. Cllr N Ntshayisa	1	1	1	1	1	1	6	6	0
5. Cllr NN Gcadinja	1	NA	1	1	1	1	6	5	1

6. Cllr E N Ngalonkulu	NA	NA	NA	NA	NA	1	6	1	6
7. Cllr N Mantshongo	1	1	1	1	1	A	6	5	1
8. Cllr V. Bulana	1	1	1	1	1	1	6	6	0

Infrastructure and Planning Portfolio Committee

Members of committee	09 JULY 2020	11 AUGUST 2020	08 SEPTEMBER 2020	14 OCTOBER 2020	12 NOVEMBER 2020	11 FEBRUARY 2021	11 MARCH 2021	14 APRIL 2021	12 MAY 2021	09 JUNE 2021	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr U G Makanda	1	1	1	1	1	1	1	1	1	1	10	10	0
2. Cllr M Tuku	A	1	NA	1	NA	1	1	1	NA	1	10	6	4
3. Cllr N Mdzinwa	1	A	1	1	1	1	1	1	1	1	10	9	1
4. Cllr V Lugongolo	A	1	A	1	1	1	A	1	1	1	10	7	3
5. Cllr S Sifolo	1	1	1	1	1	1	NA	1	1	1	10	9	1
6. Cllr G X Jona	1	1	1	1	1	1	1	NA	1	1	10	9	1
7. Cllr N Ntshayisa	1	1	1	1	1	1	1	1	1	1	10	10	0
8. Chief N V Rholobile	A	1	1	1	A	NA	1	1	1	NA	10	6	4
9. Chief Z. Sodladla	1	1	1	1	1	1	1	1	1	1	10	9	4
10. Cllr V. Bulana	1	1	1	1	1	A	1	1	1	1	10	9	1

Budget & Treasury Portfolio Committee

Members of committee	08 JULY 2020	13 AUGUST 2019	09 SEPTEMBER 2020	13 OCTOBER 2020	11 NOVEMBER 2020	10 FEBRUARY 2021	12 MARCH 2021	15 APRIL 2021	13 MAY 2021	08 JUNE 2021	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr H Ngqasa	1	1	1	1	1	1	1	1	1	1	10	10	0
2. Cllr P Makhinzi	1	1	1	1	1	A	1	1		1	10	9	1
3. Cllr T V Hlazo	1	1	1	1	1	1	1	1	1	1	10	10	0
4. Cllr N Gogela	1	1	1	1	1	1	1	NA	1	1	10	9	1
5. Chief N Ncapayi	1	1	1	1	1	1	1	1	1	1	10	10	0
6. Chief D Makaula	NA	NA	NA	1	NA	NA	1	1	1	1	10	5	5
7. Cllr M Ntsevu	1	1	A	1	NA	1	1	1	1	1	10	8	2
8. Cllr Thingathinga P.K	1	1	1	1	1	1	1	1	1	1	10	10	0
9. Cllr Nomnganga N.V	1	1	1	1	1	1	NA	NA	1	NA	10	7	3

Special Programmes & Communications Portfolio Committee

Members of committee	08 JULY 2020	12 AUGUST 2020	10 SEPTEMBER 2020	15 OCTOBER 2020	10 NOVEMBER 2020	09 FEBRUARY 2021	10 MARCH 2021	19 APRIL 2021	11 MAY 2021	10 JUNE 2021	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	1	1	10	10	0
2. Cllr B Majalamba	1	1	1	A	1	NA	1	1	1	1	10	8	2
3. Cllr M Joloba	1	1	NA	1	NA	NA	1	1	NA	-	10	6	4
4. Cllr N Nomaqaqa	1	1	NA	NA	1	1	1	1	NA	1	10	7	3
5. Cllr L Nqatsha	A	1	1	1	NA	1	1	1	NA	1	10	7	3
6. Cllr M Mankanku	NA	1	1	NA	NA	1	NA	1	1	NA	10	5	5
7. Cllr A Mkhonto	1	1	1	1	1	NA	1	1		1	10	9	1
8. Chief P Mdutyana	NA	1	NA	1	1	1	1	NA	1	NA	10	6	4
9. Cllr M. L Ntshobane					1	1	1	NA	1	1	10	5	1
10. Cllr M.P Mbuli	-	-0	-	-	-	1	1	1	1	NA	10	5	1
11. Cllr X. Lungu	-	-	-	-	-	NA	NA	1	NA	NA	10	4	1

Councillor L. Ntshobane replaced Councillor Maliwa

Councillor M.P Mbuli replaced Councillor N. Zongwana

Councillor X. Lungu replaced Councillor N. Dandala

Citizen & Community Services Portfolio Committee

Members of committee	09 JULY 2020	11 AUGUST 2020	08 SEPTEMBER 2020	14 OCTOBER 2020	12 NOVEMBER 2020	11 FEBRUARY 2021	11 MARCH 2021	14 APRIL 2021	12 MAY 2021	09 JUNE 2021	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr N Sonyabashi	1	1	1	1	1	1	1	1	1	1	10	10	0
2. Cllr J Hem	1	1	1	1	1	1	1	1	1	1	10	10	0
3. Cllr T Mambi	1	1	1	1	1	1	1	1	NA	1	10	9	1
4. Cllr T Ndara	1	1	NA	1	NA	1	NA	NA	1	1	10	6	4
5. Cllr T Ntsalaze	NA	1	1	1	1	1	1	1	1	1	10	9	1
6. Cllr L Noqhakala	1	1	1	1	1	1	NA	NA	NA	NA	10	6	4
7. Cllr T Sokhanyile	1	1	1	NA	1	NA	1	1	1	1	10	8	2
8. Chief N G Makaula	1	1	1	1	1	1	1	NA	1	NA	10	8	2
9. Chief M Mpakumpaku	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	10	0	10
10. Cllr M. Ntsengwane	1	1	1	1	1	1	1	1	1	1	10	10	0
11. Cllr T. Sincindi							1	NA	1	1	10	3	1

Corporate Services Portfolio Committee

Members of committee	08 JULY 2020	13 AUGUST 2020	09 SEPTEMBER 2020	13 OCTOBER 2020	13 NOVEMBER 2020	10 FEBRUARY 2021	12 MARCH 2021	15 APRIL 2021	11 MAY 2021	08 JUNE 2021	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	1	1	10	10	0
2. Cllr M Ramabina	1	1	1	NA	NA	1	NA	1	1	1	10	7	3
3. Cllr F Sontsi	1	1	1	1	1	1	NA	1	NA	1	10	8	2
4. Cllr T Nomkuca	1	1	1	1	1	1	1	1	1	1	10	10	0
5. Cllr NN Gcadinja	1	1	1	NA	1	1	1	1	1	1	10	9	1
6. Cllr S A N Cekeshe	1	1	1	1	1	1	1	1	NA	1	10	9	1
7. Cllr M Hlanekela	NA	1	1	1	NA	1	1	NA	1	1	10	7	3
8. Cllr M.E Gogela	NA	NA	NA	NA	NA	1	NA	1	NA	1	10	3	7
9. Cllr M Sogoni	NA	1	1	NA	1	NA	1	1	1	1	10	7	3
10. Cllr N. Tshalana	1	1	1	1	1	1	1	1	1	1	10	10	0

Local Economic Development Standing Committee

Members of committee	10 JULY 2020	14 AUGUST 2020	10 SEPTEMBER 2020	15 OCTOBER 2020	10 NOVEMBER 2020	09 FEBRUARY 2021	10 MARCH 2021	16 APRIL 2021	11 MAY 2021	10 JUNE 2021	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	1	1	10	10	0
2. Cllr N Tshayisa	1	1	1	1	1	1	1	1	1	1	10	10	0
3. Cllr E N Ngalonkulu	NA	1	1	1	1	1	1	1	1	1	10	9	1
4. Cllr N Kolweni	1	1	1	1	1	1	1	1	1	NA	10	9	1
5. Cllr M Mqulwane	NA	1	1	A	NA	1	1	1	NA	1	10	6	4
6. Cllr N Soldat	1	1	1	1	1	1	1	1	1	1	10	10	0
7. Chief J B Makaula	1	1	1	1	1	NA	NA	1	1	NA	10	7	3
8. Cllr N. Mantshongo	1	1	1	1	1	NA	NA	1	1	1	10	8	2
9. Cllr F Ntwakumba	-	-	-	-	NA	1	NA	NA	1	NA	10	2	4

LOCAL LABOUR FORUM

Member of committee	01 JULY 2020	16 JULY 2020	28 JULY 2020	3 AUGUST 2020	17 AUGUST 2020	02 SEPTEMBER 2020	14 SEPTEMBER 2020	01 OCTOBER 2020	12 OCTOBER 2020	02 NOVEMBER 2020	09 NOVEMBER 2020	16 NOVEMBER 2020	20 NOVEMBER 2020	23 NOVEMBER 2020	05 FEBRUARY 2021	10 FEBRUARY 2021	17 FEBRUARY 2021	09 MARCH 2021	16 MARCH 2021	08 APRIL 2021	06 MAY 2021	06 JUNE 2021	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
Cllr M Mataka	1	1	1	1	1	1	NA	1	NA	NA	1	1	1	1	NA	NA	NA	NA	1	1	1	1	21	14	7
Cllr N Gogela	1	1	1	A	1	1	1	1	1	1	NA	1	A	1	1	NA	NA	1	1	1	1	1	21	16	5
Cllr N Gcadinja	1	NA	A	1	A	NA	1	NA	NA	NA	1	1	NA	1	1	NA	NA	1	NA	1	1	1	21	11	11

LLF Meeting did not sit in the month of February 2021 due to quorum.

LLF Meeting did not sit on the 16 March due to quorum

OCCUPATIONAL HEALTH AND SAFETY

Member of committee	06 AUGUST 2020	17 AUGUST 2020	09 NOVEMBER 2020	05 MARCH 2021	19 APRIL 2021	TOTAL NO OF MEETINGS	OF TOTAL NO MEETINGS ATTENDED	OF TOTAL NO OF MEETINGS ABSENT
1. Cllr M. Tuku	1	NA	1	1	1	5	4	1
2. Cllr M. Ramabina	NA	NA	NA	NA	NA	5	0	5
3. Cllr N Gcadinja	NA	NA	1	1	1	5	3	2

PETITIONS COMMITTEE

Member of committee	04 SEPTEMBER 2020	23 SEPTEMBER 2020	07 MAY 2021	13 MAY 2021	TOTAL NO OF MEETINGS	OF TOTAL NO MEETINGS ATTENDED	OF TOTAL NO OF MEETINGS ABSENT
1. Cllr N.F Ngonyolo	1	1	1	1	4	4	0
2. Cllr G.U Makanda	1	NA	NA	-	4	2	2
3. Cllr A.N Garane	1	1	1	1	4	4	0

EMPLOYMENT EQUITY AND TRAINING COMMITTEE

Member of committee	04 AUGUST 2020	23 SEPTEMBER 2020	11 JANUARY 2021	08 FEBRUARY 2021	05 MARCH 2021	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT
1. Cllr S.A.N Cekeshe	NA	NA	NA	NA	NA	5	0	5
2. Cllr T. Sokhanyile	1	1	1	1	1	5	5	0
3. Cllr T. Nomkuca	1	NA	1	1	1	5	4	1
4. Cllr N. Tshalana	A	NA	NA	1	1	5	2	3

ITEMS SUBMITTED TO SCHEDULED MEETINGS–JUNE 2021

It was after the announcement made by the President of South Africa that due to the COVID 19 pandemic the nation should be on lockdown starting from the 27th of March 2020. It is therefore on that regard that all the Council meetings and its Committee meetings for Umzimvubu Local Municipality be facilitated virtually via zoom application till further notice. The following meetings were facilitated during the month of June 2021

No.	COMMITTEE	DATE OF MEETING	NO OF ITEMS SUBMITTED	NO OF ITEMS SUBMITTED PERVIOUSLY	VARIANCE	TOTAL NO AS AT END OF JUNE 2021
1	Management Special MANCO	03/06/2021 -	56 -	82 -	08 -	-59
2	Corporate Services	08/06/2021	10	10	0	20
3	Infrastructure & Planning	09/06/2021	23	23	0	46
4	Citizen & Community Services	09/06/2021	18	18	0	36
5	Budget & Treasury	08/06/2021	1	1	0	2
6.	LED	10/06/2021-	4	12	8	16
7.	SP & Communicatio n	10/06/2021	7	7	0	14
8.	Special LLF LLF	- 04/06/2021	- 05	- 05	- 0	- 10
9.	EE& SD TRAINING	05/05/2021 05/05/2021	2 2	-	-	-
10	OHS	05/02/2021	-	-	-	-

11.	PETITIONS COMMITTEE	13/06/2021	-1	-	-	-
12.	ETHICS COMMITTEE	-	-	-	-	-
11.	SPECIAL MPAC	15/06/2021	2	-		2
12.	AUDIT COMMITTEE	28/06/2021	12	-	-	12
13	EXCO	22/06/2021	85	83	2	168
14	Special Council	24/06/2021	1			1
15	Council	28/05/2021	-	-	-	-

LABOUR IMPLICATIONS

This report entails no additional report and no additional financial implications.

SERVICE DELIVERY IMPLICATIONS

This report is aligned with one of Batho Pele Principles (information) and it will increase the level of understanding about the activities performed by the Secretariat Section.

OTHER PARTIES CONSULTED

There are no other parties consulted with regards to this report.

CHALLENGES

It has been noticed that departments do not submit monthly reports on time, this therefore affects the distribution of Agendas accordingly. The departments do not submit the reports as per the level sequence. It is imperative that all reports starts at the Management Committee level.

ANNEXURE/S

There are no annexures attached to this report.

RESOLVED TO RECOMMEND

1. That the monthly report of the Corporate Services Department: Sound Governance Division on Secretariat activities for the month of June 2021 be noted by the Council.

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

D. Revenue Collection Performance by Source

01/07/2020 - 30/06/2021			
Revenue Source	Billing	Receipts	Collection %
Rates	17 733 487.67	15 674 447.43	88%
Refuse	1 210 120.51	645 170.16	53%
Interest	2 015 490.61	1 384 610.20	69%
Total	20 959 098.79	17 704 227.79	84%
Other Revenue			
Revenue Source	Budget	Receipts	Collection %
Traffic Fines	6 367 150.00	3 294 785.00	52%
Trading Licences	136 370.00	118 578.87	87%
Drivers & Learners Licenses	1 573 500.00	1 700 196.00	108%
Vehicle Registration	2 098 000.00	2 231 470.21	106%
Vehicle Testing Station	209 800.00	213 705.00	102%
Hall Rental	207 151.00	68 508.36	33%
Sophia Park	75 000.00	75 426.29	101%
Plant Rental	5 000.00	9 475.62	190%
Interest o Investment	2 455 298.00	3 753 707.08	153%
Interest on Current Account	584 339.00	128 503.84	22%
Advertising	188 820.00	177 890.72	94%
Building Plan Fees	350 601.00	434 487.85	124%
Clearance Certificates	5 848.00	8 452.31	145%
Funeral Plots	23 378.00	34 478.44	147%
LGSeta	110 774.00	119 576.60	108%
Parks	2 881.00	2 870.50	100%
Pound Fees	367 150.00	626 793.00	171%
Rezoning Application	7 000.00	521.76	7%
Rezoning Certificate	1 500.00	5 235.80	349%
SG Diagrams	234.00	-	0%
Tender Fees	607 704.00	586 007.99	96%
Vat Claims SARS	20 000 000.00	29 329 879.46	147%
Licenses & Permits	57 695.00	40 653.43	70%
TOTAL	35 435 193.00	42 961 204.13	121%

Umzimvubu Local Municipality
Umzimvubu Local Municipality

(Registration number EC442)
Annual Financial Statements for the year ended 30 June 2021
Annual Financial Statements for the year ended June 30, 2021

VOLUME 2: AUDITED ANNUAL FINANCIAL STATEMENTS



Umzimvubu Local Municipality
(Registration number EC442)
Annual Financial Statements
for the year ended June 30, 2021

General Information

Legal form of entity	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)
Nature of business and principal activities	Umzimvubu Local Municipality
Executive Mayor	Cllr S.K Mnkwa
Speaker	Cllr N.F Ngonyolo
Chief Whip	Cllr N.G Mdzinwa
MPAC Chairperson	Cllr S.P Myingwa
Councillors	W1 - Cllr F.J Hem W2 - Cllr N. Ntsevu

* See Note

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

W3 - Cllr A.P Mkonto
W4 - Cllr N.V Nomaqaqa
W5 - Cllr S. Sifolo
W6 - Cllr N.C Tshayisa
W7 - Cllr M.C Ntsengwana
W8 - Cllr T. Sokhanyile
W9 - Cllr M. Mqulwane
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 Mnyayiza
W16 - Cllr B. Majalamba
W17 - Cllr S. Mankanku
W18 - Cllr T. Sincindi - sworn in on 26 November 2020
W19 - Cllr E.N Ngalonkulu - Lebelo
W20 - Cllr T. Nomkuca
W21 - Cllr V.A Bulana
W22 - Cllr N. Tshalana - sworn in on 08 November 2020
W23 - Cllr N.H Kolweni
W24 - Cllr M. Jolobe - passed away on 12 May 2021
W25 - Cllr M. Mbuli - sworn in on 26 November 2020
W26 - Cllr M. Tuku
W27 - Cllr N.S Soldat
W1 - Pr Cllr F.N Ngonyolo (Speaker)
W2 - Pr Cllr S.K Mnukwa (Executive Mayor)
W3 - Pr Cllr N.G Mdzinwa (Chief Whip)
W4 - Pr Cllr H.M Ngqasa
W5 - Pr Cllr M. Mataka

W6 - Pr Cllr A.N Garane
W7 - Pr Cllr U.G Makanda
W8 - Pr Cllr T.A Mambi
W10 - Pr Cllr P.K Thingathinga
W11 - Pr Cllr L.S Maqashalala - passed away on 1st September 2020
W12 - Pr Cllr N. Ntshayisa
W13 - Pr Cllr L.L Nqatsha
W14 - Pr Cllr N.N Gcadinja
W15 - Pr Cllr H.N Dandala- passed away on 17 December 2020

General Information

W15 - Pr Cllr N. Sonyabashi
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

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

W20 - Pr Cllr Lungu- passed away on 29 January 2021
W20 - Pr Cllr F.P Sontsi
W21 - Pr Cllr M. Ramabina
W22 - Pr Cllr L.M. Ntshobane - passed away on 1 September 2020
W22 - Pr Cllr S. Teni - Sworn in on 30 September 2020 and resigned on 28 October 2020
W22 - Pr Cllr Ntwakumba - sworn in on 29 October 2020
W23 - Pr Cllr N.V Nomnganga
W24 - Pr Cllr T. Ntsalaze
W24 - Pr Cllr M. Maliwa
W25 - Pr Cllr M. Hlanekela
W26 - Pr Cllr T. Ndara

Capacity and grading of local authority Grade 3

Accounting Officer Mr G.P.T Nota

Chief Financial Officer Mr F.T Fundira

Registered office 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
Pakade Attorneys
Xolile Ntshulana
Mdledle Incorporation
Conjwa Attorneys
NT Vuba Incorporated Attorneys - Dissolved in 2020
Moepagauta Consulting 18

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)

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Index

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

	Page
Responsibilities and Approval	5
Statement of Financial Position	6
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 - 12
Accounting Policies	13 - 40
Notes to the Annual Financial Statements	40 - 109

ASB	Accounting Standards Board
CRR	Capital Replacement Reserve
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
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
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)

Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 the accounting officer to meet these responsibilities, there are sets of 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 2022 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the 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 am primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

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 August 2021 and were signed on its behalf by:

Accounting Officer (G.P.T Nota)
KwaBhaca

Tuesday, 31 August 2021

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

	Note(s)	2021	2020 Restated*
Assets Current			
Assets			
Inventories	3	752 450	899 242
Operating lease receivable	4	11 694 610	9 440 013
Receivables from exchange transactions	5	2 140 354	1 339 830
Receivables from non-exchange transactions	6	8 400 857	11 446 226
VAT receivable	7	5 568 716	4 767 925
		126 823 141	101 452 584
		155 380 128	129 345 820
Cash and cash equivalents	8		
Non-Current Assets			
Investment property	9	18 071 400	14 730 000
Property, plant and equipment	10	957 769 346	909 550 414
Intangible assets	11	2 493 266	2 820 116
		17 719	17 719
		978 351 731	927 118 249
Total Assets		1 133 731 859	1 056 464 069
Heritage assets 12			
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	22 741 594	29 426
			329
Payables from Non-exchange transactions	14	2 251 168	2 397
			185
Consumer deposits	15	132 471	106 053
Unspent conditional grants and receipts	16	14 300 023	4 028
			188
Employee benefits obligations	17	10 558 625	10 393
			781
		49 983 881	46 351 536

* See Note 64

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Non-Current Liabilities

Employee benefits obligations 17 1 998 000 1 968 000

Provisions 18 4 886 339 4 574 445

		6 884 339	6 542 445
Total Liabilities		56 868 220	52 893 981
Net Assets		1 076 863 6391 003 570 088	

Reserves

Capital replacement reserve 19 30 874 974 29 972 454

		1 045 988 665	973 597 634
Total Net Assets		1 076 863 6391 003 570 088	

Accumulated surplus 20

Statement of Financial Performance

	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	22	1 246 761	991 222
Service charges	23	1 210 121	1 096 785
Rental of facilities and equipment	24	3 760 203	3 727 649
Interest received	25	4 364 555	7 757 107
Income from Agency services	26	2 231 470	1 752 963
Licences and permits	27	1 913 901	1 903 327
Operational Revenue	28	86 530	1 183 069
Fair value adjustments	29	3 200 527	564 741
Actuarial gains	30	144 000	84 298
Total revenue from exchange transactions	18	158 068	19 061 161

* See Note 64

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Fines	35		3 998 274	11 008 328
Revenue from non-exchange transactions			407 261 931	327 465 885
Taxation revenue				
Property rates		31	17 733 488	16 728 512
Licences and Permits		32	159 232	228 708
Interest received		33	1 533 147	2 143 095
Transfer revenue				
Government grants and subsidies		34	383 837 790	297 357 242
Total revenue from non-exchange transactions				
Total revenue	21	425 419 999	346 527 046	

* See Note 64

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Expenditure			
Employee related costs	36	(80 632 207)	(74 703 109)
Remuneration of councillors	37	(20 077 147)	(20 060 430)
Depreciation and amortisation	38	(110 304 250)	(111 003 143)
Impairment losses	39	(15 918 957)	(34 222 965)
Finance costs	40	(320 021)	(281 058)
Lease rentals on operating lease	41	(203 849)	(343 772)
Bad debts written off	42	(2 216 061)	-
Inventory Consumed	43	(6 134 330)	(7 442 188)
Contracted services	44	(56 271 019)	(52 151 229)
Transfers and Subsidies Paid	45	(1 104 926)	(1 203 218)
Loss on disposal of assets	46	(1 201 173)	-
		(57 742 501)	(50 037 059)
Total expenditure		(352 126 441)	(351 448 171)
Surplus (deficit) for the year		73 293 558	(4 921 125)
Operating costs	47		

Statement of Changes in Net Assets

	Capital Replacement Reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	27 925 595	985 104 127	1 013 029
Adjustments		722	
Prior year adjustments	-	(4 538 509)	(4 538 509)
Balance at 01 July 2019 as restated*	27 925 595	980 565 618	1 008 491
Changes in net assets		213	

* See Note 64

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Surplus (Deficit) for the year	-	(4 921 125)	(4 921 125)
Transfers to/from reserves	2 046 859	(2 046 859)	-
Total changes	2 046 859	(6 967 984)	(4 921 125)
Opening balance as previously reported	29 972 454	986 831 445	1 016 803
Adjustments		899	
Prior year adjustments	-	(13 233 818)	(13 233 818)
Restated* Balance as at 01 July 2020	29 972 454	973 597 627	1 003 570
Changes in net assets		081	
Surplus (Deficit) for the year	-	73 293 558	73 293 558
Transfer of capital surplus to trust capital	902 520	(902 520)	-
Total changes	902 520	72 391 038	73 293 558
Balance at 30 June 2021	30 874 974	1 045 988 665	1 076 863 639

Note(s) 19

* See Note 64

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Property Rates	15 830 397	3 644 987	
Government Grant and Subsidies	394 109 535	298 778 398	
Service Charges	232 954	1 096 785	
Interest from debtors	5 897 702	10 030 034	
		7 188 913	32 827 132
		423 259 501	346 377 336
Other receipts			
Payments			
Employee Related Costs	(80 442 363)	(72 689 560)	Remuneration of Councillors (20 077 147)
	(18 008 834)		
Finance costs	(320 021)	(281 058)	
Suppliers paid	(127 820 503)	(137 037 562)	
		(800 791)	
		(229 460 825)	(228 017 014)
Net cash flows from operating activities	49	193 798 676	118 360 322
Grants and subsidies			
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(168 794 251)	(106 809 387)
Proceeds from sale of property, plant and equipment	10&46	523 522	
		(157 390)	(898 964)
Net cash flows from investing activities		(168 428 119)	(107 708 351)
Purchase of other intangible assets	11		
Cash flows from financing activities			
Repayment of other financial liabilities			- 564 741
Movement in provisions			- (6 149 189)
Movement in provisions			- 6 800 895
Net cash flows from financing activities	1	216 447	
Net increase/(decrease) in cash and cash equivalents	25	370 557	11 868 418
Cash and cash equivalents at the beginning of the year		101 452 584	89 584 166
Cash and cash equivalents at the end of the year	8	126 823 141	101 452 584

Budget on Accrual Basis

Approved Adjustments Final budget Actual amounts Difference Reference
budget on comparable between final
basis budget and

* See Note 64

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

actual

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sale of goods	1 683 396	-	1 683 396	1 246 761	(436 635)	N29
Service charges	1 000 000	-	1 000 000	1 210 121	210 121	N30
Rental of facilities and equipment	3 789 755	-	3 789 755	3 760 203	(29 552)	
Interest received - trading	11 270 667	-	11 270 667	4 364 555	(6 906 112)	N31
Agency services	2 098 000	-	2 098 000	2 231 470	133 470	
Licences and permits (exchange)	1 783 300	-	1 783 300	1 913 901	130 601	
Other revenue	20 262 250	-	20 262 250	86 530	(20 175 720)	N33

Total revenue from exchange transactions	41 887 368	41 887 368	14 813 541	(27 073 827)		
---	-------------------	-------------------	-------------------	---------------------	--	--

Revenue from non-exchange transactions

Taxation revenue

Property rates	17 399 469	-	17 399 469	17 733 488	334 019	
Licences and permits (nonexchange)	136 370	-	136 370	159 232	22 862	N1
Interest, dividends and rent on land	-	-	-	1 533 147	1 533 147	N32

Transfer revenue	6 367 150					
------------------	-----------	--	--	--	--	--

Government grants and subsidies	387 248 764	49 283 297 386	527 383 837 790	(2 689 281)	N34	
--	--------------------	-----------------------	------------------------	--------------------	------------	--

Fines, penalties and forfeits	6 367 150	3 998 274	(2 368 876)	N2 Total revenue		
--------------------------------------	------------------	------------------	--------------------	-------------------------	--	--

from non	49 283 297	410 430 060	407 261 931	(3 168 129)	exchange transactions	
----------	------------	-------------	-------------	-------------	-----------------------	--

Total revenue	403 034 131	49 283 297	452 317 428	422 075 472	(30 241 956)	
----------------------	--------------------	-------------------	--------------------	--------------------	---------------------	--

Expenditure

Employee costs	(89 935 421)	-	(89 935 421)	(80 632)	9 303 214	N3
Remuneration of councillors	(21 563 431)	-	(21 563 431)	(20 077)	1 486 284	N4
Depreciation and amortisation (129 214 054)		-	(129 214 054)	(110 304 250)	18 909 804	N5
Impairment loss/ Reversal of impairments	-	-	-	(15 918 957)	(15 918 957)	N6

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Operating surplus	21 749 696	41 742 420	63 492 116	71 048 704	7 556 588	
Loss on disposal of assets and liabilities	-	-	-	(1 201 173)	(1 201 173)	N11
Fair value adjustments	-	-	-	3 200 527	3 200 527	N12
Actuarial gains/losses	-	-	-	144 000	144 000	N13
Debt impairment	(2 000 000)	-	(2 000 000)	(2 216 061)	(216 061)	N7
Lease rentals on operating leases	-	-	-	(203 849)	(203 849)	N8
Contracted services	(65 695 027)	(602 935)	(66 297 962)	(56 271 019)	10 026 943	N35
Transfers and subsidies	(4 842 240)	(1 600 000)	(6 442 240)	(1 104 926)	5 337 314	N9
General expenses	(68 034 262)	(5 337 942)	(73 372 204)	(64 298 352)	9 073 852	N10
Total expenditure	(381 284 435)	(7 540 877)	(388 825 312)	(351 026 768)	37 798 544	

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts comparable between budget and actual	Difference on final basis	Reference
	-	-	-	2 143 354	2 143 354	
Surplus before taxation	21 749 696	41 742 420	63 492 116	73 192 058	9 699 942	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	21 749 696	41 742 420	63 492 116	73 192 058	9 699 942	

Statement of
Financial
Position
Assets

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Current

Assets

Inventories	713	(301 000)	412	752 450	340	N14
	259		259		191	
Operating lease asset	70	-	70	11 694 610	11	N15
	969		969		623	
					641	
Receivables from exchange transactions	13 691 239	1 942 406	15 633 645	2 140 354	(13 493 291)	N16
Receivables from non-exchange transactions	39 300 716	(39 250 000)	50 716	8 400 857	8 350 141	N17
VAT receivable	-	-	-	5 568 716	5 568 716	N18
Cash and cash equivalents	124 274 232	138 329 094	262 603 326	126 823 141	(135 780 185)	N19
		100 720 500	278 770 915	155 380 128	(123 390 787)	
	178 050 415					

Non-Current

Assets

Investment property	13 640 257	-	13 640 257	18 071 400	4 431 143	N20
Property, plant and equipment	1 104 145 877	42 188 636	1 146 334 513	957 769 346	(188 565 167)	N21
Intangible assets	3 111 015	2 676 000	5 787 015	2 493 266	(3 293 749)	N22
Heritage assets	17 719	-	17 719	17 719	-	
	719	44 864 636	1 165 779 504	978 351 731	(187 427 773)	
	1 120 914 868					

Total Assets	1 298 965 283	145 585 136	1 444 550 419	1 133 731 859	(310 818 560)	
--------------	---------------	-------------	---------------	---------------	---------------	--

Liabilities

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Current Liabilities						
Payables from exchange transactions	53 172 622	227 771 942	280 944 564	22 741 594		(258 202 970) N23
Taxes and transfers payable (non-exchange)	-	-	-	-	2 251 168	2 251 168 N24
VAT payable	2 571 062				2 571 062	(2 571 062) N18
Consumer deposits	91 505				91 505 132 471	40 966 N25
Unspent conditional grants and receipts	58 091 332	(50 315 226)	7 776 106	14 300 023		6 523 917 N26
Employee benefits obligations	(2 831 479)				5 662 479	2 831 000 10 558 625 7 727 625 N27
					183 119 195	294 214 237
	111 095 042					49 983 881 (244 230 356)
Non-Current Liabilities						
Employee benefits obligations	3 922 739				3 922 739	1 998 000 (1 924 739) N27
Provisions	1 805 247				1 805 247	4 886 339 3 081 092 N28
	5 727 986				-	5 727 986 6 884 339 1 156 353
					183 119 195	299 942 223
Total Liabilities	116 823 028					56 868 220 (243 074 003)
Net Assets	1 182 142 255	(37 534 059)	1 144 608 196	1 076 863 639		(67 744 557)

Budget on Accrual Basis

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final budget		Actual amount	Difference on comparison between final budget and actual
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Other NDR	26 016 917	-	26 016 917		30 400	4 383 083
Accumulated surplus	1 156 125 338		(37 534 059)	1 118 591 279	1 045 988 665	(72 602 614)
			(37 534 059)	1 144 608 196	1 076 863 639	(67 744 557)
Total Net Assets	1 182 142 255					974 000
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	12 386 187	5 013 282	17 399 469		15 830 395	589 074
Services charges	650 000	(300 000)		350 000	232 954	(117 046)
Other revenue	250 064 349	(190 584 581)	59 479 768		7 188 913	(211 285 855)
Interest income	8 768 920	584 339		9 353 259	5 897 702	3 455 557
Government - operating	235 889 774	50 303 081	286 192 855		280 217	6 975 080
Government - capital	156 930 000		(52 085 010)	104 844 990	113 892 376	9 047 386
			(187 068 889)	477 620 341	423 259 501	(54 360 840)
	664 689 230					
Payments						
Suppliers and employees	(250 070 381)	(124 687 596)	(374 757 977)	(229 140 804)		1 666 110
Finance costs	584 339	(584 339)	-	(320 021)	(320 021)	
		(125 271 935)	(374 757 977)	(229 460 825)	145 297 152	

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	(249 486 042)				
Net cash flows from operating 203 188 activities	415	(312 340 824)	102 862 364	193 798 676	
<hr/>					
Cash flows from investing activities					
Capital assets	(169 700 187)	(28 064 636)	(197 764 823)	(168 794 251)	
Proceeds from sale of property, plant and equipment	-	-	-	523 522	
Purchase of other intangible assets	-	-	-	(157 390)	
Net cash flows from investing activities	(169 700 187)	(28 064 636)	(197 764 823)	(168 428 119)	
<hr/>					
Net increase/(decrease) in cash and cash equivalents	245 503 001	(340 405 460)	(94 902 459)	25 370 557	
Cash and cash equivalents at the beginning of the year	102 115 785	255 390 000	357 505 785	101 469 571	
Cash and cash equivalents at the end of the year	347 618 786	(85 015 460)	262 603 326	126 840 128	

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Note(s) 2021 2020

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

They are presented in South African Rand, and rounded off to the nearest Rand which is the municipality's functional currency.

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 2021 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.

These accounting policies are consistent with the previous period.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.1 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 shortterm 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.

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

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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 (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until

1.1 Investment property (continued)

disposal of the investment property. Valuations are to be carried out with sufficient frequency owing to the prevailing circumstances, that may warrant a revaluation. i.e erection of a new block of flats next to the rental flat.

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.

1.2 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.

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

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

Property, plant and equipment is initially measured at cost.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

1.2 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	8 -50
Mobile offices	Straight-line	5 - 10

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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 assets	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 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.

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

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.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

1.2 Property, plant and equipment (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.3 Intangible assets

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

An asset is identifiable if it either: is separable, i.e. is capable of being separated or divided from an entity and

- sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when: it is probable that the expected future economic benefits or service

- potential that are attributable to the asset will flow to the municipality; and the cost or fair value of
- the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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

- recognised when: it is technically feasible to complete the asset so that it will be available for use
- or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it. it will generate probable
- future economic benefits or service potential.

there are available technical, financial and other resources to complete the development and to use or sell the asset. the expenditure attributable to the asset during its development can be measured reliably.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

1.3 Intangible assets (continued)

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	1-4
Website	Indefinite	

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

1.4 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

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

Recognition

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

1.4 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

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

Impairment

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

Derecognition

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

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

1.5 Financial instruments

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

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

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable,

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Financial instruments (continued)

1.5

- It requires no initial net investment or an initial net investment that is smaller than would be required
- for other types of contracts that would be expected to have a similar response to changes in market factors. It is settled at a future date.

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

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

A financial asset is:

- cash;
- a residual interest of another entity;

or a contractual right to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to: deliver cash or another financial asset to

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

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

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Financial instruments (continued)

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of

- its liabilities. A residual interest includes contributions from owners, which may be shown as: equity
- instruments or similar forms of unitised capital;

a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or 1.5 • a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities

- that have fixed or determinable payments, excluding those instruments that: the entity designates at
- fair value at initial recognition; or are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common
- control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common

Control (GRAP 106) applies combined instruments that are designated at fair value; instruments held for trading.

A financial instrument is held for trading if:

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Financial instruments (continued)

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

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.

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Financial instruments (continued)

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.

1.5

Classification

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

Class	Category
-------	----------

Cash and cash 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

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

Class	Category
-------	----------

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

1.6 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.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Financial instruments (continued)

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

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.7 Impairment of cash-generating assets

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

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

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

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

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either: the period of time over which an asset is expected to be used by the

- municipality; or the number of production or similar units expected to be obtained from the asset by the municipality.

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

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Provisions and contingencies

Provisions are recognised when: the municipality has a present

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

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

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

1.8 Provisions and contingencies (continued)

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity: •

has a detailed formal plan for the restructuring, identifying at least:

- the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those

- that are both: necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised

- separately are subsequently measured at the higher of: the amount that would be recognised as
- a provision; and the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 52.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement.

Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;

1.8 Provisions and contingencies (continued)

- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term
- and the ability of the debtor to settle its obligation on the amended terms; and

a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is

- probable, an municipality recognises the obligation at the higher of: the amount determined using in the
- Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and

the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

Decommissioning, restoration and similar liability

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.

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

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

Provisions are not recognised for future operating deficit.

1.9 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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied: the

- municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods; the municipality retains neither continuing managerial involvement to the degree
- usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will

flow to the municipality; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.10 Revenue from non-exchange transactions

Rates and taxes

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

Fines

Fines constitute both spot fines and summonses.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

1.10 Revenue from non-exchange transactions (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.

1.11 Presentation currency

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

1.12 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.

1.13 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.14 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Impairment of Financial Assets

Accounting Policy 1.5 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 1.5 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.

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

As described in Accounting Policies and 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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

Defined Benefit Plan Liabilities

As described in Accounting Policy 1.18 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 1.18 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.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities.

Provisions are discounted where the effect of discounting is material using actuarial valuations.

Budget Information

Deviations between budget and actual amounts are regarded as material difference

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 1.18.

Allowance for doubtful debts

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.15 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.16 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.17 Impairment of non-cash-generating assets

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

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

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either: the period of time over which an asset is expected to be used by the

- municipality; or the number of production or similar units expected to be obtained from the asset by the municipality.

1.17 Impairment of non-cash-generating assets (continued)

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

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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 noncash 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. 1.18 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either: an entity's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide postemployment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the

- undiscounted amount of short-term employee benefits expected to be paid in exchange for that service: as a liability (accrued expense), after deducting any amount already paid. If the amount already paid
- exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.18 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service: •as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and •as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:

those changes were enacted before the reporting date; or

past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following

- amounts: the present value of the defined benefit obligation at the reporting date; minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent

- that another Standard requires or permits their inclusion in the cost of an asset: current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as
- an asset; actuarial gains and losses, which shall all be recognised immediately; past
- service cost, which shall all be recognised immediately; and the effect of any

curtailments or settlements.

1.19 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or

- building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the

entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded. 1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

1.20 Accounting by principals and agents (continued)

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

It does not have the power to determine the significant terms and conditions of the transaction.

It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.

It is not exposed to variability in the results of the transaction.

-
- Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. 1.22 Unauthorised expenditure

Unauthorised expenditure means: overspending of a vote or a

- main division within a vote; and

expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.24 Irregular expenditure (continued)

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.26 Segment information

A segment is an activity of an entity: that generates economic benefits or service potential (including

- economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be

allocated to that activity and in assessing its performance; and for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.27 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/06/01 to 2021/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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

1.28 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the

- reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified: those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.30 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.

1.31 Bad debts written off

Consumer Debtors

When the municipality identifies customer debtors whose debts appear to be irrecoverable even after the whole credit control and debt collection process has been followed in terms of trying to obtain payment, then such accounts should be regarded as irrecoverable.

Once the debt is regarded as irrecoverable during the course of the year it must be grouped with others so that the report is served before the Council soliciting a resolution to write off the irrecoverable debts.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Traffic Fines Debtors

Traffic fines debtors are assessed for each reporting period to establish their collectability where doubtful debtors are identified. Once traffic fines debtors are regarded as irrecoverable during the course of the year, a report of all traffic fines doubtful debtors soliciting a Council resolution is presented to Council for write-offs.

Traffic infringements that have not been served within eighteen (18) months of the date of the alleged offence be withdrawn and/or warrants of arrest that have not been executed within 2 years after the date of authorisation thereof be returned with the control document to the relevant Magistrate for cancellation as per the National Prosecuting Authority South Africa instruction

(UNIFORM NATIONAL INSTRUCTION IN RESPECT OF TRAFFIC INFRINGEMENT MATTERS ISSUED BY VARIOUS LAW ENFORCEMENT AGENCIES).

Notes to the Annual Financial Statements

2021 2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Grap 1	Presentation of Financial Statements
Grap 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 17	Property Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Noncash-generating Assets
GRAP 23	Revenue from Nonexchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cashgenerating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

		Between Entities
		Under
		Common Control
GRAP 106		Transfer of Functions Between Entities Not Under Common Control
GRAP 107		Merges
GRAP 108		Statutory Receivables
GRAP 109		Accounting by Principals and Agents
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 Similar Liabilities
iGRAP 5		Applying the Restate Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary
iGRAP 6	Loyalty Programmes	iGRAP 7 The Limit on a Defined Benefit Asset,
iGRAP 7	Minimum Funding Requirements and their Interaction	
iGRAP 8	Agreements for the	Construction of Assets, Minimum Funding Requirements and their interaction
iGRAP 9	Distributions of Non	iGRAP 10 Assets received from

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Customers

iGRAP 11 Consolidation

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

-
-
-
-
-
-
-
-

Standard/ Interpretation:

Effective date: Expected
Years beginning on or impact:
after

GRAP 104 (amended): Financial Instruments 01 April 2009 Not expected to impact
results but may result in additional disclosure

Guideline on the Application of Materiality to Financial 01 April 2021 Not expected to impact
Statements results but may result in
additional disclosure

Guideline on Accounting for Landfill Sites 01 April 2009 Not expected to impact
results but may result in additional disclosure

GRAP 110 (as amended 2016): Living and Non-living 01 April 2021 Not expected to impact
Resources results but may result in

additional disclosure Guideline:

Accounting for Arrangements Undertaken i.t.o 01 April 2021 Not expected to impact
the National Housing Programme results but may result in
additional disclosure

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Directive 7 (revised): The Application of Deemed Cost 01 April 2021 Not expected to impact results but may result in additional disclosure

GRAP 20: Related parties 01 April 2021 Not expected to impact results but may result in additional disclosure

GRAP 32: Service Concession Arrangements: Grantor 01 April 2021 Not expected to impact results but may result in additional disclosure
GRAP 108: Statutory Receivables 01 April 2021 Not expected to impact

- results but may result in additional disclosure

GRAP 109: Accounting by Principals and Agents 01 April 2021 Not expected to impact

- results but may result in additional disclosure

IGRAP 17: Service Concession Arrangements where a 01 April 2021 Not expected to impact

- Grantor Controls a Significant Residual Interest in an Asset results but may result in additional disclosure

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods but are not relevant to its operations:

3. Inventories

Consumables 752 450 899 242

Inventories recognised as an expense during the year 6 364 201 7 442 188

Inventory consumables 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.

Inventory pledged as security

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

There was no inventory retained as personal protective equipment, by the municipality.

4. Operating lease receivable

Current assets 11 694 610 9 440 013

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. The lease receivable recognised is in respect of Non-cancelable Operating Leases.

Leasing Arrangements

The operating lease relate to Property owned by the municipality with lease terms of 2 to 50 years (2019/20 - 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.

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:

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
4. Operating lease receivable (continued)		
Reconciliation		
Opening balances	9 440 012	7 102 362
Effects of straightlining for the year	2 254 598	2 337 650
	11 694 610	9 440 012
Operating Lease Arrangements		
Up to 1 Year	1 414 122	1 349 323
2 to 5 years	1 663 524	2 831
More than 5 years		599
	119 788 289	120 034 336
	122 865 935	124 215 258
	2021	2020
5. Receivables from exchange transactions		
SALGA Fees Prepayment	1 094 194	-
Consumer debtors - Refuse	829 858	655 024
Consumer debtors - Rent	216 301	684 805
Total Receivables from Exchange Transactions	2 140 353	1 339 829
Refuse		
Current (0 - 30 Days)	151 412	120 469
31 - 60 Days	141 309	140 011
61- 90 Days	137 770	135 920
More than 90 days	7 377 895	6 434 820
Impairment	(6 978 529)	(6 176 196)
	829 857	655 024
Rental		
Current (0- 30 Days)	14 062	78 828
31 - 60 Days	8 662	4 659
61- 90 Days	8 662	4 659
More than 90 days	1 164 495	1 099 699
Impairment	(979 580)	(503 040)
	216 301	684 805

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Summary of refuse debtors by customer classification:

Business / commercial

Current (0- 30 Days)	29 481	28 859
31 - 60 Days	26 011	26 124
61- 90 Days	25 086	24 834
More than 90 days	1 651 388	1 555 010
Impairment	(1 693 302)	(1 613 879)
	38 664	20 948

Government

Current (0- 30 Days)	20 382	38 200
31 - 60 Days	20 247	22 690
61- 90 Days	19 745	21 898
More than 90 days	563 065	450 186
	623 439	532 974

Residential

Current (0- 30 Days)	101 550	53 411
31 - 60 Days	95 051	91 198
61- 90 Days	92 939	89 188
More than 90 days	5 163 442	4 429 624
Impairment	(5 285 227)	(4 562 317)
	167 755	101 104
	2021	2020

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

5. Receivables from exchange transactions (continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables 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 ratings is performed.

Consumers 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 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.

Trade and other receivables impaired

As of 30 June 2021, trade and other receivables of 9 021 104 (2020: 8 016 656) were impaired and provided for.

The amount of the provision was 7 958 109 as of 30 June 2021 (2020: 6 679 236).

Reconciliation of provision for impairment of trade and other receivables - Refuse

Opening balance	6 176 469	9 783 342
Provision for impairment	802 060	-
Amounts written off as uncollectible	-	(1 078 399)
Unused amounts reversed	-	(2 528 474)
	<u>6 978 529</u>	<u>6 176 469</u>

Reconciliation of provision for impairment of trade and other receivables

Rentals

Opening balance	503 040	548 687
Provision for impairment	476 540	(45 647)
	<u>979 580</u>	<u>503 040</u>
	<u>2021</u>	<u>2020</u>

6. Receivables from non-exchange transactions

Fines 487 668 2 535 896

Assesment rates 7 913 189 8 910 330

8 400 857 11 446 226

Assessment Rates

Current (0- 30 Days) 654 751 270 752 31 - 60 Days 744 318 583 894

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

61 - 90 Days 527 397 536 605

More than 90 Days 30 627 687 29 259 811

(24 640 955) (21 740 732)

7 913 198 8 910 330

Impairment

Traffic fines

Current (0- 30 Days) 289 519 33 315 31 - 60 Days 294 955 229 785 61 - 90 Days 282 267 56 735

91 - 120 Days 2 330 143 35 907 247 Impairment (2 709 216) (33 691 186)

487 668 2 535 896

Summary of assessment rates debtors by customer classification:

Residential

Current (0- 30 Days) 201 836 98 886

31 - 60 Days 237 372 215 064

61 - 90 Days 176 956 194 011

91 - 120 Days 7 251 321 5 863

060

Impairment (7 453 803) (5 882

275)

413 682 488 746

Business / Commercial

Current (0- 30 Days) 449 582 136 165 31 - 60 Days 499 498 366 597

61 - 90 Days 347 109 340 360

91 - 120 Days 16 658 808 15 541 418

(17 187 152) (15 858 456)

767 845 526 084

Impairment

Government

Current (0- 30 Days) 3 333 35 701

31 - 60 Days 7 449 2 233

61 - 90 Days 3 333 2 233

91 - 120 Days 6 752 102 7 855 333

6 766 217 7 895 500

2021 2020

6. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Statutory receivables arise from the implementation of the Municipality 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 receivables are as summarised in this note above.

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information into its credit risk credit control. No external credit ratings is performed.

Consumers receivables from refuse removal are billed monthly for business and residential households. Government accounts are billed annually. Interest is charged on overdue consumers receivables at a rate of 10% per annum.

No interest is charged on overdue traffic fines debtors.

The municipality enforces its approved credit policy to ensure the recovery of receivables. None of the financial assets that are fully performing have been renegotiated in the last year.

Ageing of Receivables from Non-exchange Transactions

Other receivables from non-exchange transactions which are government debt and past due are not considered to be impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	7 449 24 923	2 months past due	3 333 24 131
3 months past due	6 752 102 8 390	349	

Reconciliation of provision for impairment of receivables from non-exchange transactions - Assessment rates

Opening balance	21 740 732	22 687 191	Provision for impairment	2 900 223	14 590 041
Amounts written off as uncollectible		(15 536 500)			
					24 640 955
					21 740 732

Reconciliation of provision for impairment of receivables from non-exchange transactions - Traffic fines

Opening balance	33 691 186	24 116 855	Provision for impairment	2 709 216	9 574 331
					(33 691 186)
					2 709 216
					33 691 186
Amounts written off as uncollectible					-
					2021
					2020

7. VAT receivable

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

VAT	5 568 716	4 767 925
<hr/>		
Description of tax		
VAT 201 Statement of Account Balance as at June	4 578 199	4 349 859
Output VAT - Accrued	(821 581)	(750 425)
Input Vat - Accrued	1 812 097	1 168 491
	5 568 715	4 767 925
<hr/>		

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 the late payments is charged according to SARS.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	55 335 007		33 795
Current Investments	71 488 134	67 657 486	098
	126 823 141	101 452 584	

Net Bank, Cash and Cash Equivalents

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 1.90 % to 6.00% (2020: 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 10.50% (2020 : 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 Financial Statements approximate their fair values.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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.

2021 2020

8. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number and description	Bank statement balances			Cash book balances		
	30 June 2021 2019	30 June 2020	30 June 2019	30 June 2021 2019	30 June 2020	30 June 2019
FNB-Service Delivery Reserve 620-3325-4723	66 746 777	45 496	16 066	66 746 777	45 496	16 066
FNB-Operational Investment 620-2945-0715	17 509 188	21 374	25 995	17 509 188	21 374	25 995
FNB-Municipal Infrastructure Grant(MIG) -620-8603-6714	2 851 686	593	10 834	2 851 686	593	10 834
FNB-Guarantee Investment 620-6874-2157	310 891	304	292	310 891	304	292
FNB-Financial Management Grant(FMG)-622-7618-7294	2 727	24 154	622	2 727	24 154	622
FNB-Electrification Programme 622-8856-0925	1 131 113	2 400	2 310	1 131 113	2 400	2 310
Nedbank - Capital Replacement Reserve Account-788-1112-786	30 891 961	29 989	27 925	30 891 961	29 989	27 925
Primary Account FNB a/c No: 620-2218-3727	449 680	840	2 050	449 680	857	2 080
FNB-Traffic Fine-627-5889-3905	557 618	445	3 457	557 618	445	3 457
		737	553		737	553

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

FNB-Housing Project	6 163 050	-	-	6 163 050	-	-
Fund 6289151-9971						
FNB Solidarity Fund	190 403	-	-	190 403	-	-
628-54992099						
FNB Retention 628-6002-9000	18 046	-	-	18 046	-	-
	126 823 140	101 469 571		126 823 140	101 486 559	
Total			89 554			89 584
			620			166

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

9. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	18 071 400	-	18 071 400	14 730 000	-	14 730 000

Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Total
Investment property	14 730 000	3 341 400	18 071 400

Reconciliation of investment property - 2020

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

Fair value of investment properties 18 071 400 14 730 000

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

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
--	------	------

9. Investment property (continued)

Amounts recognised in surplus or deficit

Rental revenue from investment property 3 603 921 3 598 300

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

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

10. Property, plant and equipment

	2021			2020		
	Cost/ Valuation	Accumulated depreciation and	Carrying value Valuation	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value accumulated impairment
Land	36 425 970	36 425 970	36 425 970	36 425 970		
Buildings	396 766 930	(118 606 559)	278 160 371	336 276 373	(110 654 687)	225 621 686
Infrastructure	1 783 523 294	(1 160 066 991)	623 456 303	1 680 811 491		
Computer equipment	9 104 878	(6 201 180)	2 903 698	9 356 835	(6 658 803)	2 698 032
Machinery and Equipment	12 143 508	(6 686 549)	5 456 959	11 633 656	(5 692 381)	5 941 275
Office equipment	11 766 557	(7 413 775)	4 352 782	11 754 144	(7 619 388)	4 134 756
	13 732 768	(6 719 505)	7 013 263	14 970 691	(7 075 709)	7 894 982
Total	2 263 463 905	(1 305 694 559)	957 769 346	1 011 229 160	(1 191 678 746)	909 550 414

Transport Assets

Reconciliation of property, plant and equipment - 2021

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	36 425 970	-	-	-	-	36 425 970
Buildings	225 621 686	60 500 982	-	(7 962 297)	-	278 160 371
Infrastructure	626 833 713	102 463 703	-	(96 928 486)	(8 912 627)	623 456 303
Computer equipment	2 698 032	1 281 339	(36 887)	(1 036 900)	(1 886)	2 903 698
Machinery and Equipment	5 941 275	1 172 980	(95 574)	(1 464 623)	(97 099)	5 456 959
Office equipment	4 134 756	1 370 031	(156 118)	(976 885)	(19 002)	4 352 782
	7 894 982	2 005 216				
	909 550 414	168 794 251	(1 724 695)	(109 820 010)	(9 030 614)	957 769 346
Transport Assets	(1 436 116)	(1 450 819)	7 013 263			

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	36 425 970	-	-	-	36 425 970
Buildings	199 029 289	36 583 928	(7 284 803)	(2 706 728)	225 621 686
Roads Infrastructure	672 913 082	63 667 312	(99 368 645)	(10 378 036)	626 833 713
Computer equipment	2 788 877	729 888	(820 733)	-	2 698 032
Machinery and Equipment	4 119 220	2 795 388	(973 333)	-	5 941 275
Office equipment	3 843 233	1 084 336	(792 813)	-	4 134 756
	<u>7 327 578</u>	<u>1 948 535</u>	<u>(1 381 131)</u>	<u>-</u>	<u>7 894 982</u>
	<u>926 447 249</u>	<u>106 809 387</u>	<u>(110 621 458)</u>	<u>(13 084 764)</u>	<u>909 550 414</u>

Transport Assets

Assets pledged as security

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

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Buildings	Total
Opening balance	77 087 268	70 713 112	147 800 380
Additions/capital expenditure	102 463 703	60 500 982	162 964 685
		(54 359 067)	(54 552 749)
		(108 911 816)	
	<u>125 191 904</u>	<u>76 661 345</u>	<u>201 853 249</u>
			Transferred to completed items

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

10. Property, plant and equipment (continued)

Umzimvubu Local Municipality

Reconciliation of Work-in-Progress 2020

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	Included within Buildings	within Infrastructure	Included	Total
Opening balance	68 257 260	61 064 734	129 994	321 321
Additions/capital expenditure	63 667 312	36 583 928	100 251	251 251
Transferred to completed items			240	240
	(54 837 304)	(26 935 550)	(81 772 854)	
	77 087 268	70 713 112	147 800 380	

Expenditure incurred to repair and maintain property, plant and equipment included in statement of financial performance

Contracted services 8 295 132 4 390 919

Total Expenditure related to Repairs and Maintenance Projects

Maintenance of Buildings and Facilities	1 182 955	1 932 757
Maintenance of Computer Equipment	1 413 464	668 128
Maintenance of Infrastructure assets	2 327 634	329 021
Maintenance of Machinery and Equipment	576 802	553 284
Maintenance of Transport assets	2 794 277	907 729
Maintenance of property, plant and equipment		

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:

Tyindirha Bridge – Due to high water levels on the river the project experienced lengthy span of suspension of works. The high water levels resulted in high velocity in flow of water which swept away the scaffolding of the contractor which had a huge impact on the project delays. Progress on site is not satisfactory, the instruction was issued to the contractor to expedite the progress on site. The bridge deck is complete and the outstanding items to complete the project is the balustrates and one wing wall. The project to be completed before the 30th of September 2021 . Expenditure to date is R12 323 213 (2020: R 11 252 906).

Nophoyi Sport Field- The project is in our 3YCP with the intentions to advertise and complete the project. Service provider was terminated due to poor progress on site. The only outstanding item to

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

complete the project was the grassing, however the recent heavy rainfalls caused major damages on the sport field. Expenditure to date is R3 390 430 (2020: R3 390 430).

Silindini Bridge- Similar to Tyinira, the high water levels had huge delays on the project and moreover the river banks were washed by these high volumes of water flows as such this resulted additional scope of works which was not catered for in our tender documentation. The extension of time was granted, and the Contractor awaiting the approval of VO for major earthworks that were not part of the scope. The project is still under construction. The project to be completed before the end of November 2021 including the extra works. Expenditure to date is R7 685 768 (2020: R7 971 157)

55

10 Property, plant and equipment (continued)

Infrastructure services on Municipal Plots(Scientific roots) –The project is in our 3YCP with the intention to implement the project. The appointment was only for the professional services. The detailed designs were done and due to budgetary constraints, the Municipality was unable to proceed with the actual construction. Expenditure to date is R1 167 567 (2020: R666 615).

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

11. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 843 452	(3 350 186)	2 493 266	5 686 062	(2 865 946)	2 820 116

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	2 820 116	157 390	(484 240)	2 493 266

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	2 302 837	898 964	(381 685)	2 820 116

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
--	------	------

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 38.

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

12. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	17 719	-	17 719	17 719	-	17 719

Reconciliation of heritage assets 2021

	Opening balance	Total
Mayoral chain	17 719	17 719

Reconciliation of heritage assets 2020

	Opening balance	Total
Mayoral chain	17 719	17 719

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021 2020

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 21 360 965 28 221 015

Retentions 1 380 629 1 205 314

Total Payables	22 741 594	29 426 329
----------------	------------	------------

14. Payables from Non-Exchange Transactions

Advance receipts - Taxes	2 251 168	2 397 185
--------------------------	-----------	-----------

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

(Registration number EC 442)		2021	2020
Unspent conditional grants and receipts		3 021 066	4 026
Annual Financial Statements for the year ended 30 June 2021			991
Intergrated National Electrification Programme			
Notes to the Annual Financial Statements			
Small Town Revitalisation		1 618 472	-
Human Settlements Housing Project		6 160 485	-
Provincial: Department of Cooperative Government & Traditional Affairs		-	1 197
Extended Public Works Programme - Cleansing Project Peri-Urban		3 500 000	-
		14 300 023	4 028
			188

Movement during the year

			2 515
Balance at the beginning of the year		4 028 188	332
Additions during the year		119 042 959	79 429
Income recognition during the year			242

15. Consumer deposits

Rental Deposits 132 471 106 053

(108 771 124)	(77 916 386)
14 300 023	4 028 188

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 34 for reconciliation of grants from National/Provincial Government.

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

		2021	2020
17. Employee benefits obligations			
Reconciliation of employee benefits obligations - 2021			
	Opening Balance	Additions	Utilised during the year
			Interest costs
			Actuarial (gain) / loss
Bonus accrual	2 180 142	2 217 779	(2 180
		141)	- -
			2 217
			780
Provision for leave pay	7 514 452	1 661 657	(1 435
		134)	- -
			7 740
			975
Provision for performance bonus	470	277 870	(470 187)
			- -
			277 870
187			
Long Service Awards Liability	2 197 000	347 000	(229 000)
			149 000(144 000)
			2 320
			000

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	12 361 781	4 504 306 462)	(4 314	149 000(144 000)	12 556 625	
Reconciliation of employee benefits obligations - 2020						
	Opening	Current service Balance cost	Utilised during the year	Interest costs	Acturial (gain) / loss	Total
Bonus accrual	1 934 774	2 180 142	(1 934 774)	-	-	2 180 142
Provision for leave pay	6 762 992	751 460-		-	-	7 514 452
Provision for performance bonus		470 187-	-	-	-	470 187
Long Service Awards Liability	2 016 037	321 697	(210 790)	154 354	(84 298)	2 197 000
	11 183 990	3 253 299	(2 145 564)	154 354	(84 298)	12 361 781
Non-current liabilities					1 998 000	1 998 000
Current liabilities					10 558 625	10 558 625
					12 556 625	12 556 625

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.

Long service awards liability

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

The following members are eligible for long service bonuses:

In-service members 160 155

Unfunded Accrued Liability

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Total value of liabilities	2 320 000	2 197 000
Value of assets	-	-
	2 320 000	2 197 000
Expected current portion of liability (due within 12 months)	322 000	229 000
	2021	2020
17. Employee benefits obligations (continued)		
Expected non-current portion of liability (due thereafter)	1 998 000	1 968 000
	2 320 000	2 197 000

Key Actuarial Assumptions used are as follows:

Discount rate	9,06 %	7,14 %
General Salary Inflation (long-term)	5,76 %	3,83 %
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3,12 %	3,19 %
Average retirement age	62	62
	-	-

Last Valuation

The last valuation was performed in August 2020.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Performance are:

Employee related costs - Current Service Cost	347 000	321 697
Finance Charges - Interest Cost	149 000	154 354
Actuarial Losses / (Gain)	(144 000)	(84 298)
Expected benefits vesting / paid during the year (N1)	(322 000)	(229 000)
	30 000	162 753

N1 - This is the total value of the long-service awards that were expected to be awarded to eligible employees over the year, based on the data at the previous valuation date. Employees are usually entitled to take this award in whole or in part as cash, with the remainder taken as leave. Therefore, this figure should not be confused as being only the amount of cash paid out in respect of the award. It represents the amount actually paid out in cash AND the portion that was either taken or "stored" as leave.

If the actual amount of benefits vested is to be included instead in the above table, then the Actuarial Loss / (Gain) must change to exactly offset the impact, such that the Closing Accrued Liability remains unchanged. For example, if the actual amount of benefits vested was R100,000 lower than the estimate (based on last year's data), then the Actuarial Loss / (Gain) would have to reduce by R100,000 to leave the Closing Accrued Liability as is.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	% Change	Liability	% Change
Central assumptions		2 443 000	
General earnings inflation rate	+1%	2 443 000	+5%
	-1%	2 207 000	-5%
Discount rate	+1%	2 200 000	-5%
	-1%	2 453 000	+6%
Average retirement age	+2 years	2 405 000	+4%
	-2 years	2 198 000	-5%
Withdrawal rates	x2	1 837 000	-21%
	x0.5	2 643 000	+14%

2021 2020

17. Employee benefits obligations (continue d)

Assumption	Change	Current Service Cost	Interest Cost	Total	% Change
Central assumptions		347 000	149 000	496 000	
General earnings inflation rate	+1%	374 000	159 000	530 000	+7%
	-1%	325 000	142 000	467 000	-6%
Discount rate	+1%	327 000	161 000	488 000	-2%
	-1%	369 000	137 000	506 000	+2%
Average retirement age	+2 years	355 000	156 000	511 000	+3%
	-2 years	333 000	143 000	476 000	-4%
Withdrawal rates	x2	248 000	115 000	363 000	-27%
	x0.5	417 000	174 000	591 000	+19%

18. Provisions

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 61 of GRAP 19.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

The municipality operates two landfill sites which are Mt Ayliff and Mt Frere sites. These sites have a remaining life of 11 and 36 years respectively before they can be rehabilitated. The expected growth of waste generation is 0.85% with an average density of waste of 0.75T/cubic metre.

	2021	2020	
18. Provisions (continued)			
Reconciliation of provision for environmental rehabilitation			
Non-current liabilities	4 886 339	4 574 445	
Reconciliation of provision for environmental rehabilitation			
Opening balance	4 574 445	3 922 739	
Change in discount factor	140 873	525 002	
Interest cost	171 021	126 704	
	4 886 339	4 574 445	
Key Actuarial Assumptions used are as follows:	2021	2020	2019
Discount rate (D)	10,81 %	11,28 %	9,64 %
Consumer price inflation	7,07 %	6,61 %	6,21 %
Net Discount rate $((1+D)/(1+H)-1)$	3,50 %	4,38 %	3,23 %
Excavatable cover depth	3,0m		
Cover to waste ration	1 to 4		
Unfunded Accrued Liability			
Value of obligation		4 886 339	4 574 445
Value of assets		-	-
		4 886 339	4 574 445
The amounts recognised in the Statement of Financial Performance are:			
Balance of change in provision of obligations		140 873	525 002
Interest cost		171 021	126 704
		311 894	651 706
Total raw costs for 30 June 2021 for closure and rehabilitation	Mt Ayliff	Mt Frere	Total
Planning for closure	772 515	772 515	1 545 030

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Rehabilitation and closure	1 257 912	2 975 153	4 233 065
Post-Closure monitoring	2 369 782	3 064 377	5 434 159
	4 400 209	6 812 045	11 212 254

19. Capital replacement reserve

			27 925
Capital replacement reserve		29 972 454	595
Transfer into capital replacement reserve		902 520	2 046 859
		30 874 974	29 972 454

20. Accumulated surplus

Accumulated Surplus/(Deficit) due to the results of operations			
Accumulated Surplus/(Deficit)	1 045 988 672	973 597	627

	2021	2020
--	------	------

21. Revenue

Sale of goods		1 246 761	991 222
Service charges		1 210 121	1 096 785
Rental of facilities and equipment		3 760 203	3 727 649
Interest received - trading		4 364 555	7 757 107
Agency services		2 231 470	1 752 963
Licences and permits - Exchange transactions		1 913 901	1 903 327
Licences and permits - Non-Exchange transactions		159 232	228 708
Actuarial gains		144 000	84 298
Fair value adjustments		3 200 527	564 741
Operational revenue		86 530	1 183 069
Property rates		17 733 488	16 728 512
Interest, dividends and rent on land	1 533 147	2 143 095	Government grants and subsidies
790 297 357 242			383 837
		3 998 274	11 008 328
		425 419 999	346 527 046

Fines, penalties and forfeits

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

Sale of goods		1 246 761	991 222
Service charges		1 210 121	1 096 785
Rental of facilities and equipment		3 760 203	3 727 649

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Interest received - trading	4 364 555	7 757 107
Agency services	2 231 470	1 752 963
Licences and permits	1 913 901	1 903 327
Operational revenue	86 530	1 183 069
Fair value adjustments	3 200 527	564 741
Actuarial gains	144 000	84 298
	<u>18 158 068</u>	<u>19 061 161</u>

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

Property rates	17 733 488	16 728 512	Licences or permits	159 232	228 708
Interest, dividends and rent on land	1 533 147	2 143 095			
Transfer revenue					
Government grants and subsidies	383 837 790	297 357 242			
				<u>3 998 274</u>	<u>11 008 328</u>
				<u>407 261 931</u>	<u>327 465 885</u>

Fines, penalties and forfeits

22. Sale of goods

Advertisement	177 891	274 265
Building plans	429 705	329 061
Cemetery and burials	34 478	26 898
Clearance certificate	13 688	3 506
Entrance fees	3 325	29 254
Special concert	548	3 130
Application fees for land use	1 837	4 017
Sale of goods	585 290	271 091
Informal traders	-	50 000
	<u>1 246 762</u>	<u>991 222</u>
	<u>2021</u>	<u>2020</u>

23. Service charges

Refuse removal	1 210 121	1 096 785
----------------	-----------	-----------

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.

24. Rental of facilities and equipment

Facilities and equipment

Adhoc rental income from other assets	156 282	129 349
Investment property	3 603 921	3 598 300
Total rental from facilities and equipment	<u>3 760 203</u>	<u>3 727 649</u>

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

25. Interest received - Exchange Transactions

			423
Interest received - debtors	482 344		747
Interest received - bank	128 504		216
			018
Interest received - investments	3 753 707	7	117
			342
	4 364 555	7	757
			107

26. Agency services

Vehicle Registration	2 231 470	1	752
			963

The Municipality is an agent for the Department of Transport wherein it is delegated to register and licence motor vehicles on its behalf.

There are no assets or liabilities that are held or incurred on behalf of the principal and recognised in our financial statements. The risks associated with the principal-agent relationship that exist on any monies collected by the municipality on behalf of the principal lies solely with the municipality.

During the year, all collections made are banked and paid over to the Department of Transport on a weekly basis.

The income due to the municipality according to the agreement is 19% of the amount collected subject to certain conditions as per the Service Level Agreement and National Road Traffic Act, Act 93 of 1996. During the year, a total of R11 031 777 (2020: R8 284 568) was collected gross of commission.

All monies due to the principal were transferred to the principal and no amounts were owing at year end.

Minimal risk was transferred from the Department of Transport, as the principal, to Umzimvubu Municipality, as the agent, beyond the cash collected on behalf of the principal.

27. Licences and permits

			170
Motor vehicle licences	213 705		051
Driver licence certificate	1 700 196	1	733
			276
Total Licences and Permits	1 913 901	1	903
			327

28. Operational Revenue

Other income	86 530	1	183
			069

29. Fair value adjustments		
Gain on the disposal of landfill site and investment properties	3 200 527	564 741
Loss on the disposal of investment properties		
(Registration number EC 442)		
Annual Financial Statements for the year ended 30 June 2021		
30. Actuarial gains		
Notes to the Annual Financial Statements	144 000	84 298

31. Property rates		
Rates received		
Property rates	17 733 488	16 728
		512

	2021	2020
Residential	1 727 195	2 264 603
Commercial	4 939 878	4 657 003
State	11 066 415	9 806 906
Subtotal	17 733 488	16 728
		512
	17 733 488	16 728
		512

Valuations		498	746
Residential	498 746 100	100	
Commercial	352 408 500	352	408
State		500	
	582 171 976	582 171 976	
	1 433 326 576	1 433 326 576	

Annual valuation 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 2020 (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 on 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 three years of a newly developed property from the date of issuance of certificate of occupancy.

32. Licences and permits

Trading 159 232 228 708

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

33. Interest received - Non-Exchange Transactions

Interest received - debtors 1 533 147 2 143 095

	2021	2020
34. Government grants and subsidies		
Operating grants		
Equitable share	274 947 000	217 928 000
Departmental agencies and accounts (SETA)	119 577 000	140 970 000
Expanded Public Works Programme (EPWP)	2 700 000	2 512 000
Provincial (COGTA) grants - Library	1 700 000	1 770 000
750 584		1 257 788
Finance Management Grant (FMG)		
		536 000
Total Operating grants	280 217 161	224 144 758
Disaster Relief Grant		
Capital grants		
Municipal Infrastructure Grant	55 423 091	46 433 925
Integrated National Electrification Grant	21 711 924	22 749 180
Provincial: Department of Cooperative Government & Traditional Affairs (COGTA)	613	1 029 379
Small Town Revitalisation	26 485 001	3 000 000
	103 620 629	73 212 484
Total Capital grants and Operating grants	383 837 790	297 357 242

Summary of transfers:

Included in above are the following grants and subsidies received:

Conditional grants received	119 162	81 038
	535	474
	274 947 000	218 604 970
	394 109 535	299 643 444
Unconditional grants received		
National Governments		
Balance unspent at beginning of year	4 026 990	1 892 541
Current-year receipts	351 076 000	294 063 554
	(352 081 925)	(291 929 105)
	3 021 065	4 026 990
Conditions met - transferred to revenue		

Conditions still to be met - remain liabilities (see note 16).

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

Unionvubu Local Municipality
 (Registration number EC 442)
 Provincial governments

Annual Financial Statements for the year ended 30 June 2021

Balance unspent at beginning of year	1 197	622 791
Current-year receipts	43 033 535	4 665 549
Notes to the Annual Financial Statements	(31 755 775)	
Conditions met - transferred to revenue	(5 287 143)	
	11 278 957	1 197

Conditions still to be met - remain liabilities (see note 16).

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

Equitable Share

Current-year receipts	274 947 000	217 928 000
	(274 947 000)	(217 928 000)
	-	-

Conditions met - transferred to revenue

34. Government grants and subsidies (continued)

Umzimyubu Local Municipality
 Conditions still to be met - remain liabilities (see note 16).

(Registration number EC 442)

Provide explanations of conditions still to be met and other relevant information.
 Provide financial statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Balance unspent at beginning of year	-	23 371
Current-year receipts	55 423 000	46 411 000
Conditions met - transferred to revenue	(55 423 000)	(46 433 925)
Other	-	(446)
	-	-

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

		1 770
Current-year receipts	1 700 000	000
Conditions met - transferred to revenue	(1 700 000)	(1 770 000)
	-	-

To help in implementation of financial management reforms required by the MFMA.

Expanded Public Works Programme Grant

		2 512
Current-year receipts	2 700 000	000
Conditions met - transferred to revenue	(2 700 000)	(2 512 000)
Other	-	-
	-	-

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

Intergrated National Electrification Programme

		1 869
Balance unspent at beginning of year	4 026 991	170
Current-year receipts	20 706 000	24 907 000
Conditions met - transferred to revenue		
	(21 711 925)	(22 749 179)
	3 021 066	4 026 991

Conditions still to be met - remain liabilities (see note 16).

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.

Provincial grants - Small Town Revatilization

Balance unspent at beginning of year - 621 594 Current-year receipts 28 103 473 4 665 549

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Conditions met - transferred to revenue (26 485 001) (5 287 143)

1 618 472

Conditions still to be met - remain liabilities (see note 16).

2021

2020

34. Government grants and subsidies (continued)

This is a town revitalization project initiated by the Office of the Premier to revitalize Emaxisebeni town and KwaBhaca. Invoices are paid by the office of the premier on presentation by the service provider .

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
34. Government grants and subsidies (continued)		
Provincial: Department of Cooperative Government & Traditional Affairs (COGTA)		
Balance unspent at beginning of year	613	114 443
Current-year receipts	-	915 549
Conditions met - transferred to revenue	(613)	(1 029 379)
	-	613

Conditions still to be met - remain liabilities (see note 16).

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

Provincial grants - Human Settlement Housing Project

Current-year receipts	6 160 485	-
-----------------------	-----------	---

Conditions still to be met - remain liabilities (see note 16).

This is a Department of Human Settlement project for which the municipality is appointed as an agent to complete housing projects for three villages within Umzimvubu municipality jurisdiction.

Department of Sports and Recreation - Library Grant

Balance unspent at beginning of year	584	508 348
Current-year receipts	750 000	750 000
Conditions met - transferred to revenue	(750 584)	(1 257 788)
Other	-	24
	-	584

Conditions still to be met - remain liabilities (see note 16).

These grants were used for Kwa-Bhaca and Emaxesibeni Library expenses.

Disaster Relief Grant

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

This grants were used for Covid 19 disaster relief.

Extended Public Works Programme - Cleansing Project Peri-Urban

Current-year receipts	3 500 000	-
-----------------------	-----------	---

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Conditions still to be met - remain liabilities (see note 16).

This grant is for the cleaning of rivers and water reticulation sites.

SETA Grant

Current-year receipts	119 577	140 970
Conditions met - transferred to revenue	(119 577)	(140 970)
	-	-
	2021	2020

34. Government grants and subsidies (continued)

Grant received from SETA and used for employee trainings and development.

35. Fines, penalties and forfeits

		10	105
Law Enforcement Fines	3 371 481	270	
Pound Fees Fines	626 793	903 058	
	3 998 274	11 008 328	

36. Employee related costs

		47	602
Basic	52 473 102	261	
Bonus Allowance	4 587 693	3 731	
		337	
Medical aid - company contributions	4 037 220	3 962	
		836	
Unemployment Insurance Fund	407 451	344 731	
Workers Compensation Assistance	430 372	380 149	
Skills Development Levy	662 813	703 223	
Leave pay provision charge	226 523	1 801	
		066	
Contribution to pension funds	8 572 447	7 605	
		025	
Travel, motor car and other allowances	3 576 761	4 168	
		928	
Overtime payments	1 781 906	796 502	
Long-service awards	228 606	252 418	
Housing benefits and allowances	2 564 031	2 335	
		033	
Bargaining Council Levy	22 822	20 904	
Accommodation, Travel and Incidental Cost	-	50 293	
Standby Allowance	1 060 460	948 403	

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	80 632 207	74 703 109
37. Remuneration of councillors		
Executive Major	905 123	905 123
Speaker	732 530	732 530
Chief whip	686 437	686 438
Executive committee	4 633 103	4 633
		105
Councillors	13 119 954	13 103
		234
	20 077 147	20 060 430
In-kind benefits		
The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor and Speaker have use of a Council owned vehicle for official duties.		
Additional information		
The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa and within the limits set by the Remuneration of Public Office Bearers Act No 20 of 1998.		
38. Depreciation and amortisation		
Property, plant and equipment	109 820 010	110 621 458
	484 240	381 685
Total Depreciation and Amortisation	110 304 250	111 003 143
Intangible assets		
	2021	2020
39. Impairment losses		
Impairments		
Property, plant and equipment	9 030 634	13 084
		765
Receivables from Exchange Transactions	1 278 875	(2 934
		311)
Receivables from Non-exchange Transactions	5 609 448	24 072
		511
	15 918 957	34 222 965
40. Finance costs		
Interest on provision for landfill sites	171 021	126 704
Interest on employee benefits	149 000	154 354

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	320 021	281 058
41. Lease rentals on operating lease		
Furniture and office equipment	203 849	330 812
Transport assets	-	12 960
	203 849	343 772
42. Debt impairment		
Bad debts written off	2 216 061	-
43. Inventory consumed		
Inventory consumed	6 134 330	7 442
		188
44. Contracted services		
Outsourced services		
Business and Advisory	179 920	1 044
		104
Catering Services	134 114	120 313
Internal Auditors	605 283	1 056
		107
Personnel and Labour	10 546 163	9 255
		582
Professional Staff	23 643	132 657
Security Services	12 601 803	11 033
		402
Traffic Fines Management	-	656 073
Consultants and professional services		
Business and Advisory	12 793 961	8 989
		607
Infrastructure and Planning	2 426 949	2 733
		333
Legal Cost	3 587 078	3 045
		472
	2021	2020

44. Contracted services (continued)

Contractors		
Artists and Performers	-	675 400
Building	598 384	652 174
Catering Services	4 578 327	5 489
		731

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Employee Wellness	29 024	7 644
Event Promoters	880 673	1 014
		226
Graphic Designers	225 800	166 955
Maintenance of Buildings and Facilities	1 025 955	1 945
		427
Maintenance of Equipment	2 713 990	2 910
		607
Maintenance of Unspecified Assets	2 327 634	468 413
Tracing Agents and Debt Collectors	992 318	174 652
Safeguard and Security	-	281 000
Stage and Sound Crew	-	298 350
	56 271 019	52 151
		229

45. Transfers and subsidies paid

Operational Grants		
Bursaries for scarce skills	368 178	271 388
Monatory allocations	736 748	931 830
	1 104 926	1 203
		218

46. Loss on disposal of assets

Description of the asset(s), group of assets and liabilities or, component

Carrying values

Carrying value of assets disposed off 1 843 550 -

Cash Receipts from insurance proceeds (642 377) -

Loss on disposal of assets 1 201 173 -

Facts and circumstances of the disposal

Municipal assets were either damaged, lost or they were found to not offer limited service potential and were thus disposed.

	2021	2020
47. Operating costs		
Achievements and awards	823 176	624 553
Advertising fees	3 500 650	2 382
		489
Agrarian reform	-	23 000
Auditors fees	4 522 749	3 825
		382
Bank charges	316 231	357 187

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Bursaries (Employees)	675 938	351 684
Communication	4 644 208	3 593 387
Drivers licences and permits	169 534	182 016
External computer services	855 250	980 589
Fines and penalties	700	1 124 058
Hire charges	10 118 769	8 054 378
Indigent relief	5 888 387	6 619 406
Insurance underwriting	2 337 417	2 071 839
Learnerships and internships	2 086 098	229 484
Municipal services	1 525 232	1 964 972
Printing publications and books	680 097	425 509
Professional bodies membership and subscriptions	1 523 366	567 116
Registration fees	4 166 921	2 662 176
Remuneration to ward committees	3 784 830	3 744 000
Resettlement cost	-	100 673
Seating allowance for traditional leaders	189 600	224 800
Signage	-	151 163
Transport provided as part of departmental activities	1 684 300	880 639
Travel agency and visa's	163 272	248 017
Travel and subsistence	3 190 530	5 157 048
Uniform and protective clothing	2 215 068	1 367 830
Vehicle licensing	70 113	52 869
Wet fuel	2 610 065	2 070 795
	57 742 501	50 037 059
48. Auditors' remuneration		
Fees	4 522 749	3 825 382
	2021	2020

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

49. Cash generated from operations

Surplus for the year	73 293 558	(4 921	
Adjustments for:		125)	
Depreciation and amortisation	110 304 250	111	003
Umzimvubu Local Municipality		143	
Losses on Disposal of Property, Plant and Equipment	1 201 173		-
(Registration number EC 442)			
Annual financial statements for the year ended 30 June 2021	(3 200 527)	(564 741)	
Impairment loss	15 918 957	34 222	
Notes to the Annual Financial Statements		965	
Debt impairment	2 216 061		-
Movements in operating lease assets and accruals	(2 254 597)	(2 898	692)
Contribution to Provisions - Current	-	192 841	
Movement in provision account for above and also in the debtors movement	320 021	6 957 582	
Provision for leave	(154 706)		-
Leave provision	226 523		-
Actuarial gain - Employee benefit	(144 000)		-
Contributions to employee benefit for the year	118 000		-
Changes in working capital:			
Inventories	146 792	(185 984)	
Consumer debtors	(2 079 399)	(16	126
		356)	
(Increase) in receivables from non-exchange transactions	(4 780 140)	(1 987	652)
Payables from exchange transactions	(6 684 735)	(7 245	865)
VAT	(800 791)	917 137	
Taxes and transfers payable (non-exchange)	(146 017)	(2 530	335)
Unspent conditional grants and receipts	10 271 835	1 512 856	
	26 418	14 548	
	193 798 676	118 360 322	

Increase in Operating lease liability

50. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

				At amortised	Total
				cost	
	Refuse	829 858	829 858	Rentals	216 301
Property Rates	7 913 189	7 913 189			216 301
Fines	487 668	487 668			
Call deposits	71 488 134	71 488 134			
				55 335 007	55 335 007
				136 270 157	136 270 157

Bank balances

Financial liabilities

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

			At amortised cost	Total
Trade payables	21 360 965	21 360 965	Retentions	1 380 629
Taxes and transfers payable (non-exchange)	2 251 168	2 251 168		
			1 380 629	
			24 992 762	24 992 762

2020

Financial assets

			2021	2020
50. Financial instruments disclosure (continued)				
			At amortised cost	Total
Refuse	655 024	655 024	Rentals	684 805
Property Rates	8 910 330	8 910 330		
Fines	2 535 896	2 535 896		
Call deposits	67 657 486	67 657 486		
			33 795 098	33 795 098
			114 238 639	114 238 639

Bank balances

Financial liabilities

			At amortised cost	Total
Trade payables	28 221 015	28 221 015	Retentions	1 205 314
Property rates received in advance	2 397 185	2 397 185		
			1 205 314	
			31 823 514	31 823 514

51. Commitments

Authorised capital expenditure Already

contracted and provided for

• Buildings			37 021 995	73 871 374
• Infrastructure			27 909 560	33 811 319
• Other financial assets			961 910	
			65 893 465	107 682 693

This Expenditure will be financed from

• Government Grant			33 535 050	32 438 066
• Own Resources			32 358 415	75 244 627
			65 893 465	107 682 693

Total commitments

The commitments presented above are Inclusive of VAT.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
52. Contingencies		
Contingent Assets		
Umzimvubu Local Municipality vs Mbali Rural Developers CC (Arbitration) A claim in favour of the municipality was awarded of R220 601. To enforce the arbitration award, the municipality seeks to attach movables to satisfy the claim. The Writ of execution is with the office's Sheriff of Kokstad for service.	220 601	220 601
South African Police Services (SAPS), case number CAS 69/11/2018 (under investigation) 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	812 307	812 307
Umzimvubu Local Municipality vs Vuyo Chitha An Application to release Mr Vuyo Chitha's pension fund to ULM where Mr Chitha is liable to pay the Municipality an amount of R 102 000 to ULM. As it stands counsel has been briefed to make an application in court ordering the Pension fund to release the funds to ULM for settlement. The pension fund number and pension fund that Mr Chitha was registered to has been requested from ULM so as to complete application.	350 000	-
	1 382 908	1 032 908

Contingent Liabilities

Prince Madikizela - General (Case No. 4258/16):

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.

840 000 840 000

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 40 000. The matter is still new, legal processes are still exchanged between parties.

484

Umzimvubu Local Municipality

(Registration number EC 442)
Atlas Towers (Pty) Ltd vs Umzimvubu Local Municipality Case No. 2912/2019
Annual Financial Statements for the year ended 30 June 2021
Withdrawal of permission to install a network tower. The matter was before court on 28 January 2021. Counter claim dismissed with costs. The applicant is ordered to pay 50 % of the first respondent's costs associated with the main application.

- 380

000

Ngangelizwe Jama vs Umzimvubu Local Municipality (Case No. 1034/2011):

- 1 090

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 has been withdrawn from the roll.

000

Sunset Beach Trading 299 CC JV Nyamezela Consulting Engineers (Pty) LTD (Case No. 2308/2013):

- 3 875

126

Re-cancellation of contract by ULM, challenged by Sunset Beach Trading in the High Court. claim for damages allegedly suffered by the plaintiff for loss of profit when in the amount of R 1 875 126 plus interest. Matter was set down for hearing on the 30th of May 2016 for trial. No settlement on the table.

Matter must proceed until it reaches its final logical conclusion. ULM has prospects of success. Plaintiff have applied for trial.

Matter postponed sine die for trial and costs reserved. Matter has since been finalised.

Imbumba Mzamani the Immediate Contractors vs Umzimvubu Local Municipality (

- 368

098

Case No. Ec/Mtha/Rc569/2013):

The claim is based on non payment of a sum of R156 098 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. The matter has been closed in court.

2021 2020

51. Contingencies (continued)

Umzimvubu Local Municipality vs Millennium Development Trust (Case No. GOM/ULM/0089/ad):

1 500 000 1 500

000

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.

Siyabulela Ndzumo (Case No. 84/2015):

- 240

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 if out of time to execute appeal, no prospects of success. The matter has been finalised.

000

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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 referred for oral evidence. Matter waiting for trial date.	400 000	200 000
Umzimvubu Local Municipality vs Rawutini Yicokise Gawulana & Others Land Invasion on ERF 188 in MaXesibeni. The matter appeared in court on the 9th of February 2021. Application dismissed with costs. ULM shall file documents to appeal. Application for leave to appeal has since been filed and awaiting judgement on same.	200 000	200 000
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
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 pending the finalisation of the application. The Municipality legal representative have since filed a Replying affidavit per Court Order. Awaiting allocation of the opposed date from the Registrar.	-	200 000
Umzimvubu Local Municipality vs Jabanqa Giwu Rentals at Trading Facility. Acknowledgement of debt has been prepared and signed. The Tenant has vacated the premises and will not be returning to occupy.	-	30 000
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
Umzimvubu Local Municipality vs Lulama Maka Default judgement granted in favour of the plaintiff. The defendant is ordered and directed to pay to the plaintiff a sum of R49 158.54 due to rental money. Matter finalized, service is processed through the sheriff for property attachment and removal.Municipality is suing for rentals at trading facility. Letter of demand could not be served, the address provided was locked and closed.	-	30 000
Andiswa Gxobole -Nomthwa's Projects v Umzimvubu Local Municipality Demand for full payment of monies paid by the Director of Nomtwa Projects to effect repairs and installation of electricity at the Fresh Produce Market building belonging to ULM.The municipality is to prepare and file a plea as per the amended particulars of claim. The matter is still pending before the High Court.	50 000	50 000

52. Contingencies (continued)

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
Phumza Vitshima 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. Matter is on appeal. The municipality have filed their application for leave to appeal.	908 312 1 416 624	
Umzimvubu Local Municipality vs Nyameka Ntonga Rentals at Trading Facility. Acknowledgement of debt has been prepared and signed and payment arrangements have been secured with the Tenant.	-	30 000
Notemba Millicent Mpiti vs Umzimvubu Local Municipality Case No. 3209/2019. Unlawful occupation of property that belongs to Ms Mpiti by Ms Manxusa. The municipality is cited as the 2nd respondent on the matter. The matter is due to appear in court on the opposed roll in July 2021. Matter was postponed to 11 November 2021 to allow the applicant to supplement its papers and for the Municipality to file its Answering Affidavit. The Municipality has since served and filed its answering affidavit.	200 000	30 000
Umzimvubu Local Municipality vs M Zibuke Clothing & Multipurpose & Another: Case No. 2570/2017 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 of June 2020 due to lockdown. The matter did not proceed on 4th of June 2020 because the Judge indicated that evictions were not possible during lockdown, consequently it was removed from the roll with no order as to costs. The matter is set down to 10th of February 2022 for arguments.	200 000	250 000
Umzimvubu Local Municipality vs Luyanda Maka Rentals at Trading Facility. Acknowledgement of debt has been prepared and signed. The Tenant has vacated the premises and will not be returning to occupy.	-	30 000
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
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 case is dormant.	20 000	40 000
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.	850 000	1 300 000

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
Umzimvubu Local Municipality vs Sibongiseni Magaqa	-	200 000
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.		
Ex-Part Application (Case No. 26/2016)	-	30 000
Seek an order to sell the impounded animals for both the towns of Mount Frere and Mount Ayliff (Names from attorneys correspondence).		
Umzimvubu Local Municipality vs Nedbank Ltd and Another Case No. 3766/2020	1 500 000	-
The municipality is claiming for the refund of its money which was claimed fraudulently consequently was paid to Nedbank. Nedbank is defending the matter contending that it was correct in releasing the refunds to the account holder.		
	2021	2020
52. Contingencies (continued)		
Umzimvubu Local Municipality vs Cllr Sobane Khulile Mnu kwa	200 000	-
Investigations in the form of enquiries are still ongoing. Awaiting for Outcome of those investigations.		
Concerned Group of Sigidini Administrative Area - Mt Ayliff vs Umzimvubu Local Municipality Case No. 1986/2021	200 000	-
26 May 2021, the matter was before Court and was postponed to 06 July 2021 and the Court directed that the Municipality file its replying affidavit. Matter back in Court on 07 July 2021 wherein application was granted in favour of the Municipality.		
Momelezi Methusi vs Umzimvubu Local Municipality Case No. 206/2020	80 000	-
Claim in respect of collision allegedly as a result of recklessness and negligent driving of the defendant's driver/employee. The matter was before court on 27 November 2020 and the Joinder application was ordered. Matter still to be heard in Court to completion.		
PriceWaterHouseCoopers vs Umzimvubu Local Municipality Case No. 1351/2020	910 209	-
Claim in respect of services allegedly rendered in 2015, 2016 and 2019. The matter has been defended and consultation with the client is due.		
Economic Freedom Fighters vs Umzimvubu Local Municipality Case No. 983/2021	700 000	-
High Court Application wherein the EFF seeks to declare ULM's dress code policies unlawful and unconstitutional and in the alternative to review and set aside ULM's dress code policies. A notice of intention to oppose was served and filed. Also, Answering Affidavit has also been prepared, served and filed. Awaiting Applicant's reply, if any.		
Ndzameko Kene vs Umzimvubu Local Municipality Case No. 87/2015	-	40 000
Magistrate's court claim for damages suffered by the plaintiff due to allegedly unlawful demolition of his house including furniture and a kraal by Municipality.		
Simphiwe Mhlongo vs Umzimvubu Local Municipality Case No. 91/2014	200 000	200 000
The matter is about unlawful arrest and detention.		
Dumisile Xози vs Umzimvubu Local Municipality	500 000	-
The plaintiff has issued a letter demanding a claim from the Municipality.		

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Gideon Kondlo vs Umzimvubu Local Municipality Case No. 85/2015 Claim for damages suffered by plaintiff for allegedly unlawful demolition of his house.	-	40 000
Fikile Bhekizulu vs Umzimvubu Local Municipality and others Application to declare immovable property belonging to the respondent that of the applicant as well as compelling the deed register to effect a rectification transfer.	-	-
Zolile Makaula vs Umzimvubu Local Municipality and others Application for eviction of the respondent.	-	-
Umzimvubu Local Municipality vs Jabulani Hardware Application by the Municipality for declaratory relief as well as interdictory relief arising from land zoning.	-	-
Sivumela village vs Umzimvubu Local Municipality Case No. 1161 High court application for interdict to declare the Municipality's decision to prioritise the electrification of Maxhegweni village over Sivumele village unlawful.	-	-
	9 658 521	13 407
		332
	2021	2020

53. Related parties

Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Glenhope Trading Related person: Qaba Zembe Company Capacity: Owner (wife) Municipal Capacity: Snr Manager	4 907 587	1 440 000
2nd World Guest House Related person: Mr Mdzinwa Company Capacity: Owner (husband) Municipal Capacity: Chief Whip.	6 600	2 390
Brotherly Love Trading & Projects Related person: Qaba Zembe Company Capacity: Owner (wife) Municipal Capacity: Snr Manager	138 800	146 100

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

	5 052 987	1 588 490
Receivables from related parties		
Cllr Mdzinwa -		14 113
Cllr Garane 8 032		5 846
GP Nota 3 952		1 017

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

T Ngcongca-Madotyeni 5 105

2 105

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.

Key management information

Class	Description	Number
Mayor	Mayor	1
Councillors	Councillors	53
Municipal Manager	Municipal Manager	1
Senior management	Senior management	5
	Municipal Managers	

Remuneration of management

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

53. Related parties (continued)

Management class: Councillors

2021

Name	Basic salary	Allowances	Contributions	Total to funds
Executive Mayor - Cnl SK Mnkwa	344 344 298	53 895 387	738 269	Chief whip - Cnl NG
Mdzinwa	2 083 131	426 6764	664 198	
Councillors	5 736 658	6 115 192	1 221 101	13 072 951
	8 988 646	9 183 357	1 905 144	20 077 147

2020

Name	Basic salary	Allowances	Contributions	Total to funds
Executive Mayor - Cnl SK Mnkwa	445 605	360 722	98 796	905 123
Speaker - Cnl FN Ngonyolo	356 484	288 079	87 967	732 530
Chief whip - Cnl NG Mdzinwa	334 204	305 517	46 716	686 437
Executive committee	2 230 347	2 022 235	380 523	4 633 105
Councillors	5 955 103	5 958 379	1 189 753	13 103 235

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

9 321 743	8 934 932	1 803 755	20	060
			430	

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.

53. Related parties (continued)

Management class: Executive management

2021

Name	Basic salary	Car and other allowances	Annual Bonus	Performance bonus Medical	Contributions to UIF, Aid and Pension funds	Total
Remuneration of Municipal Manager - GPT Nota	886 716	517 251	71 880	73 893	12 931	1 562 671
Remuneration of the Chief Financial Officer - FT Fundira	649 164	378 679	54 097	-	10 554	1 092 494
Remuneration of the Manager Local Economic Development - SC Ntinzi	649 164	378 679	54 097	-	10 714	1 092 654
Remuneration of the Manager Infrastructure and Planning - LJ Moleko	649 164	378 679	54 097	41 150	10 554	1 133 644

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Remuneration of the Manager Chief Operations Officer - N Zembe	715 793	417 546	59 649	76 593	11 615	1 281
						196
Remuneration of the Manager Corporate Services - TT Madotyeni-Ngcongca	649 164	378 679	40 573	-	10 647	1 079
						063
Remuneration of the Manager Community Services - KP Dlamini-Tshazi	649 164	378 679	36 065	-	10 519	1 074
						427
	4 848 329	2 828 192	370 458	191 636	77 534	8 316 149

2020

Name	Basic salary	Car and other allowances	Annual Bonus	Performance bonus	Termination benefits	Acting allowances	Other benefits received	Total
Remuneration of Municipal Manager - GPT Nota	899 296	506 685	71 880	71 880	-	-	13 929	1 563 670
Remuneration of the Chief Financial Officer - FT Fundira	691 650	342 989	47 299	-	-	-	11 381	1 093 319
Remuneration of the Manager Community Services - M Sineke (N1)	116 098	67 724	43 537	-	116 561	-	2 664	346 584
Remuneration of the Acting Manager Community Services - BJ Ntlamba (N 2)	-	-	-	-	-	45 578	-	45 578
Remuneration of the Manager Corporate Services - N Kubone (N3)	58 049	33 862	38 699	-	78 992	-	1 579	211 181
Remuneration of the Manager Local Economic Development - SC Ntinzi	691 650	348 784	47 299	-	-	-	5 744	1 093 477

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

53. Related parties (continued)

Remuneration of the Manager Infrastructure and Planning LJ Moleko	691 650	348 710	47 299	41 150	-	-	5 660	1 134 469
Remuneration of the Manager Chief Operations Officer - N Zembe (N4)	825 419	409 016	58 025	76 593	-	99 472	13 492	1 482 017
Remuneration of the Manager Corporate Services - TT Madotyeni-Ngcongca (N5)	223 332	119 283	-	-	-	29 303	3 131	375 049
Remuneration of the Manager Community Services - KP Dlamini-Tshazi (N6)	162 291	94 670	-	-	-	-	2 119	259 080
Remuneration of the Manager Community Services - AN. Mandlana	-	-	-	-	-	19 738	-	19 738
Remuneration of the Manager Corporate Services - T Funani	-	-	-	-	-	9 768	-	9 768
			4 359 435	2 271 723	354 038 189	623 195 553 203	859 596 99	7 633 930

N1 - M Sineke resigned as Manager Community Services from the position on 31 August 2019.

N2 - 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.

N3 - N Kubone resigned as Manger for Corporate Services from the position on 31 July 2019.

N4 - N Zembe Acted as Manager Corporate Services from 06/08/2019 - 31/10/2019 and and the total amount paid to her for acting in the position amounts to R99 472.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

N5 - 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 R 29 303.

N6 - KP Dlamini-Tshazi was appointed in this position from the 1st of April 2020.

N7 - AN Mandlana 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.

N8 - 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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021 2020

54. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the . Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Market risk

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

87

2021

2020

54. Risk management (continued)

Interest rate risk

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 First National Bank and Nedbank. 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.

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

55. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these are listed below:

(i) The Council adopted the 2021 to 2024 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 cashbacking status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the annual financial statements on the 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,

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

contingent obligations and commitments will occur in the ordinary course of business. 56.

Fruitless and wasteful expenditure

Opening balance as previously reported	812 367	812 367
Opening balance as restated	812 367	812 367
Add: Expenditure identified - current	61 343	-
Less: Amounts recoverable - current	(2 000)	-

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Closing balance	871 710	812
		367

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

56. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Disciplinary steps taken/criminal proceedings

Expenditure 1 Five employees working at Registering Authority were initially suspended. A case was opened at Mount - 61 343

Frere as a result is being investigated by the Hawks. The case was reported to the SIU and other relevant government department. An external investigator was appointed and after the investigation two employees were exonerated by the report and hence came back to work.

Disciplinary hearing instituted against Okuhle Honono has been concluded, sanction awarded and it's being implemented. The has paid back the money.

Disciplinary hearing against the other official are continuing and have not been concluded. One official passed on in December 2020.

The municipality is committed to recover all monies from the persons involved.

Disciplinary steps taken/criminal proceedings

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.

57. Irregular expenditure

Opening balance as previously reported - 1 417 773

Opening balance as restated 1 417 773

Less: Amount written off - prior period (1 417 773)

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Closing balance

-

Cases under investigation

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

	2021	2020
--	------	------

58. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

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

SABC Corporation (Pty) Ltd 68 207 -

Awareness campaigns about municipal programmes and projects flowing from IDP which are targeted to local audience being Umzimvubu community amongst all radio stations, it was evidenced that Umhlobo Wenene has the highest listenership in the area of Umzimvubu and therefore impractical to obtain quotations from other service providers but directly from SABC Corporation (Pty) Ltd for such services.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

SABC Corporation (Pty) Ltd

It will be impractical to follow SCM processes in terms of requesting quotations as per SCM thresholds due to the fact that the nature of the services requires the municipality to do it directly to one service provider being SABC Umhlobo Wenene.

The municipality intends to do awareness about municipal programmes and projects flowing from IDP which targeted local audience being Umzimvubu community and Amongst all radio stations it has been evidence that Umhlobo Wenene has the highest listenership in the area of Umzimvubu Jurisdiction hence Umhlobo Wenene at an amount of R47 782.

Mascor Mount Currie - Repairs and maintenance	-	49 917
---	---	--------

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.

Babcock Africa - Repairs and maintenance and Plant Hire	-	224
		209

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

Gazette of Municipal by –Laws is the only service provider done this type of service by Government Printing works. The municipality was Gazetting of By-Laws (2020:

Building plan fees.)

22 087 6 053

	2021	2020
--	------	------

58. Deviation from supply chain management regulations (continued)

Government Printing Works - Printing	3 026	3 026
--------------------------------------	-------	-------

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 2020/21.

John Deere Tractors	-	36 846
---------------------	---	--------

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Akonamilla (Pty) Ltd	-	129
t 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.		540
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		
Babcock Africa Services	-	21 321
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.		
SGM Tires and Car Wash	-	213
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.		989
Barloworld Equipment - Repairs and maintenance and Plant Hire	-	78 796
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.		
	141 103	763
		697
	2021	2020

59. Budget differences

Material differences between budget and actual amounts

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Below are explanations of variances that are more than 10% between budgeted amounts and actual amounts for the year.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021 2020

59. Budget differences (continued)

N1: The municipality embarked in a process of enforcing bylaws in order to ensure compliance.

N2: The reduction in traffic fines is as a result of termination of speed traffic management system contract resulting to manual issuing of traffic fines.

N3: The material variance is due to non- implementation of budgeted increment percentage for the managers and the contract employees.

N4: The material variance is due to that most of meetings are done virtual due to lockdown regulation which affect
S&T claim

N5: The variance is a result derecognition and disposal of assets.

N6: Impairment losses increase are as a result of current year recognition based on payment trends of consumer debtors

N7: Increase in impairment losses is as a result of prior year restatement and current year movements.

N8: Variance is as result of under budgeting.

N9: Bursaries and community supported projects were less than anticipated

N10: The budgeted amount is more than the actual as cost containment played a role in the under expenditure and there were savings in operational expenditure such as travel and subsistence and municipal services.

N11: This is attributable to disposal of old assets taht are no longer in use.

N12: This is due to the fair valuation of investment properties that is not budgeted for.

N13: Upon budgeting, lockdown regulations were taken into account e.g employees working from home.

N14: Upon budgeting, lockdown regulations were taken into account e.g employees working from home however some regulations were lifted hence employees came back to work in offices where usage of stationery increased.

N15: Variance is as result of strengthening debt collection controls.

N16: Variance is as result of under budgeting.

N17: Variance is as a result of over budgeting due to anticipation that there was going to be an automated traffic fines management system procured of which that did not materialised as a result of non-responsive bidders.

N18: Variance is as result of our creditors on accruals at year end.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

N19: Variance is as result of over budgeting and the impact of interest rate fluctuations due to COVID-19.

N20: the variance is as a result of fair value adjustments to investment property.

N21: The difference is largely created by Depreciation, Impairment and Disposals of Property, Plant and Equipment.

N22: The variance is as a result of amortisation.

N23: The variance is due to the expenditure amount which excludes provisions.

N24: 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.

N25: Variance is as a result of unclaimed deposits from the previous year.

N26: The variance is as a result of receiving additional funding for conditional grants towards the financial year end.

	2021	2020
--	------	------

59. Budget differences (continued)

N27: This is due to the effects of the pandemic as economic activities are affected.

N28: This is due to new accounts or billable properties as a result of subdivision of properties.

N29: '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.

N30: Variance is due to more properties being billed than budgeted as there were some subdivisions that were implemented during the year.

N31: Interest received is less than budgeted due to the (i) REPO rate declined during the COVID-19 period and interest income declined, (ii) there were debtors that were written off and therefore no interest accrued

N32: This is not budgeted for separately on the National Treasury Budget Template. It's budgeted for under Interest from exchange and the variance is as per note 31 above.

N33: The amount budgeted for includes VAT refunds from a receipts perspective but when receipted, they are used to extinguish the VAT liability.

N34: The identified variance is as a result of additional funding received towards the financial year end and ended up being unspent.

N35: This saving was due to not all budgeted Municipal activities being transacted on due to COVID-19 restrictions, costs containment measures implemented also contributed to the savings.

CASH FLOW STATEMENT

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

C1: The difference is due to under collection on rates due to COVID-19 constraints encountered by residents.

C2: The difference is due to under collection on service charges due to COVID-19 constraints encountered by residents.

C3: This is due to budgeting of VAT refunds which are accounted for separately in the ledger.

C4: The identified difference is as a result of a decrease in repo rate as well as write off on debtors

C5: Some the grants we anticipated to receive were never received e.g Disaster grant and CoGTA grant

C6: The variance is due to the implementation of a Cost Containment Regulation as well as Subsistence and Travelling cost being low because of lockdown regulations which prohibits travelling and hosting events.

C7: The variance is as a result of the interest component on provision for landfill site amounting to R171 021 as well as the interest on employee benefits amounting to R149 000.

C8: The variance is as a result of slow implementation of projects due to the COVID-19 which affected operating environment.

C9: There was no budget allocated for the disposal of Assets

C10: Intangible assets are budgeted for under Capital assets on the budget template hence there appear not to have a budget.

C11: Budget for Cash and cash equivalent for 2019/20 FY was overstated due to statement of financial position and Cashflow budgeting for municipalities being introduced and estimates overstated.

	2021	2020
60. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government - SALGA		
Current year subscription / fee	901 820	7 497
Amount paid - current year	(901 820)	(7 497)
	-	-
Audit fees		
		4 399
Current year subscription / fee	5 201 161	189
Amount paid - current year	(5 201 161)	(4 399 189)
	-	-
PAYE and UIF		
Current year subscription / fee	18 129 742	16 899
	(18 129 742)	(16 899 171)
	-	171

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Amount paid - current

year

Pension and Medical Aid Deductions

Current year			16 786
subscription / fee			191
Amount paid - current	18 186 309		
year	(18 186 309)	(16 786 191)	
	-	-	

Councillors' arrear consumer accounts

Refer to the related party disclosure note 53

30 June 2021

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor A. N. Garame	1 367	6 666	8 033

30 June 2020

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor A. N. Garane	5 846	-	5 846
Councillor N. G. Mdzinwa	14 113	-	14 113
	19 959	-	19 959

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.

2021 2020

61. SCM regulation 45 disclosures

The municipality bought goods from the following companies, where the directors are (related to) government officials.

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:

MPI Attorneys	962 052	92 219
Related person: L Madlanga		
Company Capacity: Owner (brother)		
Municipal Capacity: Official		

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Sips and Zozo Trading	24 260	71 081
Related person: Dikwayo Siphokazi		
Company Capacity: Owner (brother)		
Municipal Capacity: Official		
Misestozz Trading	39 000	50 550
Related person: Mygirl Ntshengulana		
Company Capacity: Owner (husband)		
Municipal Capacity: Official		
Litto Trading	794 000	296 000
Related person: Canca Nokwazi		
Company Capacity: Owner (husband)		
Municipal Capacity: Official		
Njola Mhle Construction	43 500	96 000
Related person: N. Xashimba		
Company Capacity: Owner (brother)		
Municipal Capacity: Official		
Myoza-Myoza Trading	1 389 365	9 033
Related person: B. Jokazi		805
Company Capacity: Owner (wife)		
Municipal Capacity: Official		
Madstoff	366 438	5 888
Related person: A. Jojo		220
Company Capacity: Owner (husband)		
Municipal Capacity: Official		
MNP Daughters	119 490	-
Related person: A .Mdledle		
Company Capacity: Owner (mother)		
Municipal Capacity: Official		
Siya and Aya Engineering	6 027 742	-
Related person: A .Tandwa		
Company Capacity: Owner (Wife)		
Government official: Department of Health Official		
	9 765 847	15 527
		875
	2021	2020

62. COVID-19 Additional disclosure

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.

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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 2020/2021 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 for the year ended 30 June 2021 is R955 447 (2020: R1 472 352).

63. Segment information

General information

	2021	2020
--	------	------

63. Segment information (continued)

Identification of segments

For management purposes, the municipality is organised and operates in nine key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The nine key business units comprise of:

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

1 . Citizens and Community safety

This segment consists of all services provided by the municipality to citizens & for

community safety 2 . Executive and Council

This segment consists of all services provided by Council and Executive to the community

3. Budget and treasury office

This segment consists of all services for the providing of finance and administration operations of the municipality.

4. Office of the Municipal Manager

This segment consists of all services for the providing of governance and administration for the municipality.

5. Infrastructure and Project management unit

This segment consists of all services for the providing of infrastructure to the community.

6. Public Safety

This segment consists of all services for the providing of public safety to the community

7. Road Transport

This segment consists of all services for the providing of road transport and infrastructure to the

community 8 . Sport and Recreation

This segment consists of all services for sports & recreation provided to the community.

9 . Waste Management

This segment consists of waste management services provided to the community.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on nonfinancial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. There are no differences in measurement of these reportable segments' surplus/deficit and that of the entity's surplus/deficit nor are there any differences in measurement of assets and liabilities.

2021	2020
------	------

63. Segment information (continued)

Umzimvubu Local Municipality

(Registration number EC 442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Inter-business unit services are not valued and are deemed to have been supplied for no consideration and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the nonfinancial service performance information.

The municipality operates within 27 community wards, the municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

63. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Citizens and Community Safety	Executive council	and treasury office	Budget and Office of the Municipal manager	Office of the Municipal manager	Infrastructure and Project management unit	Public safety	Road transport	Sport and recreation	Waste management	Total
Revenue											
Revenue from nonexchange transactions	-	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	17 733 488	-	-	-	-	-	-	-	17 733 488
Fines, penalties and forfeits	-	-	626 329	-	-	-	3 371 945	-	-	-	3 998 274
Licences and permits	-	-	-	-	-	159 232	-	-	-	-	159 232
Interest revenue outstanding debtors	-	-	1 533 147	-	-	-	-	-	-	-	1 533 147
Transfers and subsidies	-	-	276 766 936	-	77 135 015	-	26 485 001	-	3 450 838	383 837 790	837 790
Revenue from exchange transactions	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	1 210 121	-	1 210 121
Licences and permits	-	-	-	-	-	1 913 901	-	-	-	-	1 913 901

Rental of facilities and equipment	143 935	-	3 603 921	-	9 476	-	-	2 872	-	3 760 204
Interest earned - external investments	-	-	3 882 210	-	-	-	-	-	-	3 882 210
Interest revenue outstanding debtors	-	-	482 344	-	-	-	-	-	-	482 344
Agency services	-	-	-	-	-	2 231 470	-	-	-	2 231 470
Other revenue	-	-	918 805	-	414 486	-	-	-	-	1 333 291
Fair value adjustments	-	-	3 200 527	-	-	-	-	-	-	3 200 527
Acturial gains	-	-	144 000	-	-	-	-	-	-	144 000
Total segment revenue 143 935 - 308 891 707 - 77 558 977 4 304 603 29 856 946 2 872 4 660 959 425 419 999 Citizens and Executive and Budget and Office of the Infrastructure Public safety Road Sport and Waste Total Community council treasury office Municipal and Project transport recreation management										
	Safety	manager	management							

unit

63. Segment information (continued)

Entity's revenue 425 419 999

Expenditure										
Salaries and wages	-	3 130 462	32 923 253	1 219 025	15 140 252	15 332 933	25 413	-	12 860 869	80 632
										207
Remuneration of Councillors	-	20 077 147	-	-	-	-	-	-	-	20 077
										147
Depreciation	-	-	44 902 876	-	-	-	-	-	65 401 374	110 304
										250

Impairment	-	-	6 888 323	-	-	-	-	-	9 030 634	15 918	
										957	
Lease rentals on operating lease	-	-	203 849	-	-	-	-	-	-	203 849	
Bad debts written off	-	-	2 216 061	-	-	-	-	-	-	2 216 061	
Loss on disposal of assets	-	-	1 201 173	-	-	-	-	-	-	1 201 173	
Finance charges	-	-	-	-	-	-	-	-	320 021	320 021	
Other materials	-	592	3 265 004	-	359 448	493 111	150	-	2 016 025	6 134 330	
Contracted services	-	5 194 260	20 164 933	1 133 533	6 408 325	13 306 707	2 636 479	-	7 426 782	56 271	
										019	
Transfers and subsidies	-	-	1 104 926	-	-	-	-	-	-	1 104 926	
Other expenditure	-	8 556 414	35 213 650	8 689	10 389 453	1 255 893	680 586	-	1 637 816	57 742	
										501	
Total segment expenditure	-	36 958 875	148 084 048	2 361 247	32 297 478	30 388 644	3 342 628	-	98 693 521	352 126	
										441	
Entity's Expenditure	-	-	-	-	-	-	-	-	-	352 126	
Total segmental surplus/(deficit)	143 935	(36 958 875)	160 807 659	(2 361 247)	45 261 499	(26 084 041)	26 514 318	2 872	(93 371 857)	441	
										73 954	
										263	
Total entity surplus/(deficit)										73 954	
										263	

Citizens and Executive and Budget and Office of the Infrastructure Public safety Road Sport and Waste Total Community council treasury
office Municipal and Project transport recreation management
Safety manager management

unit

63. Segment information (continued)

OTHER INFORMATION

Segment assets	-	-	-	-	-	-	-	-	-
Segment assets current and non-current assets	251	100 379	34 176 199	20 687	207 146	7 143 405	1 092 036 958	-	46 834 1 133 731 859
Total assets of the municipality	-	-	-	-	-	-	-	-	1 133 731 859
Segment Liabilities	-	-	-	-	-	-	-	-	-
Current liabilities - current and non-current liabilities	(236 434)	-	(49 805 598)	-	-	(2 571 872)	-	-	(4 254 316) (56 868 220)
Total liabilities of the municipality	-	-	-	-	-	-	-	-	(56 868 220)
Net assets /(liabilities) of the segments	(236 183)	100 379	(15 629 399)	20 687	207 146	4 571 533	1 092 036 958	-	(4 207 482)1 076 863 639

Total entity assets / (liabilities) 1 076 863 639

63. Segment information (continued)

2020

	Citizens and Executive and Budget and Office of the Infrastructure Public safety Road Sport and Waste Total
Revenue	council treasury office Municipal and Project transport recreation management

	Community Safety		manager	management unit						
Revenue from nonexchange transactions	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	16 728 512	-	-	-	-	-	-	16 728 512
Fines, penalties and forfeits	-	-	902 534	-	-	10 105 794	-	-	-	11 008 328
Licences and permits	-	-	-	-	228 708	1 903 327	-	-	-	2 132 035
Transfers and subsidies	-	-	221 904 349	-	69 183 105	-	3 000 000	-	3 269 788	297 357 242
Revenue from exchange transactions	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	1 096 785	1 096 785
Rental of facilities and equipment	120 213	-	3 582 300	-	22 319	-	-	2 817	-	3 727 649
Interest earned outstanding debtors	-	-	7 757 107	-	-	-	2 143 095	-	-	9 900 202
Agency services	-	-	-	-	-	1 752 963	-	-	-	1 752 963
Other revenue	-	-	704 459	-	932 190	-	-	537 642	-	2 174 291
Gains on disposal of PPE	-	-	564 741	-	-	-	-	-	-	564 741
Acturial gains	-	-	84 298	-	-	-	-	-	-	84 298
Total segment revenue 120 213 - 252 228 300 - 70 366 322 13 762 084 5 143 095 540 459 4 366 573 346 527 046										

Entity's revenue 346 527 046 Citizens and Executive and Budget and Office of the Infrastructure Public safety Road Sport and Waste Total Community council treasury
office Municipal and Project transport recreation management
Safety manager management
unit

63. Segment information (continued)

Expenditure										
Employee Related Cost	-	2 800 560	29 569 128	987 942	14 622 913	15 093 349	-	-	11 629 217	74 703 109
Remuneration of Councillors	-	20 060 430	-	-	-	-	-	-	-	20 060 430
Debt impairment	-	-	34 222 965	-	-	-	-	-	-	34 222 965
Depreciation and asset impairment	-	-	111 003 142	-	-	-	-	-	-	111 003 142
Finance costs	-	-	281 058	-	-	-	-	-	-	281 058
Lease rentals on operating lease	-	-	343 772	-	-	-	-	-	-	343 772
Other materials	-	1 415	2 621 473	-	387 670	202 449	66	-	4 229 115	7 442 188
Contracted services	-	5 158 072	16 725 799	1 634 857	7 892 650	12 183 440	2 515 140	-	6 041 267	52 151 225
Transfers and subsidies	-	-	1 203 218	-	-	-	-	-	-	1 203 218
Other expenditure	-	7 732 047	24 025 664	3 832 832	10 311 068	1 816 663	746 759	-	1 572 031	50 037 064
Total segment expenditure		35 752 524	219 996 219	6 455 631	33 214 301	29 295 901	3 261 965	-	23 471 630	351 448 171
Entity's Expenditure	-	-	-	-	-	-	-	-	-	-

		-	-	-	-	-	-	-	-	351 448 171
Total segmental 120 213 surplus/(deficit)	(35 752 524)	32 232 081	(6 455 631)	37 152 021	(15 533 817)	1 881 130	540 459	(19 105 057)	(4 921 125)	
Total entity surplus/(deficit)	(4 921 125)									

Citizens and Executive and Budget and Office of the Infrastructure Public safety Road Sport and Waste Total Community council treasury
office Municipal and Project transport recreation management
Safety manager management
unit

63. Segment information (continued)

OTHER INFORMATION

Segment assets	-	-	-	-	-	-	-	-	-	-
----------------	---	---	---	---	---	---	---	---	---	---

Segment assets	-	76 185	3 062 447	8 661	97 572	39 528 212	1 010 725 307	-	2 965 685 1 056 464 069
current and non-current assets									
Total assets of the municipality	-	-	-	-	-	-	-	-	- 1 056 464 069
Segment Liabilities	-	-	-	-	-	-	-	-	- -
Current liabilities - current and non-current liabilities	(235 640)	(60 272)	(49 228 238)	(66 400)	(225 996)	(427 398)	(5 533 580)	-	(1 090 696) (56 868 220)
Total liabilities of the municipality	-	-	-	-	-	-	-	-	- (56 868 220)
Net assets / (liabilities) of	(235 640)	15 913	(46 165 791)	(57 739)	(128 424)	39 100 814	1 005 191 727	- 1 874 989 999	595 849 the segments
Net assets / (Liabilities) of		999 595 849							the entity

64. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement

	2021	2020
--	------	------

that have been affected by prior-year adjustments:

N1 - The Adjustment to PPE were due to depreciation calculation error identified for 2020 caused by incorrect useful lives used.

N2 - The adjustment to Operating Lease was due to the correction of the calculation of the lease receivable.

N3 - The adjustment to Depreciation, Impairment and Bad debts write off was due to the misclassification of the bad debts written off for 2020. Furthermore, additional depreciation adjustment was processed to due to an error on Useful lives in 2020.

N4 - Within PPE balance disclosed in 2020, an amount of R2 427 098 was previously disclosed as Infrastructure assets and for uniformity in reporting it has now been corrected and reclassified to Buildings as this gives more reliable and relevant information . The adjustment has no effect on the total PPE balance for 2020.

N5 - In note 24, Rental of facilities was previously split between Investment property and Other fixed assets. This has been combined together as they relate to the same revenue stream.

N6 - The adjustment to Receivables from exchange transactions and non-exchange transactions was due to the change in the policy to calculate provision for impairment that was effected during the year. The comparative figures were also restated.

N7 - This was due to interest not previously recognised.

N8 - The municipality has adopted GRAP 25 for the disclosure of its Employee benefit obligations in the current year. This necessiated the reclassification of the prior year figures in line with the adopted reporting standard.

N9 - The reclassification relates to the split of Interest income between Exchange and Non-Exchange transactions.

N10 - The reclassification relates to the cellphone and data allowances for councilors that were previously report as part of communication expense.

Statement of financial position

2019

	2021	2020					
	reported	error	Note	As previously	Correction of	Restated	
Property, plant and equipment N1 926 454 979 (7 730) 926 447 249							
Operating lease receivable N2 9 539 271 (2 436 909) 7 102 362							
Receivables from exchange transactions N6 1 758 371 1 048 187 2 806 558							
Receivables from non-exchange transactions N6 21 895 608 (3 142 057) 18 753 551							
Accumulated surplus N1 4 538 509 (980 565 606)							
64. Prior-year adjustments (continued)	(985 104 115)						
	(25 455 886)	-				(25 455 886)	
2020							
			Note	As previously	Correction of	Re- Restated reported	error classification
Operating Lease Receivable N2 9 913 957 (473 944) - 9 440 013							
Receivables from Non-exchange Transactions N6	23 883 260	(12 437 042)				11 446 218	Trade and other Receivables from Exchange 1
	004 146	335 682-			1 339 828		
Transactions N6							
Cash and cash equivalents N7 101 469 571 (16 987) - 101 452 584						909 550 413	Property, plant and equipment N1 910 191 940 (641 527) -
Employee benefits obligations - Current liabilities N8 (229 000) - (10 164 778) (10 393 778)							
Provisions N8 (7 984 638) - 7 984 638						(31 606 469)	Trade and Other Payable Exchange Transactions N8 - 2 180 140
(29 426 329)							
						19 811	
						322	

Statement of financial performance

2020

Note	As previously reported	Correction of error	Re- classification	Restated
------	------------------------	---------------------	-----------------------	----------

Revenue from exchange transactions	1 762 276	1 965 373	-	3 727 649	Accumulated surplus N1	(986 831 445)
Rental of facilities and equipment N1						19 811 322
Interest Received from exchange transactions N8 and N9	9 917 190	(16 988)	(2 143 095)	7 757 107	13 233 818 -	(973 597 627)
Interest Received from Non-exchange transactions	-	-	2 143 095	2 143 095		
Remuneration of councillors N10	(17 397 688)	-	(2 979 146)	(20 376 834)		
Depreciation and amortisation N3	(103 945 850)	(7 057 293)	-	(111 003 143)		
Impairment losses N3	(30 636 583)	(3 586 382)	-	(34 222 965)		
General expenditure N10	(52 088 654)	-	2 979 146	(49 109 508)		
Surplus for the year	(192 389 309)	(8 695 290)	-	(201 084 599)		
			2021	2020		

Disclosures

The following prior period errors adjustments occurred:

N1: Contingent liabilities previously not disclosed were confirmed by the Attorneys and have been disclosed.

Disclosures	As previously reported	Correction of error	Restated
Contingent liabilities N1	13 127 332	280 000-	- 13 407 332

64. Prior-year adjustments (continued)

Change in accounting policy

The municipality adopted the following Accounting Standards for the first time during the financial year 2020/21 to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy Notes:

- GRAP 25 Employee Benefit Obligations

- GRAP 18 Segment Reporting
- GRAP 108 Statutory Receivables

Change 1

GRAP 25 Employee Benefit Obligations

The municipality has adopted GRAP 25 for the disclosure of its employee benefit obligations in the current year. This necessitated the reclassification of the prior year figures in line with the adopted reporting standard.

Reclassification of all employee benefit obligations from Payables from exchange transactions and provisions to the Employee benefit obligations was done for the prior year as the standard was adopted retrospectively.

Change 2

GRAP 18 Segment Reporting

The Accounting Standard for Segment Reporting has been recognised in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 18.

The municipality has developed Accounting Policies to fully comply with GRAP 18 (Segment Reporting). Previously the Accounting Standard was not applicable to municipalities.

Management has assessed the requirements of GRAP 18 and identified the following shortcomings preventing full disclosure in terms of the Accounting Standard:

- The municipality's accounting system has limitations that does not allow for segmental reporting on financial position, net assets and cash flow.
- The municipality is broadly organised into business units based on the nature of operations and the services they provide and the accounting system allows for
- No individually material operating segments have been aggregated to form the reportable operating segments.

- The municipality does not monitor segments geographically.

Based on the above, management has concluded that the municipality will be able to report separate segments subject to the limitations listed

	2021	2020
--	------	------

above.

The accounting policy has been applied retrospectively with the 2020 financial year information being summarised per reportable segment.

Change 3

GRAP 108 Statutory Receivables

64. Prior-year adjustments (continued)

During the 2019-2020 financial year, the municipality changed the factors considered in making a provision for impairment of statutory receivables from payment trend procedure of determining debt impairment to a system generated impairment calculation for consumer debtors which was based on the following factors:-

Status risk score.

Owner type score.

Account type risk score.

These scores were set as system parameters by service provider (Munsoft) when the system was installed, however they were never used in the determination of consumer debtors impairment calculation as the municipality has always manually calculated its debtors impairment based on consumer payments trends in the years preceeding 2019-2020 financial year.

It is after Management had engaged Munsoft as to what was the basis of the above mentioned risk scores and there was no satisfactory basis provided, as during the current year, management reverted back to its old way of calculating impairment by payment trend of each debtor. This was approved by Council, as such prior year (2019/2020) impairment had to be restated.

The effect of the change in accounting policy in the 2020 financial year is as follows:

Increase in provision for impairment (Statement of Financial Perfomance) R1 005 702

Increase in provision for impairment (Statement of Financial Position) R1 005 702

COGTA EC STANDARDISED PERFORMANCE INDICATORS

CIRCULAR NO. 1 OF 2014 (MUNICIPAL ANNUAL REPORT)

CONSIDERATION OF KEY PERFORMANCE INDICATORS

IN THE DEVELOPMENT OF THE ANNUAL REPORT

The following is the list of indicators that were agreed upon and on how the performance information should be populated:-

Chapter: Organisational Transformation and Institutional Development –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	223	219	98,21%	Speed up Recruitment Processes and

	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
					Retention of Employees
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	7	7	100%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	7	7	100%	
4	Percentage of Managers in Technical Services with a professional qualification	6	6	100%	
5	Level of PMS effectiveness in the DM – (DM to report)	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM LM: PMS is 100% effective and is done quarterly			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7	Percentage of staff that have undergone a skills audit (including	251	206	82,07%	Encourage employees to complete WSP

	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
	competency profiles) within the current 5 year term				
8	Percentage of councillors who attended a skill development training within the current 5 year term	54	54	100%	
9	Percentage of staff complement with disability	02	02	100%	
10	Percentage of female employees	137	102	74,45%	Follow EE plan on recruitment and on retention of employees
11	Percentage of employees that are aged 35 or younger	00	43	95,55%	No target
12	Adoption and implementation of a District Wide/ Local Performance Management System				

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					
2	Percentage of indigent households with access to free basic potable water					
3	Percentage of clinics with access to potable water					

4	Percentage of schools with access to potable water					
5	Percentage of households in formal settlements using buckets					

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 without access to gravel or graded roads	48 000 h/h	Nil			
2	Percentage of road infrastructure requiring upgrade	48 000 h/h	552 km's	77.2 km's	77.2 km's	14%
3	Percentage of planned new road infrastructure actually constructed	48 000 h/h	109 km's	14.2 km's	14.2 km's	13%
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	48 000 h/h		R18,6m	R18.6m	100%

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					
2	Percentage of indigent households with access to free basic sanitation services					
3	Percentage of clinics with access to sanitation services					
4	Percentage of schools with access to sanitation services					

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	48 000 h/h	Nil			
2	Percentage of road infrastructure requiring upgrade	48 000 h/h	552 km's	77.2 km's	77.2 km's	14%
3	Percentage of planned new road infrastructure actually constructed	48 000 h/h	109 km's	14.2 km's	14.2 km's	13%
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	48 000 h/h		R18,6m	R18.6m	100%

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	49 467 households	47 340	2127	2127	4.3%
2	Existence of Integrated waste management plan	IWMP dated June 2019, adopted by the Council in October 2019 and endorsed by MEC Department of Economic Development, Environmental affairs and Tourism on the 13th of March 2020.				

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	7 600 h/h			7 600 h/h	15%
2	Percentage of informal settlements that have been	7 600 h/h		300 h/h – silver city electrification	300 h/h	100%

	provided with basic services					
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses			Building inspections as and when – both towns		70%
4	Existence of an effective indigent policy	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM				
5	Existence of an approved SDF	There is an approved SDF by the council				
6	Existence of Land Use Management System (LUMS)	There is an approved SPLUMA by the council				

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	100%	100%	100%
2	Percentage of LED Budget spent on LED related activities.	100%	100%	100%
3	Existence of LED strategy	LED strategy was reviewed in 20/2021 financial year: The strategy was reviewed with the assistance received from the Department of Cooperative Governance and		

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		<p>Traditional affairs' (COGTA) to make sure alignment of the strategy to the National Framework for Local Economic Development.</p> <p>The overall objective of the project was to develop a strategy that will among other things; guide local economic development, integrate existing projects/ programmes, promote participatory LED, initiate local economic development initiatives, establish partnerships and empower local communities within the Umzimvubu Local Municipality. The service providers has completed the task as expected by June 2020, and the strategy was approved by the council.</p>		
4	Number of LED stakeholder forum meetings held	08	10	100%
5	Plans to stimulate second economy	02	02	100%
6	Percentage of SMME that have benefited from a SMME support program	06	30	100%
7	Number of job opportunities created through EPWP	50	<p>Dongas-22</p> <p>Auction pens-10</p> <p>Maize cropping-135</p> <p>Total =167</p>	100%

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
8	Number of job opportunities created through PPP	CWP 2170	2170	100%

Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R 197 764 823	R 166 213 975	84%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	R 111 498 852 (29%)	R 98 609 496	28%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	280 944 564 (62%)	R 22 741 594	5.4%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	(15%) 65 790 357	(9%) 38 059 424	58%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year

5	Rate of municipal consumer debt reduction	35 000 000.00	19 636 959.12	56%
6	Percentage of MIG budget appropriately spent	100%	100%	100%
7	Percentage of MSIG budget appropriately spent	Not a Beneficiary	Not a Beneficiary	N/A
8	AG Audit opinion	Unqualified	Not yet out	N/A
9	Functionality of the Audit Committee	Functional	Functional	100%
10	Submission of AFS after the end of financial year	31 August 2021	31 August 2021	100%

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%	270	100%
2	% of ward committees that are functional	100%	270	100%

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
3	Existence of an effective system to monitor CDWs	The municipality sits quarterly with the Community Development Workers where reports are tabled.		
4	Existence of an IGR strategy	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
5	Effectiveness of IGR structural meetings	Umzimvubu LM has a functional IGR Forum that sits twice in a year. Attendance of sector departments, parastatals and the District municipality remains a challenge though it has improved as compared to previous years.		
6	Existence of an effective communication strategy	The Municipal Communication Strategy exists for a period of five years and was developed in line with Municipal IDP Priorities. The strategy will however be renewed during 2021/22 financial year by the next administration as per the Local Government electoral cycle.		
7	Number of Mayoral Imbizos conducted	02	02	100%
8	Existence of a fraud prevention mechanism	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		