



UMZIMVUBU
— LOCAL MUNICIPALITY —

**UMZIMVUBU LOCAL
MUNICIPALITY – EC 442**

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

| | |
|---|-----|
| Component A: Basic Service Delivery..... | 66 |
| 3.1 Electricity provision..... | 66 |
| 3.2 Waste Management and Refuse Removal..... | 67 |
| 3.3 Housing/Human settlement..... | 72 |
| 3.4 Free Basic Services and Indigent Support..... | 77 |
| Component B: Roads..... | 79 |
| 3.5 Roads and Storm Water drainage..... | 79 |
| Component C: Planning and development..... | 83 |
| 3.6 Planning..... | 83 |
| 3.7 Local Economic Development and Tourism..... | 91 |
| Component D: Community and social Services..... | 147 |
| 3.8 Libraries and Community Facilities..... | 147 |
| 3.9 Cemeteries..... | 147 |
| 3.10 Special Programmes..... | 148 |
| Component E: Environmental Management and Signage Control..... | 157 |
| 3.12 Pollution control, Biodiversity, Landscape and Coastal Protection..... | 157 |
| Component F: Safety and Security | 160 |
| 3.14 Fire and Disaster Management..... | 160 |
| 3.15 Protection services..... | 160 |
| 3.16 Driver’s License Testing Centre..... | 164 |
| 3.17 POUND SECTION..... | 171 |
| Component G: Sport and Recreation..... | 174 |
| 3.16 Sport Development..... | 174 |
| Component H: Corporate Policy Offices and Other Services..... | 174 |
| 3.17 Executive and Council Structures..... | 174 |
| 3.18 Financial Services..... | 175 |
| 3.19 Human Resources and Skills Management..... | 180 |

| | | |
|--------------|--|-----|
| 3.20 | Information and Communication Technology Services..... | 180 |
| 3.21 | Meetings and Administration and Registry Services..... | 181 |
| 3.22 | Employee health and well-being..... | 181 |
| Component I: | Annual Performance Report..... | 182 |
| Chapter 4: | Organisational Development Performance..... | 236 |
| Component A: | Introduction to Municipal Personnel..... | 236 |
| 4.1 | Employee Totals, Turnover and Vacancies..... | 236 |
| Component B: | Managing the Municipal Workforce..... | 247 |
| 4.3 | Suspensions..... | 248 |
| 4.4 | Performance Rewards..... | 248 |
| Component C: | Capacitating the Workforce..... | 249 |
| Chapter 5: | Financial Management..... | 252 |
| 5.1 | Statement of Financial Performance..... | 252 |
| 5.2 | Grants..... | 253 |
| 5.3 | Asset Management..... | 254 |
| 5.4 | Capital Expenditure | 255 |
| 5.5 | Sources of Finance..... | 257 |
| Component C: | Cash Flow Management and Investment..... | 258 |
| 5.8 | Cash flow..... | 258 |
| 5.9 | Borrowing and Investment..... | 260 |
| Component D: | Other Financial Matters..... | 260 |
| 5.10 | GRAP Compliance..... | 260 |
| Chapter Six: | Auditor General’s Audit Findings..... | 261 |
| Component A: | Auditor’s Opinion on the Finance Statement for Prior Year..... | 261 |
| 6.2 | Current Year..... | 261 |

| | |
|---|-----|
| Appendices..... | 262 |
| A. ULM Councillors and Council Attendance..... | 262 |
| B. Municipal Committees..... | 263 |
| C. Third Tier Management Structure..... | 283 |
| D. Municipal Functions..... | 284 |
| E. Ward Reporting..... | 285 |
| F. Audit Corrective Action Plan..... | 286 |
| G. Audit Committee Recommendation..... | 286 |
| H. Revenue Collection Performance By Source..... | 340 |
| Volume 2: Annual Financial Statements..... | 341 |
| CoGta EC Standardised Performance Indicators..... | 489 |
| Oversight Report on the Annual Report..... | 489 |

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

The Annual Report is consolidated and will be presented to Council by end January 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 Mayor

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 2021 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

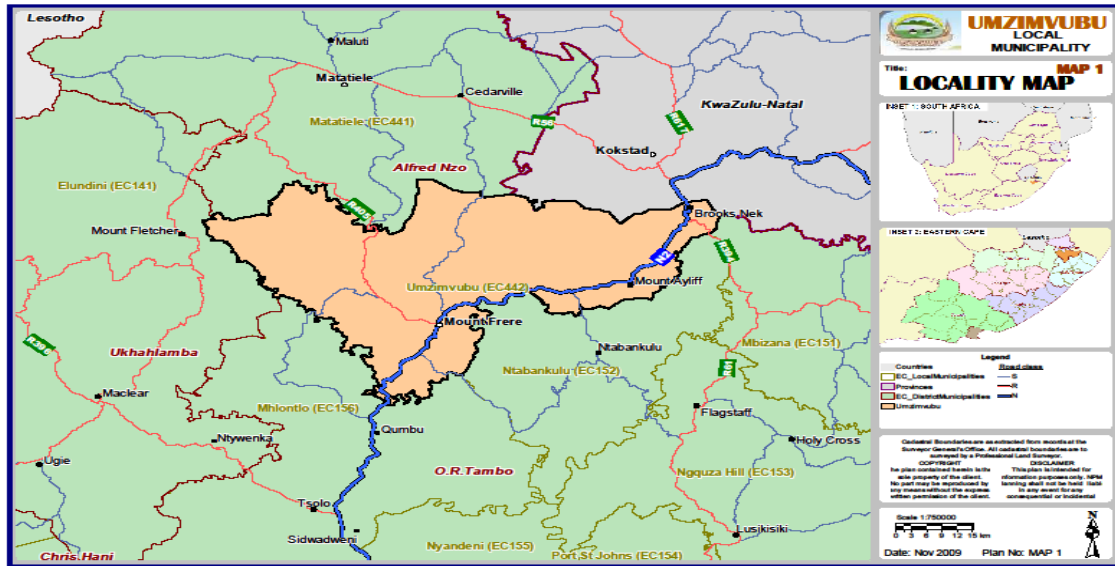
1.2. Municipal Functions and population Overview

(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



(a) 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.

(b) District Population by Municipalities

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

(c) 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.

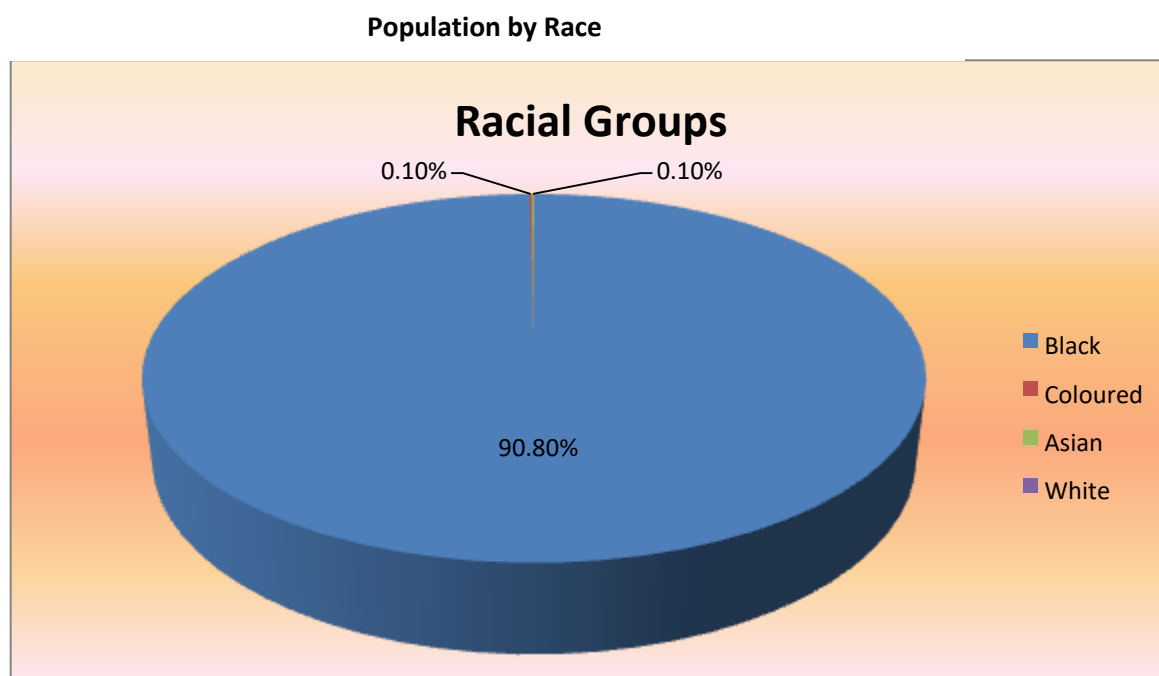


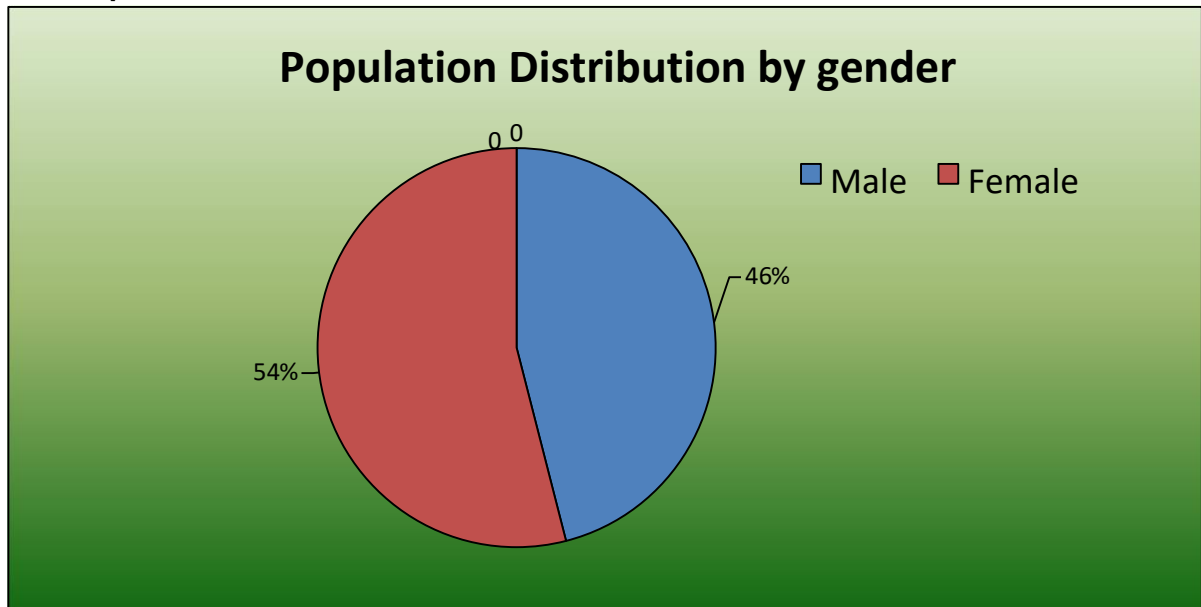
Figure3.3.3 Racial Groups

StatsSA: 2016 Community Survey

(a) 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



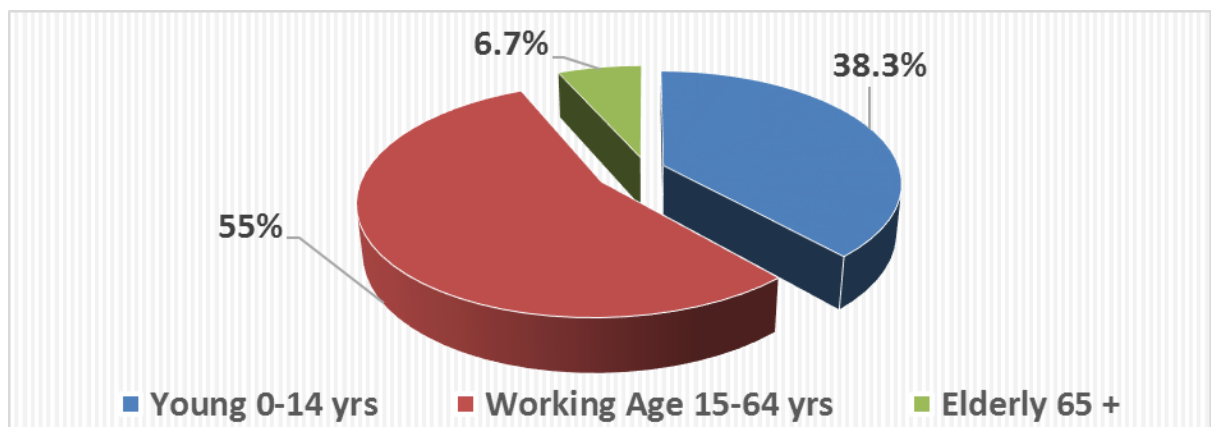
StatsSA: 2016 Community Survey

(b) 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



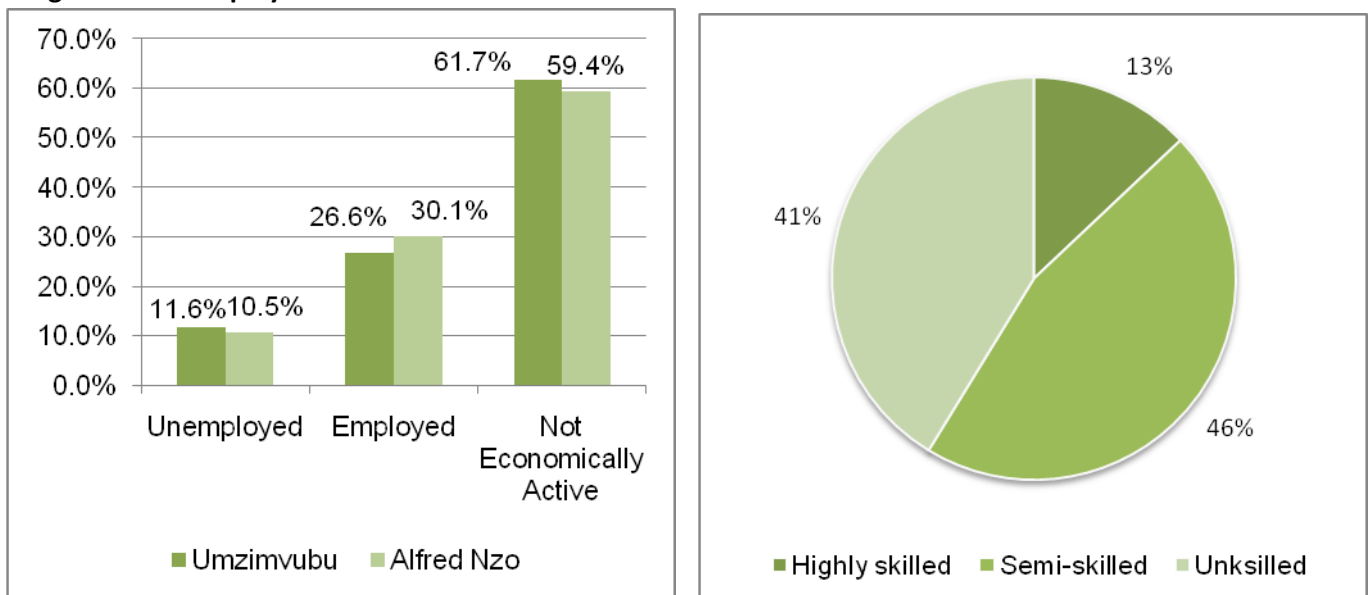
StatsSA: 2016 Community Survey

(b) 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

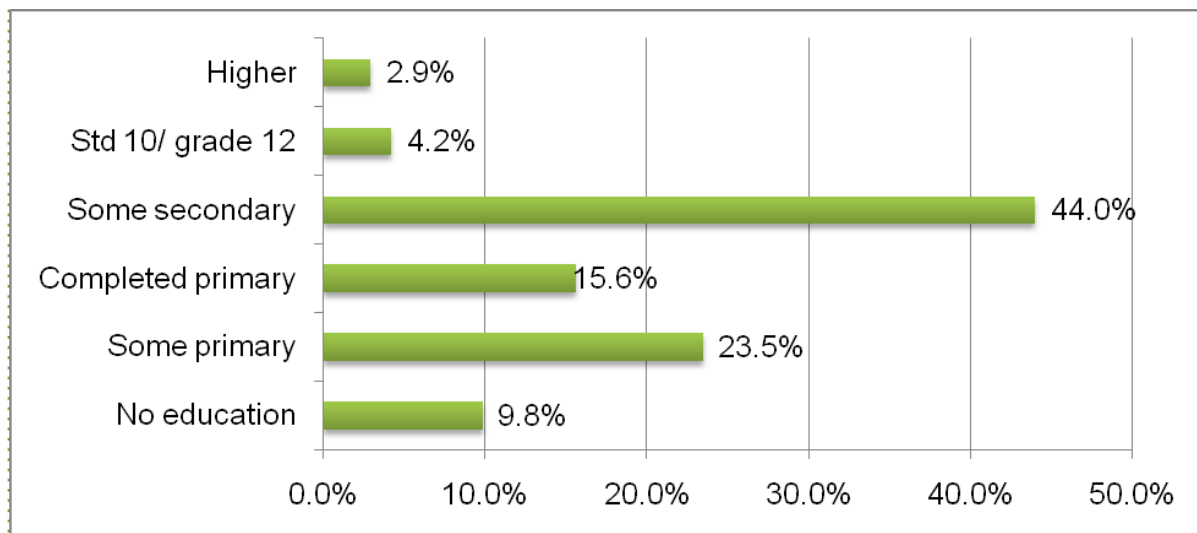
(a) Educational Profile and Literacy Levels

The average educational attainment levels of residents of the Umzimvubu area are presented in table below, The area has a low number of high and primary schools as well as one higher learning institute (Ingwe Training College). From the figure below it can be seen that the area has

low levels of educational achievement, with only 7.1% of the population having completed Matric or higher. This compares poorly against the Eastern Cape and is less than half of the provincial average of 16.5%. This has implications on the worker profile, as individuals that have not reached a certain level of educational attainment are often faced with barriers to entry into the formal employment market. This has further bearing on the nature of investment activity that will be feasible and sustainable in the area. Without the provision of adequate education and training, a skills deficit may constrain future development within the umzimvubu area.

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

Educational & Literacy Level



StatsSA: 2016 Community Survey

(a) Distribution of Households by Income

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

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

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

Distribution of Household by income

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

StatsSA: 2016 Community Survey

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

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

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

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

(a) 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 observe

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



**AUDITOR - GENERAL
SOUTH AFRICA**

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.

Report on the audit of the annual performance 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



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development 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



matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.




GOVERNANCE





Component A: Political and Administration governance



2.1. Political Governance

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

| Name of Councillor | Portfolio | Committee |
|---|-----------------------------|---|
|  <p>Councillor S. K Mnkwa</p> | <p>Hon Mayor</p> | <p>Chairperson of Executive Committee</p> |
|  <p>Councillor F.N. Ngonyolo</p> | <p>Hon. Council Speaker</p> | <p>Chairperson of the Council</p> |



| Name of Councillor | Portfolio | Committee |
|---|-------------|-----------------------------|
|  <p data-bbox="201 741 472 775">Councillor N. Mdzinwa</p> | Chief Whip | Council Chief Whip |
|  <p data-bbox="201 1184 483 1218">Councillor H.M. Ngqasa</p> | Chairperson | Budget and Treasury |
|  <p data-bbox="201 1610 515 1644">Councillor U.G. Makhanda</p> | Chairperson | Infrastructure and Planning |

| Name of Councillor | Portfolio | Committee |
|---|-------------|-------------------------------------|
|  <p data-bbox="201 663 491 696">Councillor C. N. Mnyaiza</p> | Chairperson | Local Economic Development |
|  <p data-bbox="201 1090 451 1124">Councillor M. Mataka</p> | Chairperson | Corporate Services |
|  <p data-bbox="201 1583 491 1617">Councillor N. Sonyabashi</p> | Chairperson | Citizens & Community Services |
|  | Chairperson | Special Programmes & Communications |

| Name of Councillor | Portfolio | Committee |
|---|-----------|----------------------------|
| Councillor N. Garane | | |
|  <p data-bbox="204 689 512 725">Councillor P. Thingathinga</p> | | Executive Committee Member |
|  <p data-bbox="204 1124 443 1162">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 6 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).

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 Unqualified 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 29
March 2022

Component B: Intergovernmental Relations

2.4. Intergovernmental relations Structure

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

| Initial and Surname | F/T OR P/T | Committee | Political Organization | Number of planned meetings | Attended | Absent |
|---------------------|------------------|-----------|---------------------------|----------------------------------|----------|--------|
| Clr S Myingwa | P/T | MPAC | ANC | 8 | 8 | 0 |
| Clr N Ntshayisa | P/T | MPAC | AIC | 8 | 6 | 0 |
| Clr NN Gcadinja | P/T | MPAC | ANC | 8 | 4 | 2 |
| Clr NE Ngalonkulu | P/T | MPAC | ANC | 8 | 3 | 3 |
| Clr N.A Mantshongo | P/T | MPAC | DA | 8 | 3 | 3 |
| Clr P Makhinzi | P/T | MPAC | ANC | 8 | 4 | 2 |
| Clr LL Nqatsha | P/T | MPAC | ANC | 8 | 7 | 1 |
| Clr 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. Plaintiff's legal representatives have failed to | 047 531 4816/ 0837025794 | Sanlam Building, 4th floor Office No.50 Madeira Street MTHATHA 5099 |

| | | | | | | |
|-----------------------------|------------------------------------|---|--|--|-----------------------------|--|
| | | | | 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, KwaBhaca. The respondents have occupied the premises which belong to Umzimvubu | The matter is trial ready and was postponed sine die because of the suspension of | 047 531 4816/ 0837025794 | Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099 |

| | | | | | | |
|-----------------------|-------------------------------------|------------------------------|---|--|--------------|---|
| | | | Municipality without consent, ERF 351 KwaBhaca. | evictions during Lockdown period. A new date of hearing has been requested from the Registrar. | | |
| 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 premises and will not be returning. | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |

| | | | | | | |
|-----------------------|-------------------------------------|---------------------------|-----------------------------|---|--------------|---|
| 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 judgement granted in favour of the plaintiff (ULM). The | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |

| | | | | | | |
|-----------------------|-------------------------------------|-------------------------|-----------------------------|--|--------------|---|
| | | | | 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 | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |

| | | | | | | |
|-----------------------|-------------------------------|--|--|---|--------------|---|
| | | | | Tenant has vacated the premises. | | |
| 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 Market building that belongs 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. | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |

| | | | | | | |
|-----------------------------|-------------------------------|---------------------------------------|--|---|-----------------------------|--|
| 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 | 047 531 4816/ 0837025794 | Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099 |

| | | | | | | |
|-----------------------------|-------------------------------|---------------------------------------|---|--|-----------------------------|--|
| | | | | plaintiff to decide whether to issue summons against the municipality. The case is dormant. | | |
| 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 and 2 and provide them with accommodation where necessary as being part of its Constitutional | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |

| | | | | | | |
|------------------------------------|---------------------------------|------------------------------------|--|---|-------------------|--|
| | | | | 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 no. P256/2019 | Phumza Vitshima // ULM | The applicant claims contractual damages to the amount of R508 312.08. Alleged unlawful termination of applicant's contract of employment on 01 August 2011. | Opposing papers have been filed in the matter. On 16 November 2017 the matter was before Court and a settlement agreement between the parties was | 084 982 8156 | |

| | | | | | | |
|-----------------------|-------------------------------|---|--|---|--------------|---|
| | | | | <p>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 Judgement of 11 May 2021.</p> | | |
| 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 | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |

| | | | | | | |
|-----------------------|-----------------------------|---|---|---|---------------------------|---|
| | | | | 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. | | |
| 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 Municipality's Replying Affidavit. | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |
| 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 application was ordered. Matter still to be heard in Court. | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |
| 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 agreement between the parties; withdrew its claim against the Municipality with no order as to costs. | 047 531 4816/ 0837025794 | Sanlam Building, 4th floor Office No.50 Madera Street MTHATHA 5099 |
| 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 | Notice of intention to oppose was served and filed. | 011 447 0345/3720 | The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place |

| | | | | | | |
|----------------------------------|---------------------|---------------------------------|--|--|-------------------|--|
| | | | 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. | Answering Affidavit has also been prepared, served and filed. Awaiting service of the Applicant's reply, if any. | | 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 | 011 447 0345/3720 | The Hyde Park Offices 1st floor, Block A 2nd Road, Strouthos Place Hyde Park, JOHANNESBURG |

| | | | | | | |
|-----------------------|--------------------|---|--|--|------------------------------|--|
| | | | | 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. | | |
| 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 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. | 066 474 2634 | No.3 Majova Place Main Street KWABHACA 5099 |
| Mdledle Incorporated | None | Disciplinary Hearing – Councillor SK Mnu kwa // ULM | The Municipality initiated hearing against the Mayor for a | The matter has since been concluded and the | 031 301 9823/083 339 4672 | Suit 501 the Marine 22 Dorothy Nyembe Street |

| | | | | | | |
|-----------------------------|------------------------------------|---|---|--|---------------------------------|---|
| | | | motor vehicle accident involving the Mayoral Motor Vehicle. | Mayor was found guilty on Counts 1 and 2 as set out in the Charge Sheet. | | 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- Tools and equipment R 2 101 612.37- Refuse compactor truck |
| 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 settlements

| Employees :Housing | | | | | |
|---------------------------|---------------------|------------------|---------------------|------------------|---|
| Level | 2018-2019 | 2019-2020 | | | |
| | Employees No | Posts No | Employees No | Vacancies | Vacancies %(As a %of total posts |
| 0-3 | | | | | |
| 4-6 | 1 | 1 | 1 | 0 | 0 |
| 7-9 | 1 | 1 | 1 | 0 | 0 |
| 10-12 | 2 | 2 | 2 | 0 | 0 |
| 13-15 | 1 | 1 | 1 | 0 | 0 |
| 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 | 800 000.00 | 800 000.00 | 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 |
| Maintenance | | R20.7mil | | R20.7 | N/A |
| Other | | | | | N/A |
| Total Operating Expenditure | | R20.7mil | | R20.7 | N/A |
| 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 |
| Sibhozwi 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 | 0 | | | | |
| 10-12 | 0 | | | | |
| 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 | 0 | 0 | 0 | | |
| 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.

Issues of land claims

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

| Property Description | Claimant | Status |
|--|---------------------------|------------------------------|
| Portion of Erf 188, Mount Ayliff | Dutyini | Settled but not finalised |
| Portion of Erf 188, Mount Ayliff | Sigidini | Land Transfer |
| Portion of Erf 188, Mount Ayliff | Betshwana | Negotiations |
| Portion of land within the village | Spolweni | Settlement in progress |
| Portion of Erf 351 | Lubhacweni | Court referral/land invasion |
| Portion of land within Amagqamzeni administrative area | Imikhonde | Settled |
| Land from Maxesibeni to Franklin | Amaxesibe community claim | Finalised |

| Applications for Land Use Development | | | | | | | | | | |
|--|-------------------------------|-------|---|-------|--|-------|------------------------|-------|--|-------|
| Detail | Planning application received | | Determination made in the year of receipt | | Determination made in the following year | | Applications Withdrawn | | Applications outstanding at the year end | |
| | 20-21 | 21-22 | 20-21 | 21-22 | 20-21 | 21-22 | 20-21 | 21-22 | 20-21 | 21-22 |
| Subdivisions | 7 | 1 | 3 | 0 | 1 | 0 | 0 | 0 | 3 | 0 |
| Consolidations | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Rezoning | 5 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 3 | 0 |
| Applications relating to land restrictions | | | | | | | | | | |
| Special consents | | | | | | | | | | |
| Township Establishment | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| 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 qou 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. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil preparation was done as peer the specification. • The maize planting was done on the 10th December 2020. |

| | | | | | |
|--|--|--|--|--|---|
| | | | | | <ul style="list-style-type: none">• The first spray programme was done on the 13th December 2020.• 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.• The yellow maize is growing well in the area. |
|--|--|--|--|--|---|

| | | | | | |
|---|---|------|--------|------------------|---|
| | | | | |  |
| 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. |

| | | | | | |
|--|--|--|--|--|---|
| | | | | | <ul style="list-style-type: none"> • 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. • 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. |
|--|--|--|--|--|---|

| | | | | | |
|---|---|-------------|-------|-------------|---|
| 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. • 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. • 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%. • The plant population is estimated to be 31000 plants per ha. |
|----|---|------|----------|-----------------------------|---|

| | | | | | |
|----|---|------|---------|------------------|--|
| | | | | | <ul style="list-style-type: none"> 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. |


| | | | | | |
|----|---|------|----------|------------------|--|
| | | | | | <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. • The practical completion certificate was signed by the PSC and the ward Councilor. |
| 6. | 6 | 15ha | Mbumbazi | 15ha land in use | |

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|--|--|--|---------|--|--|
| | | | 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. • The spraying of weeds was done on the 29 December 2020. |
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|----|---|--------------|-----------------|------------------|---|
| | | | | | <ul style="list-style-type: none"> The practical completion certificate was signed by the PSC and the ward Councillor. |
| 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. |
| | | 7.5ha | Ntsakeni | | |




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|--|--|--|--|--|
| | | | | <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 13th December 2020: Thus two ripping and disking• The maize germination percentage is 90%.• The plant population is 29000 plant per ha. |
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|---|---|------|--------------------|------------------|--|
| 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.  |
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|----|---|------|-----------------|------------------|--|
| 9. | 9 | 15ha | | 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. • 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. • The practical complication were signed by the beneficiaries and the Ward Councillor confirming the operations done. |
| | | | Goso (5ha) | | |
| | | | Sugarbush (5ha) | | |
| | | | Luxwesa (5ha) | | |

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|----|----|------|----------|------------------|---|
| | | | | | <ul style="list-style-type: none"> The yellow maize is growing well.  |
| 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. |

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| | | | | <ul style="list-style-type: none">• The planting of yellow maize was done on the 10th December 2020.• The plant population is 32000 plant per ha.• The maize germination percent is 91%.• The maize is on its 6th leaf development.• The maize is growing well. |
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| | | | | |  |
| 11 | 11 | 15ha | Lutshikini | 15ha in use land | <ul style="list-style-type: none"> • The inputs were supplied and delivered on the 18th 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 09th December 2020. • The planting was done on the 12th December 2020 |


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| | | | | | <ul style="list-style-type: none">• 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.  |
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| 12 | 12 | 15ha | Lutateni | 15ha land in use | <ul style="list-style-type: none"> • The inputs were supplied and delivered on the 17th 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 11th December 2020 according to the specification. |

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| | | | | | <ul style="list-style-type: none"> • 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. • The plant germination is 92% and the plant population is 31000 plant per ha. • The maize growth level is 6th leaf. • The project completion certificates were signed to confirm the services by the beneficiaries and the Ward Councillor. |
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| 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. • 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. |
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| | | 7.5ha | Ngcozana | | <ul style="list-style-type: none"> The project completion certificates were signed to confirm the services by the beneficiaries and the Ward Councillor. The yellow maize is growing well.  |
| | | | | | |
| 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. |
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| 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. • The yellow maize is growing well. <p>Sheep grazing on maize at ward 15</p> |
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| 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 | | |

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|--|--|--|--|--|--|
| | | | | | <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. • The maize growth level is 4th leaf development. • Project completion certificates were signed by the beneficiaries and the Ward Councillor. |
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| 20 | 20 | 5ha | Mpembha | 15ha virgin land | <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. |
| | | 5ha | Lwandlana | | |
| | | 5ha | Ngxabaxa | | |


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| | | | | | <ul style="list-style-type: none">• 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.  |
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|----|----|-------|-----------|-------------|--|
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| | | | | | Ngxabaxa maze fields |
| 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. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. |
| | | 6.5ha | Qoqa | Gardens | |

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|--|--|--|--|--|---|
| | | | | | <ul style="list-style-type: none">• 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.• The practical completion certificate was signed by the PSC and the ward Councillor.  |
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|----|----|----|-----------------------|---------------------|---|
| 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. • 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. • The plant population recorded is 35000 plants per ha which is 100% germination rate. |
|----|----|----|-----------------------|---------------------|---|

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| | | | | | <ul style="list-style-type: none">• The practical completion certificate was signed by the PSC and the ward Councillor.   |
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|----|----|-------|-----------|--------------------------|---|
| | | | | |  |
| 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. • 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: |
| | | 7.5ha | Hofisa | | |

| | | | | | |
|--|--|--|--|--|--|
| | | | | | <ol style="list-style-type: none"> 1. High rainfall the operations were delayed. 2. Tractor break down. 3. Cov - 19 out - break at Hofisa. <ul style="list-style-type: none"> • The planting was done on the 14th December to the 20th December 2020. • 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. |
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|----|----|------|--------|------------------|---|
| 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. |
|----|----|------|--------|------------------|---|

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| | | | | <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. |
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|----|----|------|-------------|------------------|---|
| 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%. • The operations were suspended due to high rainfall received on the 10th -13th December 2020. • The service provider planted on the 14th December 2020. |
|----|----|------|-------------|------------------|---|

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|----|----|-----|-----------|------------------|--|
| | | | | | <ul style="list-style-type: none"> • 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. • The input acceptance forms and delivery notes were signed by the Project steering committees including the ward Councillors. • The soil was prepared and the planting. • The planted maize is on its 2nd leaf development. • The plant population is 30000 plants per hectare. |
| | | 5ha | Trustini | Gardens | |
| | | 5ha | | | |
| | | | Phuka | | |

| | | | | | |
|----|----|------|----------|------------------|--|
| | | | | | <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. • 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. |
| | | | Mpendla | | |
| | | | Zibozana | | |

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|--|--|--|--|--|--|
| | | | | | <ul style="list-style-type: none">• The maize is on its 4th leaf development and the germination percentage is 87%. |
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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 coperative | 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 | 7.5ha 7.5ha | Early October 2020 |
| 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 |

SUCSESSES: 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

SUCSESSES:

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.

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 2020-2021LED 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.
- All performance and recognition rewards, such as Long Service Awards, Deceased, and retired employees shall be handed over in a special annual ceremony organised to confer the awards and honour good performance in a very symbolic and prestigious manner

On the 19 February 2021 – all employee were given vouchers as token of appreciation, and performance was rewarded and/or recognised as per the following categories (COVID-19 Regulations were observed):

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

Component C: Capacitating the Workforce

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

| Skills Development Matrix | | | | | | | | | | |
|--|--------|---|-----------------|--------------|---|--------------|-------------------------|--------------|--------------|------------------|
| Management Level | Gender | Employees in posts as at 30 June 2020 | Learnerships | | Skills programmes and other short courses | | Other forms of training | | Totals | |
| | | | No of employees | Target 17/18 | Actual 17/18 | Target 18/19 | Actual 18/19 | Target 19/20 | Actual 19/20 | Target 2020/2021 |
| | | Municipal Manager & S57 managers | Female | 03 | 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 | | |
| 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 | | | | | | |
| Councillors, Municipal Manager, S57 Managers & Officials | Female | 90 | | | | | | |
| | Male | 93 | | | | | | |
| 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 | R1,500 000.00 | | R167 855.00 | | R1,500 000.00 |
| ICT | 1,320,481.00 | | | | 1,320,481.00 |
| Telephone | R2,300 000.00 | | R951 213.98 | | R2,300 000.00 |

| | | | | | |
|-------------|-------------|--|-------------|--|-------------|
| ICT License | R600 000.00 | | R331 800.00 | | R600 000.00 |
|-------------|-------------|--|-------------|--|-------------|

Component D: Community and Social Services

Libraries and Community Facilities

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 | 35 |
| | | -Mzamomhle – Mtshazi ward 19 | |
| | | -Sivukile ward 27 | |
| | | Mbodleni - | 40 |
| | | Sinoncedo Semen ward19 | |
| | | Masonwabe –Ntsizw ward 6 | 40 |
| | | Lindokuhle –Goxe 14 | |
| | | Mayibuye-Sivumela w24 | 35 |
| Igqabilethu- Libaleku w2 | 35 | | |
| Mthombokazi w12 | | | |
| Phutumani-Qhanq | 35 | | |

| | | | |
|--|--|----------------------|----|
| | | Lukhanyiso – | |
| | | Dangwana w20 | |
| | | Celizapholo- Mvuzi | |
| | | w19 | 35 |
| | | Mabhobho- | |
| | | Mbhobho w22 | |
| | | Banano Kuhle- | 40 |
| | | Mandileni w24 | |
| | | Likomkhulu- | |
| | | Lugangeni w15 | 30 |
| | | Nceduluntu- Ntlabeni | |
| | | w13 | |
| | | Sinothando- | 30 |
| | | Mgungundlovu w12 | |
| | | Mt frere citizen- | 40 |
| | | KwaBhaca town w18 | |
| | | Bambelihle – | |
| | | Ngonyameni w4 | 40 |
| | | Mzamowethu- | |
| | | Ngwegeni w3 | |
| | | Buhlebendalo- | 40 |
| | | maXesibeni town w7 | |
| | | Bambanani maxesibe- | |
| | | Brooksneck w1 | 35 |
| | | Sibatsha- Betshwane | |
| | | w26 | |
| | | Sangezulwazi- | 40 |
| | | Lugelweni w8 | |

| | | | |
|--|--|--------------------------------|----|
| | | Kamvelihle Betshwana w8 | 40 |
| | | Masongane –Msukeni w26 | |
| | | Mpembeni- Sigidini w4 | 40 |
| | | Yeyethu -Phuka w3 | |
| | | Thuthukani- Mhlotsheni w11 | 40 |
| | | 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

- 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 |

| | | | |
|---|--|------------------------------|------------------|
| <p>Woman's commemoration day</p> | <p>-Woman's celebrated their woman's month, -Marching to Magistrate office sending petitions of GBV against woman</p> | <p>All wards</p> | <p>200</p> |
| <p>Woman's empowerment</p> | <p>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 Training skills on woman in construction by NHBRC</p> | <p>All wards Ward 14</p> | <p>80 10</p> |

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 | 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 Original Budget | Total Project 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

SUCCESSSES

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% |
| | NONE | NONE | NONE | NONE | NONE |

| | | | | | |
|-------|----|----|----|----|------|
| 13-15 | | | | | |
| 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

| Program | Event | 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

| <i>DATE</i> | <i>VENUE</i> | <i>NO. OF SCHOOLS</i> | <i>TIME</i> |
|------------------|--|-----------------------|-------------|
| 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 | | | | | | |
|--|------------------------------------|--|------------------------------------|--|---------------------------------------|---|
| Details of the types of account raised and recovered | 2019-2020 | | 2020-2021 | | 2021-2022 | |
| | 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 value billed |
| 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 Expenditure | Operating | R 149 862 928 | R 245 542 653 | | R 163 892 336 | R 81 650 317 |
| Net Expenditure | Operational | 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 10Mgpps VPN line running data, VOIP, and video streaming.

Umzimvubu uses Cisco Core managed switches on both sides with Cisco Wireless access points with central Cisco wireless access controller that manages both Umzimvubu internal network and free Wi-Fi for the community. Umzimvubu network expands for main office to Library, Sophia park, and Vehicle testing station (VTS) where users use VIOP telephony, ESS leave management system, Electronic document management system, and payday ESS Clocking system. Umzimvubu network is managed by a DC controller with Umzimvubu domain with SAN management servers with VSphere virtualization.

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.

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.

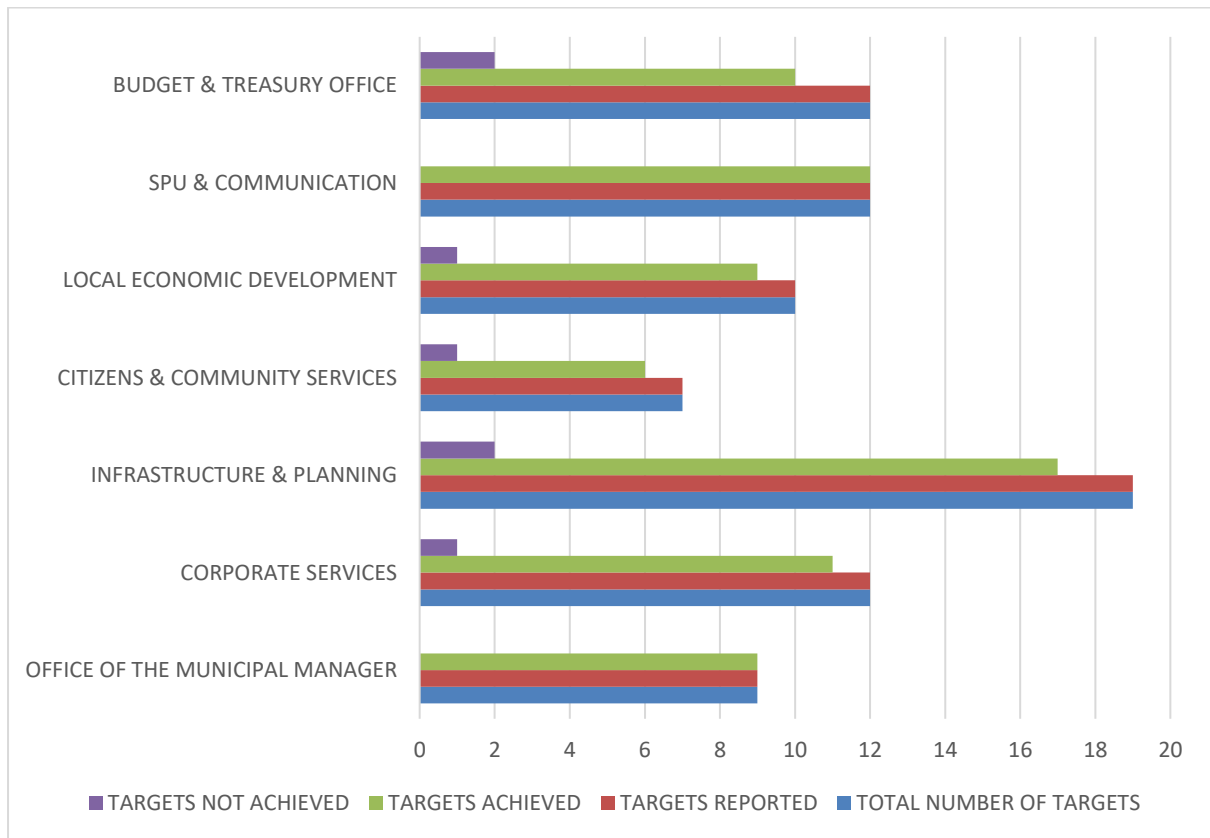


MR G.P.T. NOTA
MUNICIPAL MANAGER

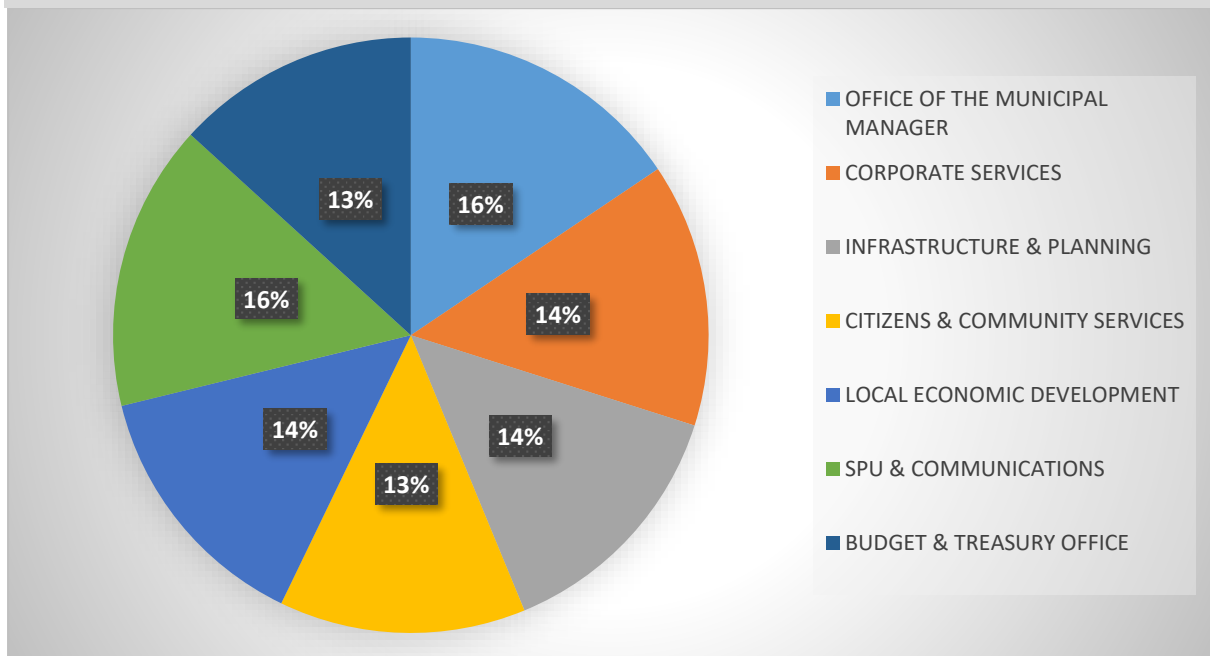
2020/2021 ANNUAL PERFORMANCE REPORT IN NUMBERS

| 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% |

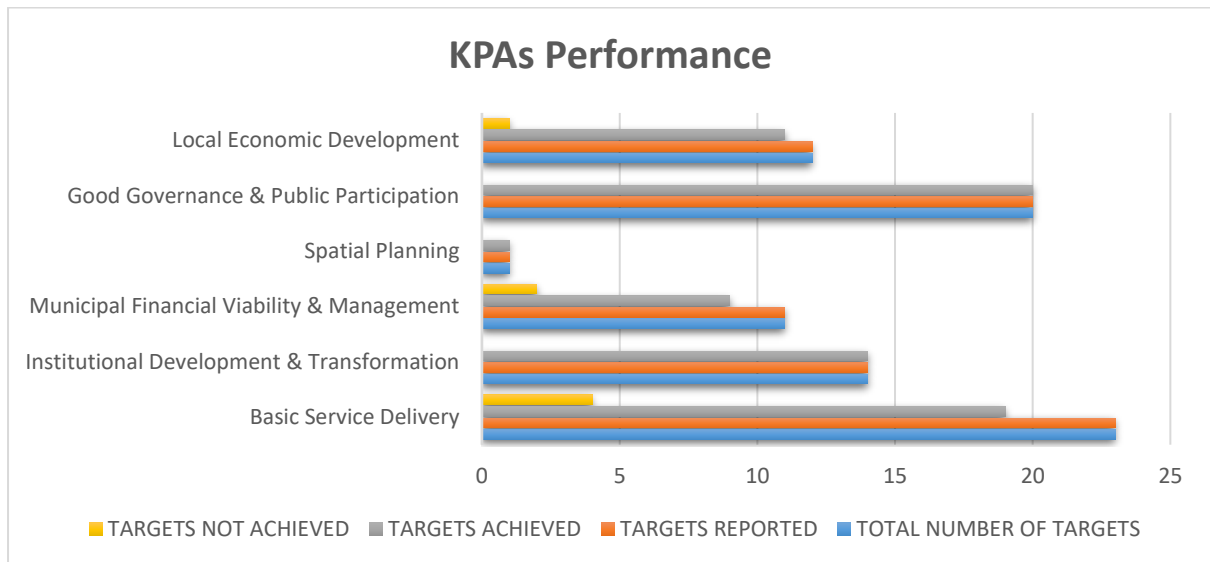
Department's Performance Graph



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.

| 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 | Color 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 | 2 | Accumulative | 2 | 2 | Two SDBIPs approved by the Mayor | 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 | Color Coding | Corrective Measure |
|----------------------------|--------------------------------------|------------------------------------|--|---|----------|------------------|-----------------------|------------|-------------------------------------|------------------------|--------------|--------------------|
| | | | | e institution that achieves full compliance with legislation | | | | | | | | |
| 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 | 2021/2022 FY IDP adopted by Council | Achieved | | N/A |
| Municipal Manager's Office | Number of Municipal Annual Reports | Number | Good Governance and Public | To develop and maintain a financial | 1 | Stand-Alone | 1 | 1 | 2019/2020 FY Annual Report | 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 | Color Coding | Corrective Measure |
|----------------------------|--|------------------------------------|--|---|----------|------------------|-----------------------|------------|---------------------|------------------------|--------------|--------------------|
| | submitted to Council | | Participation | viable and sustainable institution that achieves full compliance with legislation | | | | | adopted by Council | | | |
| 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 | 1 | Stand-Alone | 1 | 1 | | 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 | | | | | | | | |
| 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 |
| Budget & Treasury Office | Number of indigent beneficiaries subsidised with solar, electricity and paraffin | Number | Basic Service Delivery | To provide access to improved, sustainable and modernised | 8 822 | Stand-Alone | 7 880 | 5 472 | 5472 Indigent beneficiaries subsidized (1326 (Eskom), 2198 | Not Achieved | | To follow up on ward Councillors that have not submitted their |

| 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 | Color Coding | Corrective Measure |
|--------------------------|-------------------------------------|------------------------------------|---|---------------------------------|----------|------------------|-----------------------|------------|--|------------------------|--------------|------------------------|
| | | | | infrastructure to the community | | | | | (Solar) and 1948 (paraffin) beneficiaries were subsidized) Reconciliation of indigent register reduced the number of legitimate indigent beneficiaries. | | | respective applicants. |
| Budget & Treasury Office | Number of mSCOA trainings conducted | Number | Municipal Transformation and Organisati | To build and strengthen the | 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 |
|--------------------------|---|------------------------------------|------------------------------------|---|----------|------------------|-----------------------|------------|------------------------------------|------------------------|---------------|--------------------|
| | for employees & councillors | | onal Development | administrative and institutional capability of the municipality | | | | | | | | |
| 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 complianc | 12 | Accumulative | 12 | 12 | Twelve S71 Reports submitted to NT | 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 | Color Coding | Corrective Measure |
|--------------------------|---|------------------------------------|------------------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|--------------|--------------------|
| | | | | e with legislation | | | | | | | | |
| 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 |

| 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 | Color Coding | Corrective Measure |
|--------------------------|---|------------------------------------|------------------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| 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 |
| Budget & Treasury Office | Number of sets of financial statements prepared and submitted for | Number | Financial Management and Viability | To develop and maintain a financial viable and sustainable | 2 | Accumulative | 2 | 2 | Two sets of financial statements developed and submitted for | 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 | Color Coding | Corrective Measure |
|--------------------------|------------------------------------|------------------------------------|------------------------------------|--|----------|------------------|-----------------------|------------|-----------------------------------|------------------------|--------------|--------------------|
| | assurance reviews | | | e institution that achieves full compliance with legislation | | | | | assurance reviews | | | |
| 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 | 72.00 % | Carry Over | 100.00% | 100.00% | BTO Capital budget was spent 100% | 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 | Color Coding | Corrective Measure |
|--------------------------|---|------------------------------------|------------------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| | | | | e with legislation | | | | | | | | |
| 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 | Color 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 |

| 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 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 |

| 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 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 |
| 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 | Number | Municipal Transformation and Organisational Development | To develop and enhance | 0 | Stand-Alone | 1 | 1 | Leadership Framework 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 |
|-------------------------|--------------------------------------|------------------------------------|---|--|----------|------------------|-----------------------|------------|-------------------------------------|------------------------|---------------|--------------------|
| | Strategies developed | | onal Development | knowledge for future career pathing | | | | | | | | |
| 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 | 5 | Stand-Alone | 4 | 4 | Four Strategic Sessions 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 | Color Coding | Corrective Measure |
|-------------------------------------|---|------------------------------------|--|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| | | | | career pathing | | | | | | | | |
| 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 compliance with legislation | 100.00% | Stand-Alone | 100.00% | 100.00% | All compliance documents were uploaded into the municipality's website | Achieved | | N/A |
| Special Programmes & | Number of speeches | Number | Good Governance and Public | To build and strengthen the | 20 | Accumulative | 20 | 22 | Twenty speeches | 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 | Color Coding | Corrective Measure |
|-------------------------------------|--------------------------------------|------------------------------------|--|---|----------|------------------|-----------------------|------------|----------------------------------|------------------------|--------------|--------------------|
| Communications | written for the Mayor | | Participation | administrative and institutional capability of the municipality | | | | | written for the Mayor | | | |
| 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 |

| 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 | Color Coding | Corrective Measure |
|-------------------------------------|--|------------------------------------|--|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| 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 |
| 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 | Number | Good Governance and Public | To build and strengthen the | 1 | Stand-Alone | 1 | 1 | One Ward Committee | 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 | Color Coding | Corrective Measure |
|-------------------------------|---|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| Communications | trainings Conducted | | Participation | administrative and institutional capability of the municipality | | | | | training conducted | | | |
| 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 |

| 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 | Color Coding | Corrective Measure |
|-------------------------------|--|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|--------------|--------------------|
| 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 |
| 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 | 733 | Stand-Alone | 733 | 781 | 781 as per the Municipal Solid Waste Collection Services Database 2020/2021 | 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 | Color Coding | Corrective Measure |
|-------------------------------|---|------------------------------------|---|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| | | | | legislation compliance with legislation | | | | | | | | |
| 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 | 100 | Stand-Alone | 100 | 100 | 100 beneficiaries benefitted in the Food | 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 | Color Coding | Corrective Measure |
|-------------------------------|--|------------------------------------|----------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| | | | | economic growth and job opportunities | | | | | for Waste programme | | | |
| 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 | Number | Local Economic Development | To create a conducive environment for economic growth | 400 | Stand-Alone | 405 | 405 | 405 ha (15 ha of 27 wards to be ploughed and planted | 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 | Color Coding | Corrective Measure |
|----------------------------|--|------------------------------------|----------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|--------------|---|
| | with vegetables | | | and job opportunities | | | | | with yellow maize and some with vegetables | | | |
| 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 hectares of land constructed with Irrigation System. | Number | Local Economic Development | To create a conducive environment for economic growth and job | 0 | Stand-Alone | 100 | 0 | Service provider to install irrigation system appointed late in the | Not Achieved | | Project to be completed within the Q1 of the next |

| 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 | Color Coding | Corrective Measure |
|----------------------------|--|------------------------------------|----------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| | | | | opportunities | | | | | financial year. | | | financial year. |
| 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 | 8 | Stand-Alone | 8 | 8 | 8 LED stakeholders forum meetings held | 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 | Color Coding | Corrective Measure |
|---------------------------|--|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|--------------|--------------------|
| | | | | opportunities | | | | | | | | |
| 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 completed. | Achieved | | N/A |
| Infrastructure & Planning | Kilometres of Access Roads Constructed | Kilometers | Basic Service Delivery | To provide access to improved, sustainable | 16 | Accumulative | 13.7 | 13.7 | 13.7km access road constructio | 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 | Color Coding | Corrective Measure |
|---------------------------|-------------------------------|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--|
| | | | | e and modernised infrastructure to the community | | | | | n is completed. | | | |
| 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 | Not Achieved | | Silindini Bridge - Municipality to appoint another service provider for completion of works. Tyinirha bridge Service |

| 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 |
|-------------------------|----------|------------------------------------|---------------|--------------------------|----------|------------------|-----------------------|------------|--|------------------------|---------------|--|
| | | | | | | | | | 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 | | | provider to expedite attending to ancillary works. |

| 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 |
|---------------------------|---|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|---------------|--------------------|
| | | | | | | | | | widening the stream. | | | |
| Infrastructure & Planning | Percentage completion of one sport facility | Percentage | Basic Service Delivery | To provide access to improved, sustainable and modernised infrastructure to the community | 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 |
|---------------------------|--|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|---------------|--------------------|
| 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 |

| 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 | Color Coding | Corrective Measure |
|---------------------------|--|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|--------------|--------------------|
| 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 modernised infrastruc | 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 |
|---------------------------|---|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|------------------------------|------------------------|---------------|--------------------|
| | | | | ture 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 | Color 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. | 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 |

| 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 |
|---------------------------|--|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|---------------|--|
| | | | | | | | | | Installation of storm water pipes, concrete works and sorting daily waste. | | | 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 | 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 to the community | | | | | | | | |
| 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 | Number of Local SMMEs supported with tools | Number | Local Economic | To create a conducive environment | 0 | Stand-Alone | 6 | 6 | 6 Local SMME's supported with Tools | 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 | Color Coding | Corrective Measure |
|-------------------------------|--|------------------------------------|------------------------------------|---|----------|------------------|-----------------------|--------------|---|------------------------|--------------|---|
| Development | and equipment | | Development | ent for economic growth and job opportunities | | | | | and Equipment | | | |
| 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 | Number | Financial Management and Viability | To develop and maintain a financial viable and | 1000000 | Accumulative | 6000000 | 5 156 036,68 | Not achieved. Licensing section did not perform | Not Achieved | | DOT to sort the issue of the network at Emaxesibeni. To |

| 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 |
|-------------------------|-----------------|------------------------------------|---------------|--|----------|------------------|-----------------------|------------|--|------------------------|---------------|--|
| | Safety Sections | | | sustainable institution that achieves full compliance with legislation | | | | | properly due to various reasons. Licensing of 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 | | | request infrastructure to arrange generator for VTS. |

| 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 | Color Coding | Corrective Measure |
|--------------------------|---|------------------------------------|------------------------------------|--|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| | | | | | | | | | disconnection. DLTC had network problems and training of the personnel for the new system installed. | | | |
| 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 | 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 |
|--------------------------|---|------------------------------------|------------------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|---------------|--------------------|
| | | | | that achieves full compliance with legislation | | | | | | | | |
| 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 |

| 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 | Color Coding | Corrective Measure |
|--------------------------|---|------------------------------------|------------------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|--------------|---|
| 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 | 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 |
|-------------------------|---|------------------------------------|---|--|----------|------------------|-----------------------|------------|--------------------------------|------------------------|---------------|--------------------|
| | | | | e institution that achieves full compliance with legislation | | | | | | | | |
| 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 |

| 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 | Color Coding | Corrective Measure |
|----------------------------|---|------------------------------------|---|---|----------|------------------|-----------------------|------------|---|------------------------|--------------|--------------------|
| 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 | 1 | Stand-Alone | 1 | 1 | 2019/2020 FY Oversight Report submitted & 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 | Color Coding | Corrective Measure |
|----------------------------|---|------------------------------------|--|---|----------|------------------|-----------------------|------------|--|------------------------|--------------|--------------------|
| | | | | compliance with legislation | | | | | | | | |
| 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 the municipality | 2 | Stand-Alone | 1 | 1 | 1 Operational and Strategic internal audit risk based plan developed | Achieved | | N/A |
| Municipal Manager's Office | Number of monitored Audit Action Plans | Number | Good Governance and Public | To develop and maintain a financial | 2 | Accumulative | 4 | 4 | Monitoring of implementation of Audit | 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 |
|-------------------------------------|--|------------------------------------|--|---|----------|------------------|-----------------------|------------|--|------------------------|---------------|--------------------|
| | | | Participation | viable and sustainable institution that achieves full compliance with legislation | | | | | Action Plan was conducted on a quarterly basis | | | |
| 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 |

| 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 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 |
| 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 | Number | Good Governance and Public | To create a conducive environment | 4 | Accumulative | 4 | 6 | 6 Traditional Leaders Engageme | 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 |
|-------------------------------------|--|------------------------------------|--|---|----------|------------------|-----------------------|------------|---------------------------------|------------------------|---------------|--------------------|
| Communications | engagement sessions | | Participation | ent for participatory development | | | | | nt sessions held | | | |
| 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 | 331 | Stand-Alone | 400 | 400 | 400 EPWP Jobs created | 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 | Color Coding | Corrective Measure |
|---------------------------|--|------------------------------------|---|---|----------|------------------|-----------------------|------------|------------------------------------|------------------------|--------------|--------------------|
| | | | | opportunities | | | | | | | | |
| 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 |
| Infrastructure & Planning | Percentage of sites surveyed and Planned | Percentage | Spatial Planning and Development | To provide access to improved, sustainable and modernised infrastructure to | 2.00% | Stand-Alone | 100.00% | 100.00% | 100% of sites surveyed and Planned | 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 | Color Coding | Corrective Measure |
|---------------------------|----------------------------------|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|---------------------------|------------------------|--------------|--------------------|
| | | | | the community | | | | | | | | |
| 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 | 0 | Accumulative | 78 | 78 | 78 streetlights installed | 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 |
|---------------------------|---|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|--------------------------|------------------------|---------------|--------------------|
| | | | | e and modernised infrastructure to the community | | | | | | | | |
| Infrastructure & Planning | Percentage completion of cemetery upgrade | Percentage | Basic Service Delivery | To provide access to improved, sustainable and modernised infrastructure to the community | 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 & 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 |

| 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 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 |
| Local Economic Development | Number of Wool-Pressers delivered to | Number | Local Economic Development | To create a conducive environment | 0 | Stand-Alone | 27 | 27 | 27 Wool-Pressers delivered to 27 | 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 |
|----------------------------|--|------------------------------------|----------------------------|---|----------|------------------|-----------------------|------------|---|------------------------|---------------|--------------------|
| | 27 shearing sheds | | | ent for economic growth and job opportunities | | | | | shearing sheds | | | |
| 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 | Number | Basic Service Delivery | To provide access to improved, | 3 | Stand-Alone | 1 | 1 | 1 sport field is | 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 |
|---------------------------|--|------------------------------------|------------------------|---|----------|------------------|-----------------------|------------|--|------------------------|---------------|--------------------|
| | from 2019/2020FY | | | sustainable and modernised infrastructure to the community | | | | | practically completed | | | |
| 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 2019/2020 FY 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

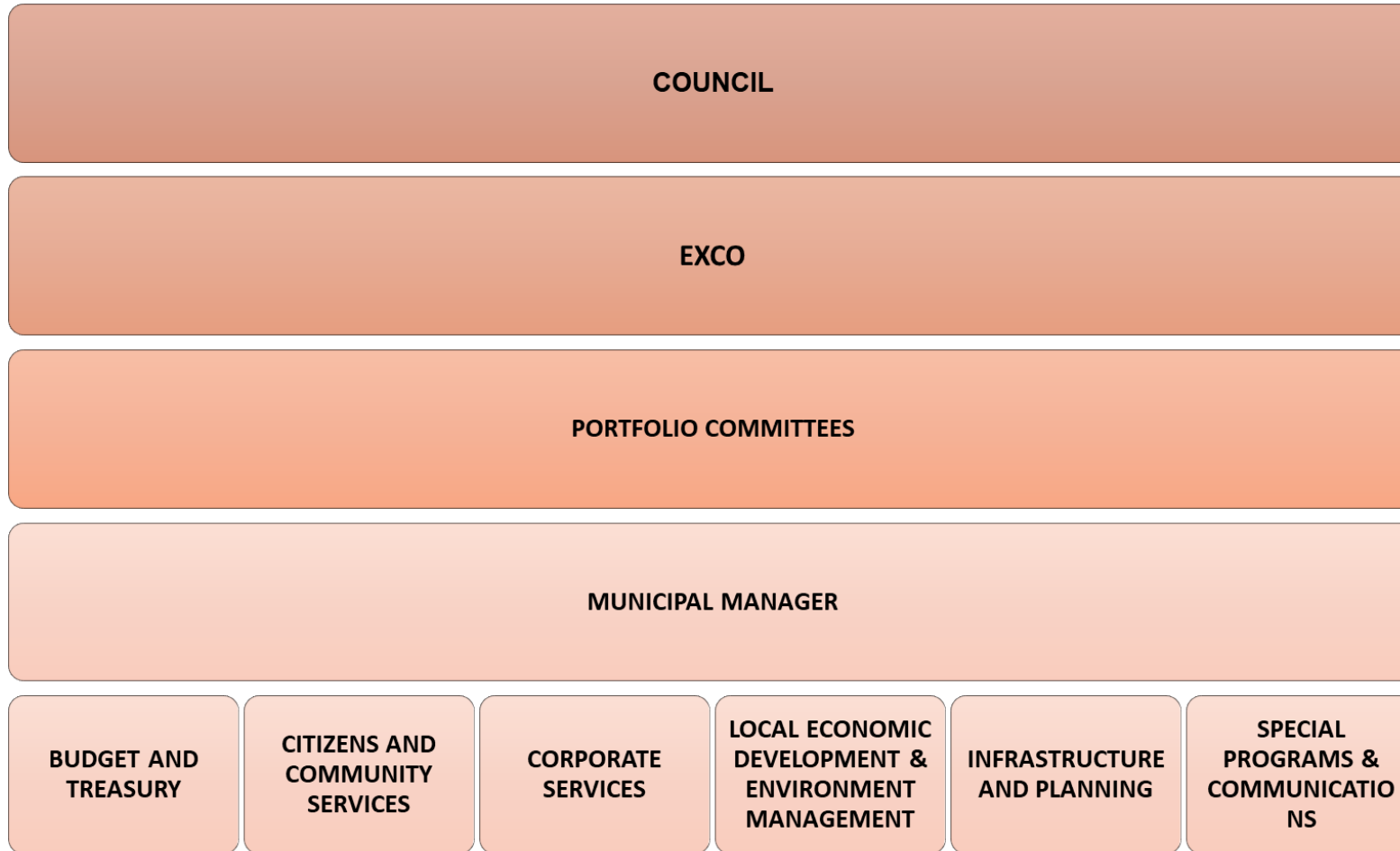
| Employees | 2020/2021 | | | |
|---|----------------|------------------|-----------|-------------------|
| Description | Approved Posts | No. Of Employees | Vacancies | Vacancy Rate in % |
| Section 56 Senior Managers | 7 | 7 | 0 | 0 |
| Deputy Manager | 1 | 1 | 0 | 0 |
| Managers | 20 | 19 | 1 | 5% |
| 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 Senior Managers | 7 | 60 working days | 0 |
| Deputy Manager | 1 | 60 working days | 0 |
| Managers | 19 | 60 working days | 1 |
| Support Personnel | 195 | 60 working days | 3 |
| Total | 223 | 60 working days | 4 |

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

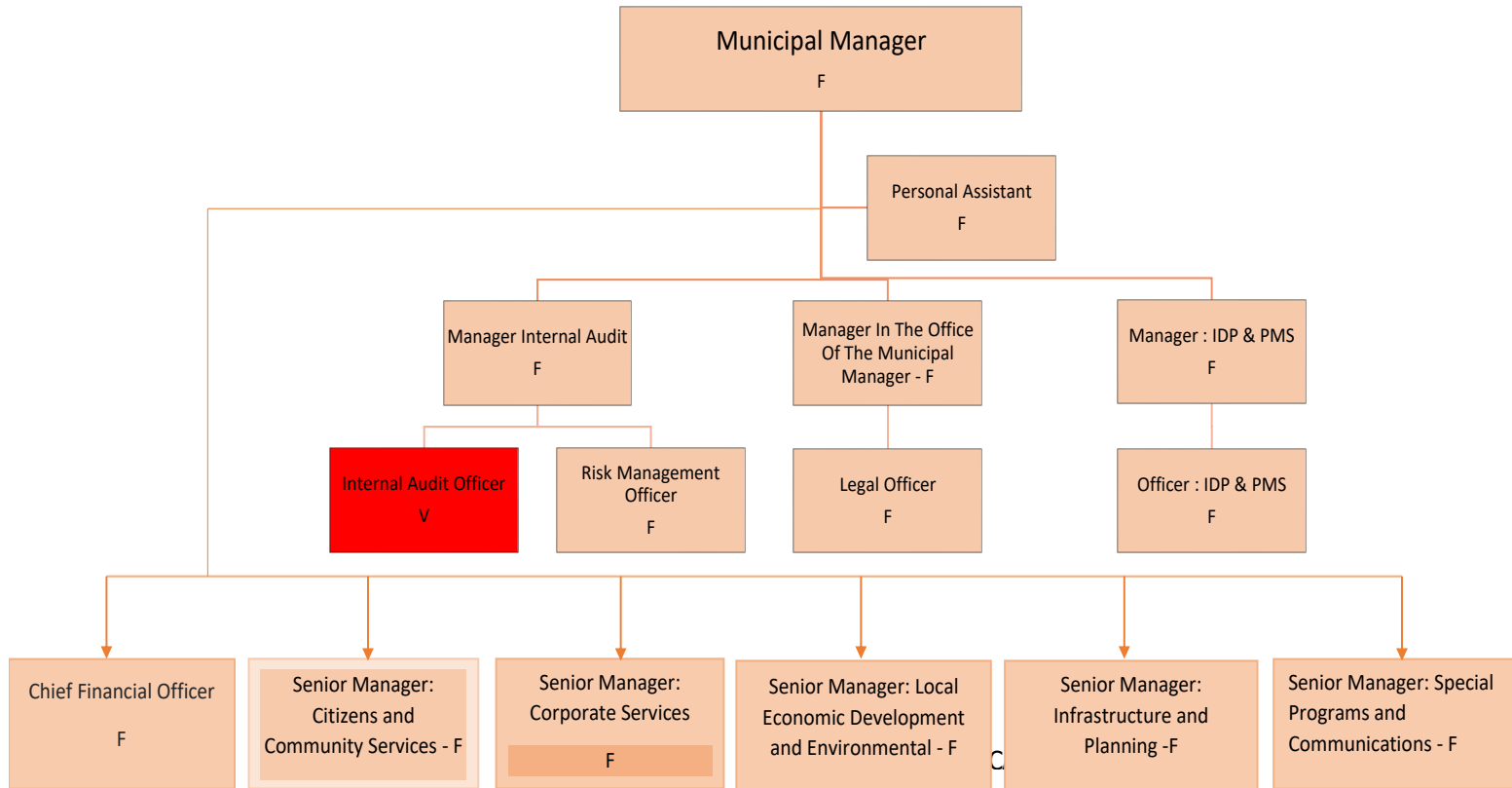
ORGANOGRAM

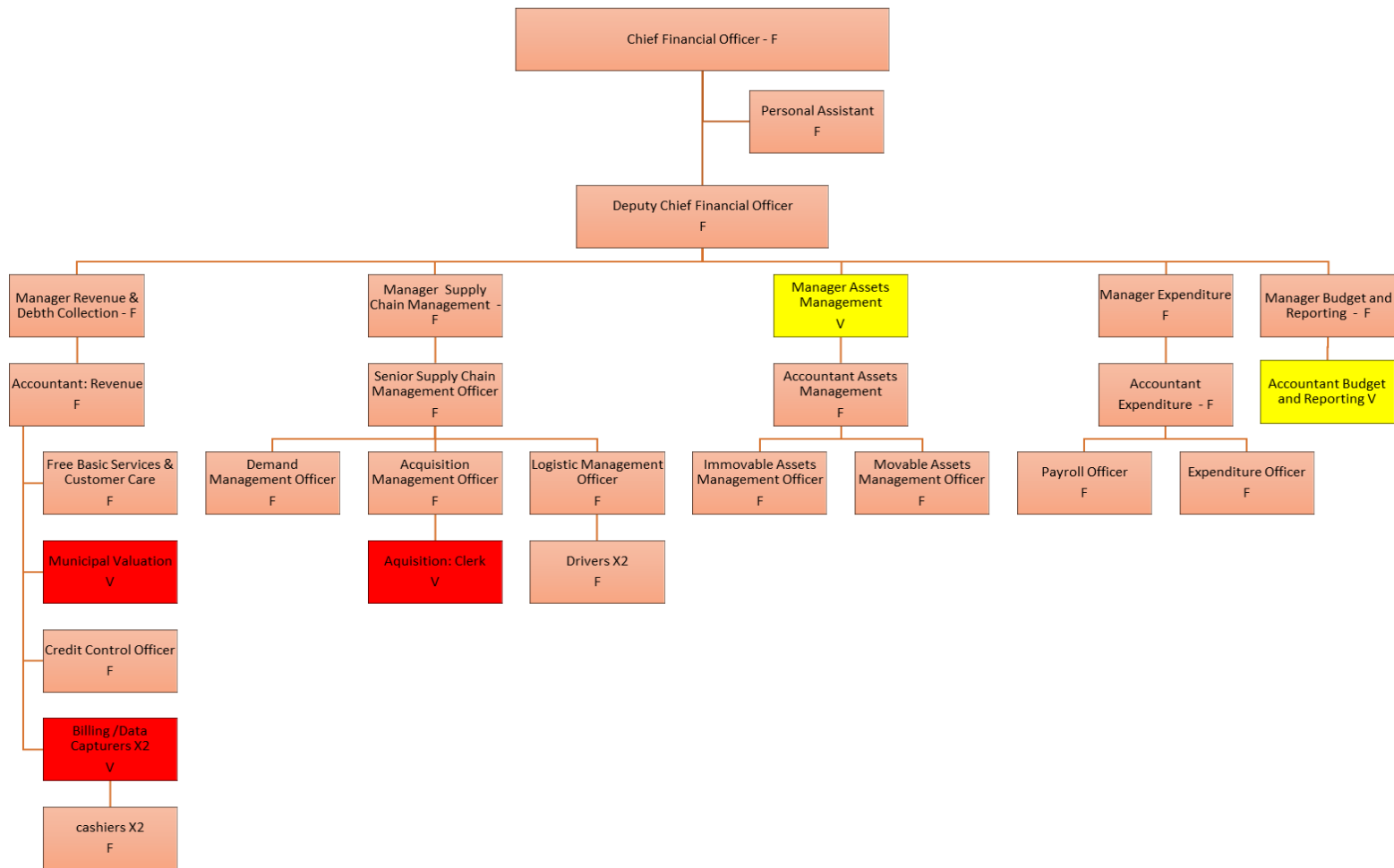
2020/2021 - 2022/2023

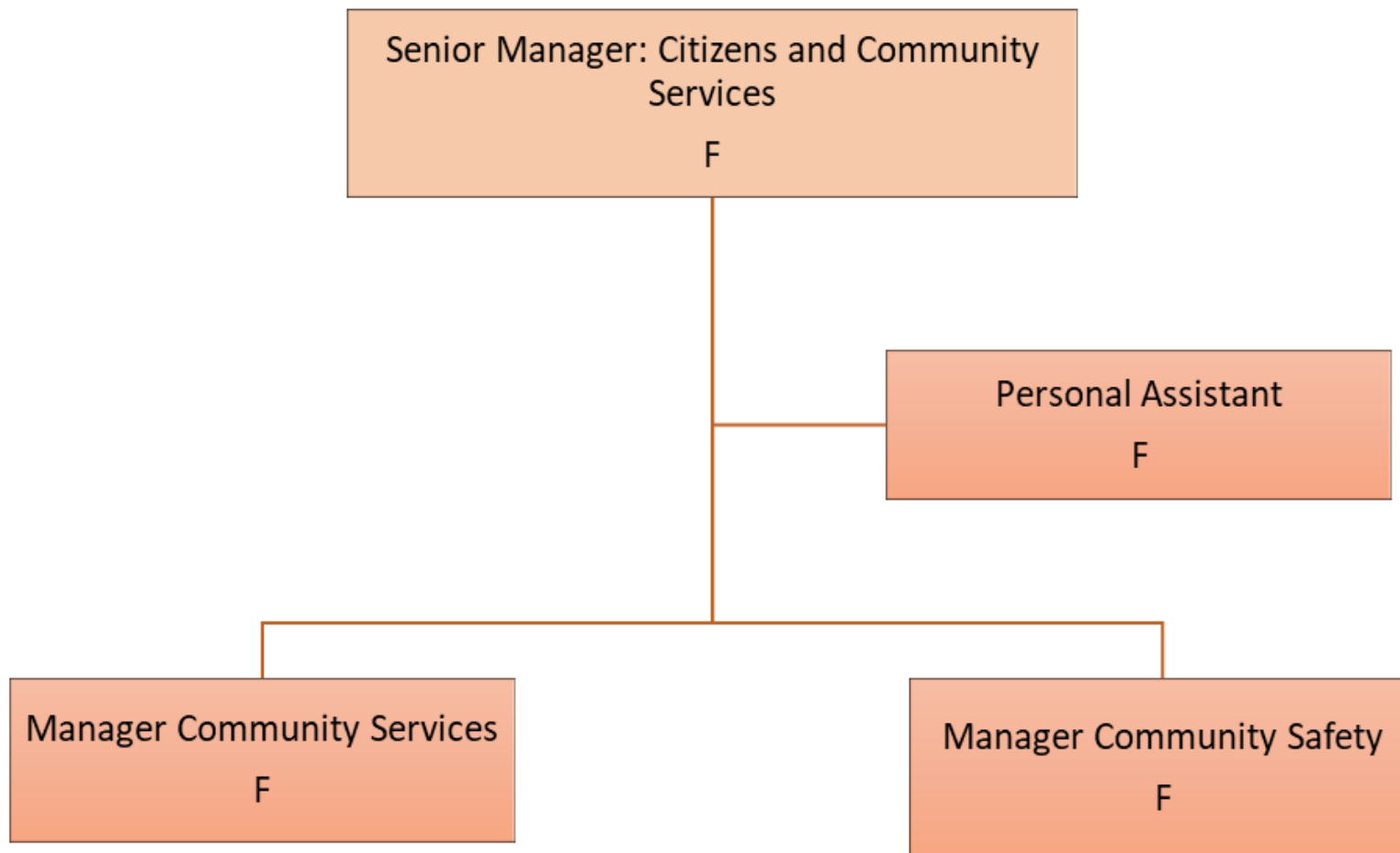


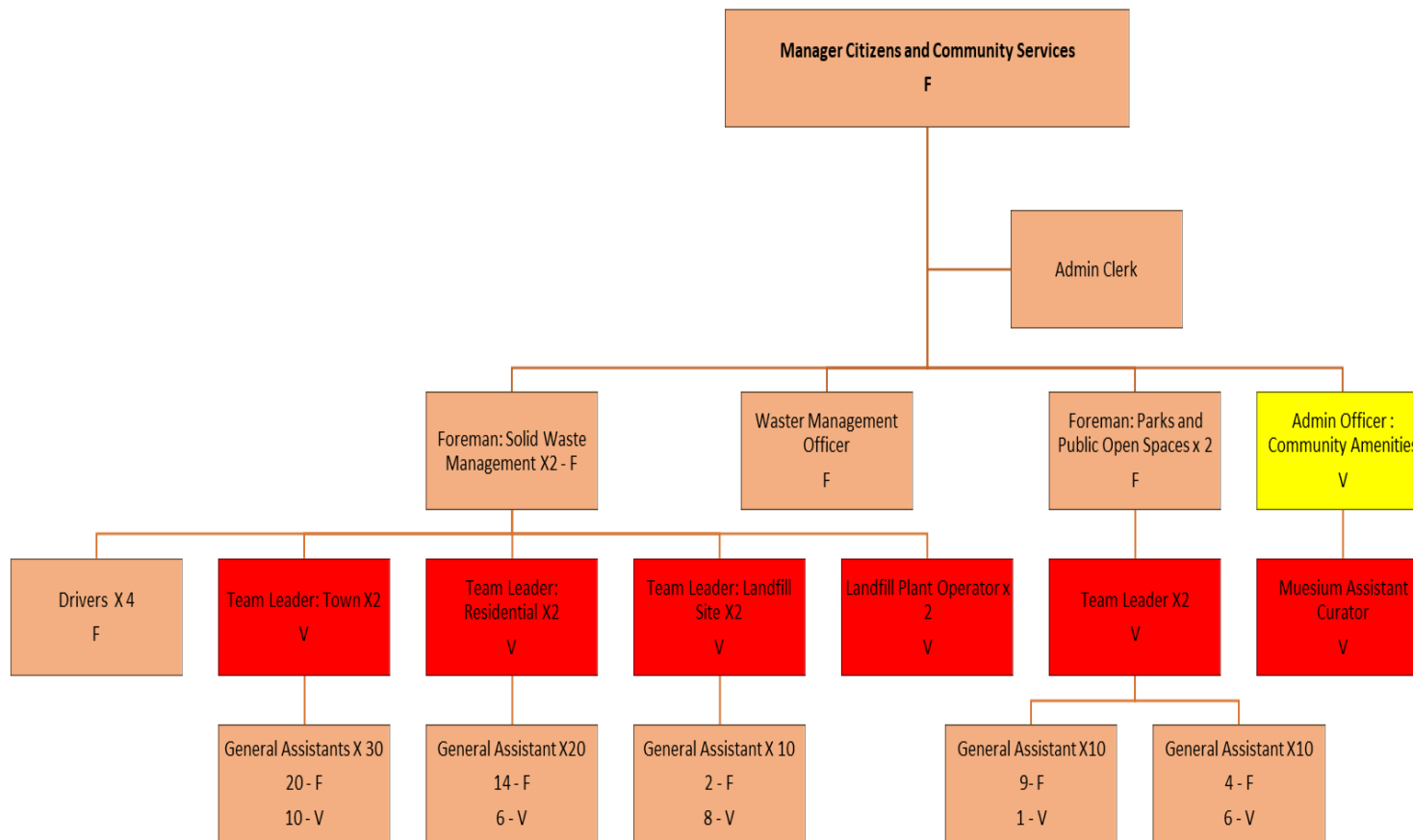
OFFICE OF THE MUNICIPAL MANAGER

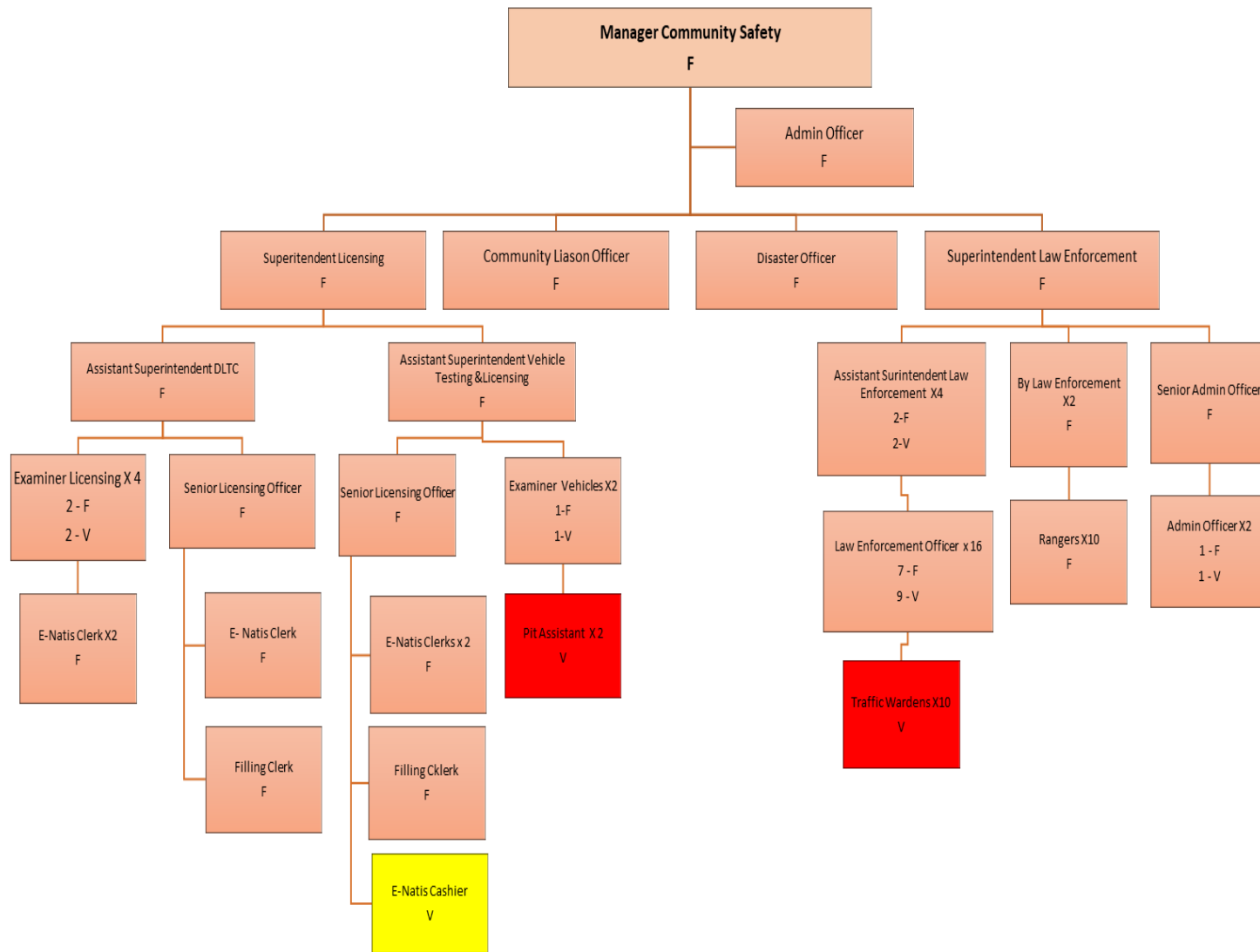
No of Posts: 09

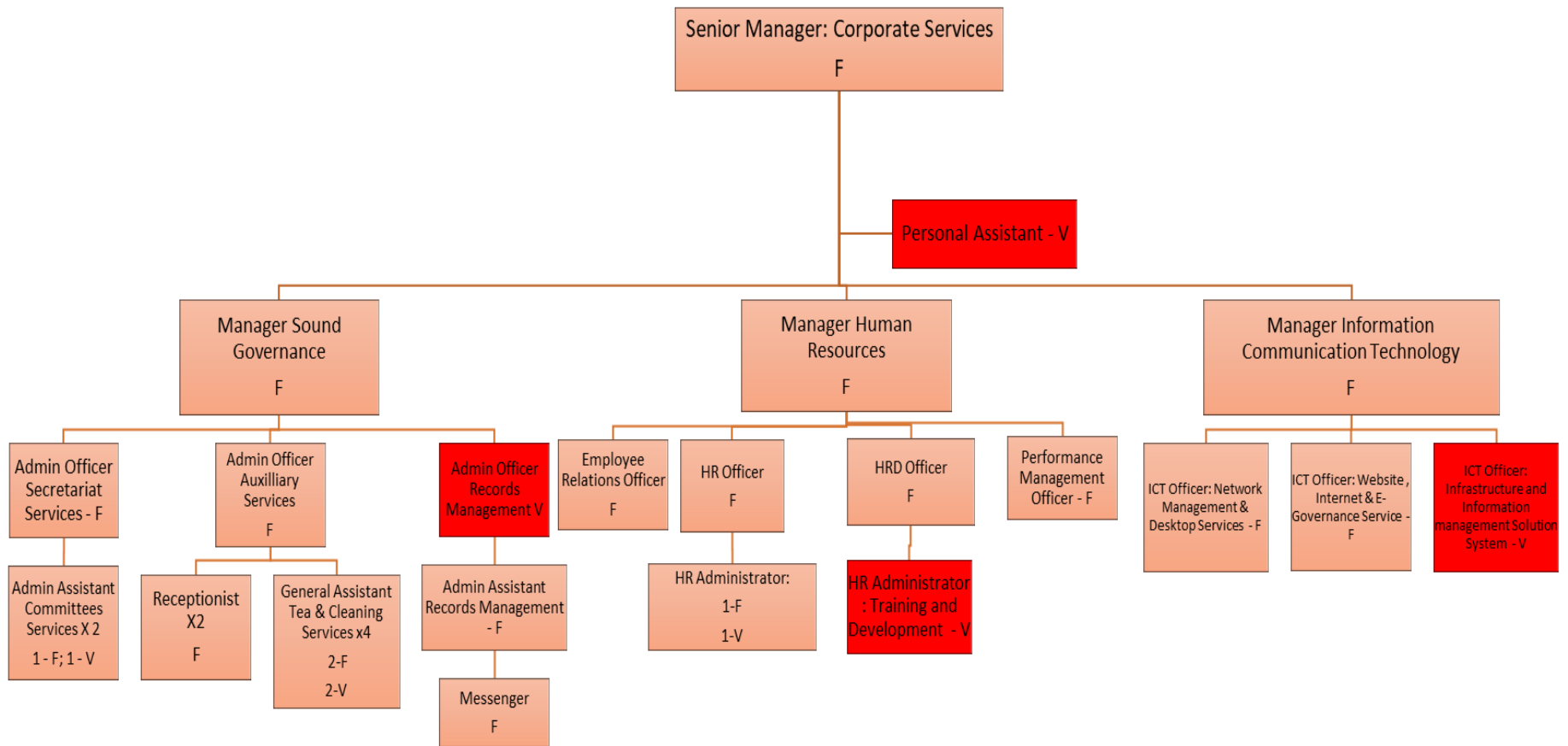


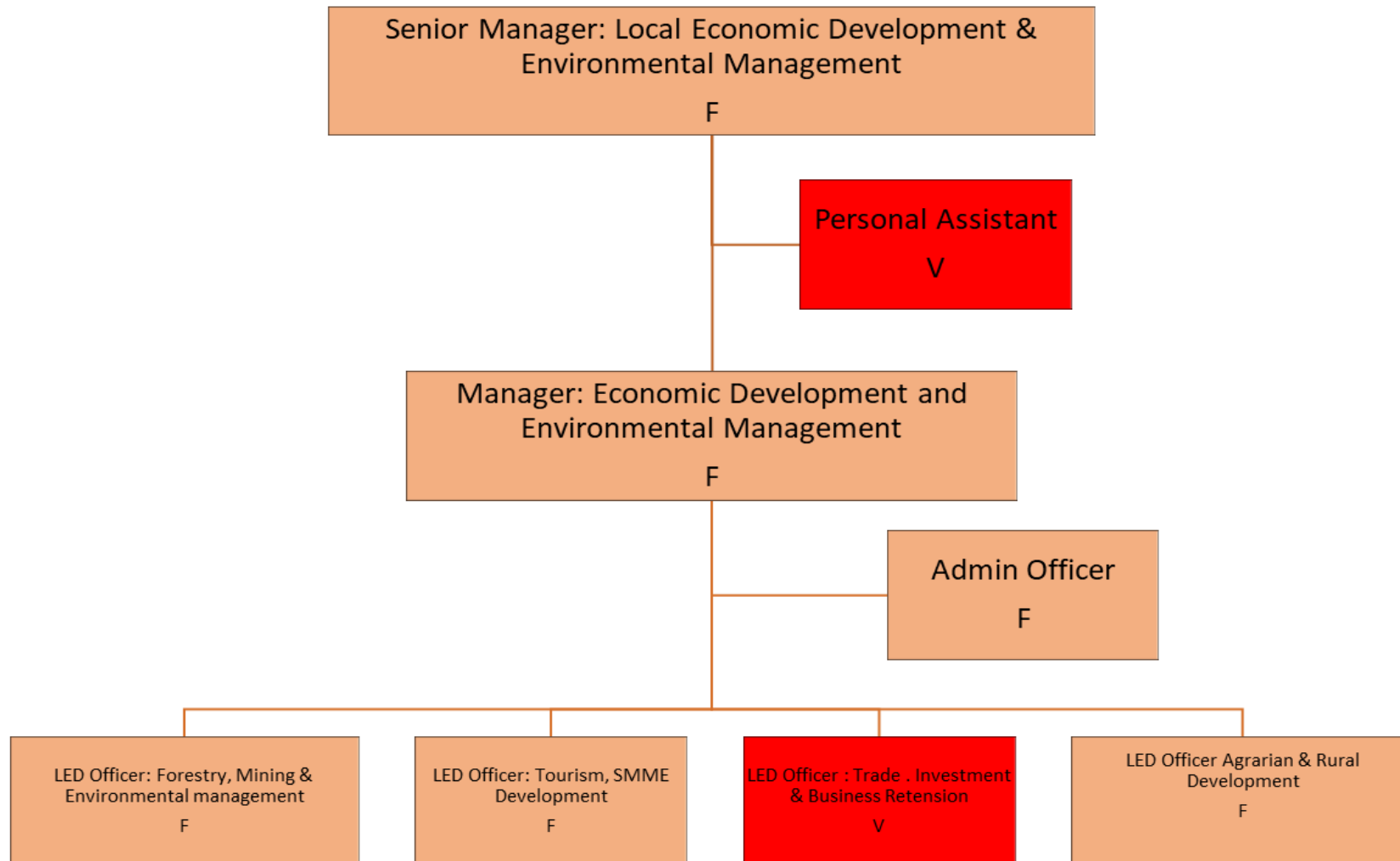


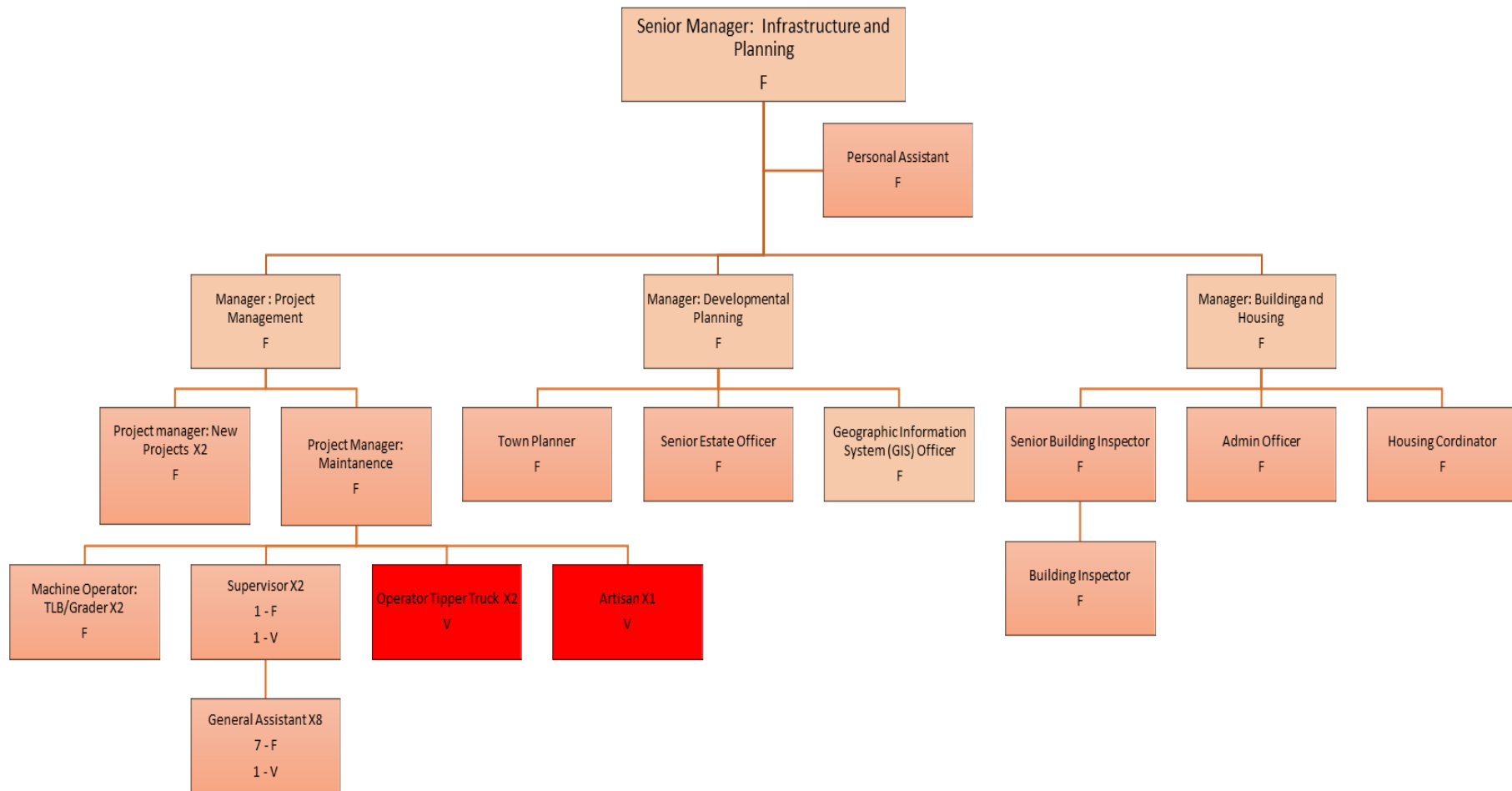


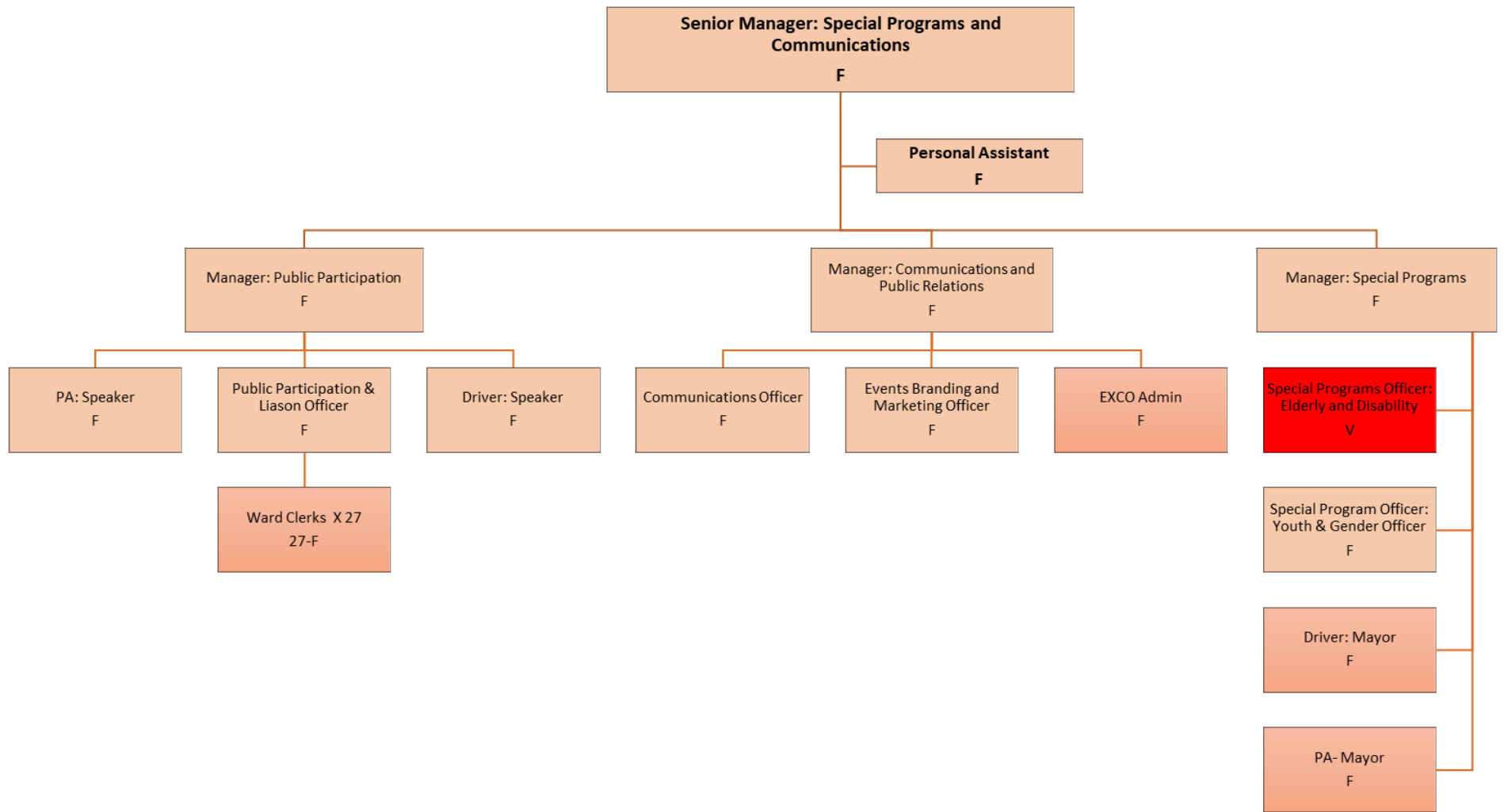












COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

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

On the 19 February 2021 – all employee were given vouchers as token of appreciation, and performance was rewarded and/or recognised as per the following categories (COVID-19 Regulations were observed):

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

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

| Skills Development Matrix | | | | | | | | | | |
|--|--------|--|-----------------|--------------|---|--------------|-------------------------|--------------|---------------|------------------|
| Management Level | Gender | Employees in posts as at 30 June 2020 | Learnerships | | Skills programmes and other short courses | | Other forms of training | | Totals | |
| | | | No of employees | Target 17/18 | Actual 17/18 | Target 18/19 | Actual 18/19 | Target 19/20 | Actual 19/20 | Target 2020/2021 |
| | | Municipal Manager &S57 managers | Female | 03 | 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 | | |
| 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 |

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 Adjusted Budget | 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 |

| | |
|--|---|
| | <ul style="list-style-type: none"> • 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. • Improved working relationship between all departments | <ul style="list-style-type: none"> • Theft • Incomplete Asset register due to weak relations with Infrastructure department • 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:-

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

| | Citizens and Community Safety | Executive and council | Budget and treasury office | Office of the Municipal manager | Infrastructure and Project management unit | Public safety | Road transport | Sport and recreation | Waste management | Total |
|--|-------------------------------------|--------------------------|-------------------------------|---------------------------------------|---|------------------|--------------------|-------------------------|---------------------|--------------------|
| 64. Segment information (continued) | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| Construction Work- inProgress | - | - | - | - | 2,634,993 | 1,786,674 | 49,558,232 | - | - | 53,979,899 |
| Intangible assets | - | - | 157,390 | - | - | - | - | - | - | 157,390 |
| Community assets | - | - | (11,209) | - | 875,937 | - | 6,208,717 | - | 1,396,196 | 8,469,641 |
| Computer Equipment | - | - | (88,132) | - | - | - | - | - | - | (88,132) |
| Electrical Infrastructure | - | - | - | - | - | - | 21,149,140 | - | - | 21,149,140 |
| Furniture and Office Equipment | - | (60,500) | 1,113,981 | - | - | 124,850 | 221,000 | - | - | 1,399,331 |
| Machinery and Equipment | - | - | - | - | - | 96,912 | - | - | 1,047,468 | 1,144,380 |
| Roads Infrastructure | - | - | (1,461,759) | - | - | - | 18,979,214 | - | - | 17,517,455 |
| Solid Waste Infrastructure | - | - | - | - | - | - | 265,581 | - | - | 265,581 |
| Other assets | - | - | - | - | - | - | 67,013,959 | - | - | 67,013,959 |
| Transport Assets | - | - | (1,237,923) | - | - | - | - | - | - | (1,237,923) |
| Total capital expenditure | - | (60,500) | (1,527,652) | - | 3,510,930 | 2,008,436 | 163,395,843 | - | 2,443,664 | 169,770,721 |
| Total capital expenditure of municipality | | | | | | | | | | 169,770,721 |

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 | | |
| COMMISION RECEIVED | | |
| REFUSE – INCOME | R 1 000 000 | R 1 210 121 |
| FUNERAL FEES | | |
| BASIC ELETRICITY | | |
| 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 complaint 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

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 ATTENDED | TOTAL NO OF MEETINGS ABSENT |
|-----|-----------------------|--------------|----------------|-------------------|-------------------|-----------------|------------------|------------------|-----------------|-----------------|------------------|------------------|---------------|-------------|-------------|--------------|--------------------------------------|-------------------------------|-----------------------------|
| 1. | Cllr S K M nukwa | 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 Nomaqaqa | 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 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | 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 Hlanekelela | 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 | NA | 1 | NA | 1 | 1 | 1 | 1 | 1 | 15 | 11 | 2 |
| 2. | Chief M Sogoni | A | NA | 1 | NA | NA | NA | NA | NA | NA | NA | 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 | NA | NA | NA | NA | NA | NA | NA | 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 | NA | NA | NA | NA | NA | NA | 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 | 9 | 9 | 0 |
| 6. Cllr U G Makanda | 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 | 9 | 6 | 3 |

| | | | | | | | | | | | | |
|---------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| 8. Cllr H Ngqasa | 1 | 1 | A | A | 1 | 1 | 1 | 1 | 1 | 9 | 7 | 2 |
| 9. Cllr N. Mnyayiza | 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 P.K Thingathinga | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 10 | 10 | 0 |
| 9. Cllr N.V Nomnganga | 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 Hlanekele | 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 |

did not sit on the 16 March due to quorum

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 | TOTAL NO OF MEETINGS |
|---------------------|--------------|--------------|--------------|---------------|----------------|-------------------|-------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|---------------|---------------|-------------|--------------|----------------------|----------------------|----------------------|
| 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 | TOTAL NO OF MEETINGS ATTENDED | TOTAL NO OF MEETINGS ABSENT |
|---------------------|----------------|----------------|------------------|---------------|---------------|----------------------|-------------------------------|-----------------------------|
| Cllr M. Tuku | 1 | NA | 1 | 1 | 1 | 5 | 4 | 1 |
| Cllr M. Ramabina | NA | NA | NA | NA | NA | 5 | 0 | 5 |
| 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 | TOTAL NO OF MEETINGS ATTENDED | 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 |
|---------------------|----------------|-------------------|-----------------|------------------|---------------|----------------------|-------------------------------|-----------------------------|
| Cllr S.A.N Cekeshe | NA | NA | NA | NA | NA | 5 | 0 | 5 |
| Cllr T. Sokhanyile | 1 | 1 | 1 | 1 | 1 | 5 | 5 | 0 |
| Cllr T. Nomkuca | 1 | NA | 1 | 1 | 1 | 5 | 4 | 1 |
| Cllr N. Tshalana | A | NA | NA | 1 | 1 | 5 | 2 | 3 |

| 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 & Communication | 10/06/2021 | 7 | 7 | 0 | 14 |
| 8. | Special LLF LLF | - 04/06/2021 | - 05 | - 05 | - 0 | - 10 |
| 9. | EE& SD | 05/05/2021 | 2 | - | - | - |

| | | | | | | |
|-----|---------------------|------------|----|----|---|-----|
| | TRAINING | 05/05/2021 | 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 | - | - | - | - |

C. Third Tier Management Structure

OFFICE OF THE MUNICIPAL MANAGER

- Manager –Mrs Celiwe Nenemba
- Manager IDP & PMS - Mr Zandisile Tyebisa
- Manager Internal Auditor – Ms Thabisile Novukela

BUDGET AND TREASUREY

- Deputy CFO – Mr Mveleli Ngxowa
- Manager Revenue and Dept Collection – Mr Lusapho Matshoba
- Manager Supply Chain Management – Mr Themba Mbukushe
- Manager Asset Management – Mr Siphosethu Jolo
- Manager Budget and Report – Mr Luthando Luzipho
- Manager Expenditure - Ms Nwabisa Majova

CITIZENS AND COMMUNITY SERVICES

- Manager Citizens and Community Services – Mr Asanda Mandlana
- Manager Community Safety- Mr Bongile Ntlamba

CORPORATE SERVICES

- Manager Sound Governance – Mr Mandisi Ngxekana
- Manager ICT- Mr Thozamile Funani
- Manager HR- Ms Nosisa Ndongeni

LOCAL ECONOMIC AND DEVELOPMENTAL MANAGEMENT

- Manager LED – Mr Azola Makhanda

SPECIAL PROGRAMMES AND UNIT

- Manager Public Participation- Ms Zukiswa Ndevu
- Manager Communications and Public Relations – Mr Khanya Kalashe
- Manager Special Programmes – Mrs Nontuthuzelo Shazi

INFRASTRUCTURE AND PLANNING

- Manager Project Manager – Mr Luvo Masinyane
 - Mr Lunga Maqalekana
 - Ms Yamkela Gxumisa
 - Ms Zilungile Qwane
- Manager Developmental Planning – Ms Siphosethu Jijana
- Manager Building and Housing- Mr Lakhe Mbozani

D. 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

E. 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.

F. Audit Corrective Action Plan

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-------------|--|----------|-----------------------------|--------------------------------------|---|--|----------------|------------------------------------|--|-------|----------------------|
| AFS and APR | Non submission of supporting schedules | 1 | Internal Control Deficiency | Financial and performance management | Inadequate review of the working paper file to ensure that all required information is submitted and agrees to what is reported. Lack of management review. | 1. Management will ensure that a thorough review of the working paper file accompanying the AFS and APR is performed. 2. The review will ensure that omission of any underlying schedules supporting information presented in the financial statements and the annual | CFO | (200)BTO - AFS | 31 March 2022 - Interims 31 August 2022 - AFS | NYTD | |
| | Differences between underlying schedules and AFS | | | | | | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | <p>performance report is detected and corrected in a timely manner prior submission of the AFS and APR to the Internal Audit and Auditor General.</p> <p>6. At 10 months perform do dry-runs of AFS</p> <p>7. Implementation of consequence management .</p> <p>8. Develop a template-workshop the team on the expectations-set up timeframes</p> | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-------------|---|----------|-----------------------------|--------------------------------------|---|---|---|------------------------------------|-------------|-------------|---|
| | | | | | | 9. Cummulative review on supporting schedules cummulatively. | | | | | |
| Expenditure | Contracted service overstated due to misclassification of operational expenditure | 2 | Internal Control Deficiency | Financial and performance management | Inadequate review of financial information after it has been captured onto the financial system to ensure correct classification of transactions. | 1. Management will revisit all expenditure line items to identify all misallocations. 2. Reclassification Journals will be prepared and processed after adjustment budget has been approved and loaded on the system 3. | M: Budget and Treasury M: Expenditure CFO | (200)BTO-BUDGET & REPORTING | 31-Mar-22 | In Progress | 1.Mislocations identified. 2. Adjustment budget currently adjusted in line expenditure s planned and already incurred. 3.No acquisition using correct budget are being approved. 4. Ammendments made to Policy and |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|-----------|-----------------|--------------------|------------|--|-----------------|------------------------------------|-------------|-------|--|
| | | | | | | <p>Management will correct its budgeting in the adjustment budget in line with the planned and already incurred expenditure.</p> <p>4. Going forward Management will not confirm any budget on requisition if incorrect budget item is being transacted against.</p> <p>5. Managment will amend the Budget and Virement Policy to ensure</p> | | | | | <p>are going to Council with adjustment budget.</p> <p>5. Reclassificati on journals to be processed after budget approved and locked on the system.</p> |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|----------------------------|---|----------|---------------------------------------|--------------------------------------|---|--|----------------------------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | compliance to mSCOA framework and the amended policy will inform the budget process and reporting requirements going forward. 6.Update the Accounting Policy. .7.Engage through the CFO Forum (Technical view) and guidance by National and Provincial Treasury. | | | | | |
| Operating lease receivable | Amount presented in the annual financial statements is not accurate | 7 | Misstatements in Financial Statements | Financial and performance management | Inadequate review of the operating lease calculations | 1. The Manager: Revenue to do monthly billing of tenants for | Manager - Revenue DCFO CFO | (200)BTO-REVENUE | Ongoing | | |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|-----------|--|--|---------------|---|-----------------|------------------------------------|---------------|-------|----------------------|
| Revenue | Straight-lined operating lease amount is not accurate | | Misstateme nts in Financial Statements | Financial and performan ce managemen t | by management | all operating leases 2 .The Manager: Revenue to ensure completeness of the lease agreements as included in the calculation to the signed valid lease agreements. 3.All monthly biling to be reviewed by DCFO/CFO. 4.The Manager: Revenue to perform the straightlining calculation at year end and necessary journals posted after approval from | | | 31 March 2022 | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|--|--|----------|---------------------------------------|--------------------------------------|---|---|------------------------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | CFO/DCFO. 5. Perform monthly reconciliations- Revenue Manager 6. Training | | | | | |
| Receivables from exchange transactions | Government accounts incorrectly included in impairment balance | 9 | Misstatements in Financial Statements | Financial and performance management | This was caused by an incorrect application of the debt management policy by the municipality. This is due to non-adherence to the Debt Management Policy when preparing annual financial statements. | 1. The Manager :Revenue to calculate impairmentn at year end based on payment history as per the approved Council Policy. 2. Manager Revenue to ensure that no Government accounts are impaired through use of Excel techniques, such as | Manager - Revenue - DCFO CFO | (200)BTO-REVENUE | 31-Jul-22 | | |
| Receivables from non-exchange transactions | Government accounts incorrectly included in impairment balance | | | | | | | | | | |
| | Impairment losses disclosed in note 38 do not agree to | | | | | | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|----------|----------------|-------------------|---------------------------|--|----------------|------------------------------------|-------------|-------|----------------------|
| | movement disclosed in reconciliation under note 6 | | | | the financial statements. | <p>filtering, Vlookups, Sumifs, e.t.c.</p> <p>3. Manager Revenue to provide the analysis to the DCFO for review prior to effecting the journals for impairment on the system.</p> <p>3. The final impairment calculation to be reviewed by CFO for accuracy on monthly basis</p> <p>4. When reviewing IFS and AFS, CFO to ensure the Note for Impairment Losses is split between</p> | | | | | |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|------------------------|---|-----------|--|-----------------------------|--|--|--------------------------------|------------------------------------|-------------|-------|--|
| | | | | | | exchange and Non-exchange and also the amount disclosed agrees to the Movement in the Provision. | | | | | |
| Employee related costs | Expense recorded as a negative amount () | 10 | Misstateme nts in Financial Statements | Internal control deficiency | This is as a result on inadequate reviews of the financial statements. | 1. Manager Expenditure to review and confirm there are no negative amounts disclosed in the Interim FS and AFS. 2. Manager: Expenditure to ensure all journals processed to expenditure accounts are transacted against the correct line items. | Manager: Expenditur e DCFO CFO | (200)BTO- EXPENDITURE | Monthly | | Journals processed are being reviewed and accounts used are confirmed. |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|-----------|---------------------------------------|-----------------------------|--|--|-------------------------------|------------------------------------|-------------|--------------------|---|
| | | | | | | 3. DCFO prior to approving any journals to review and confirm correctness of the accounts being transacted on. 4. Perform monthly reconciliation 5. Correct the interface journal from month one 2021/2022. 6. Final review to be performed by the CFO. | | | | | |
| | Payroll does not agree to general ledger due to misclassification of overtime | | Misstatements in Financial Statements | Internal control deficiency | This was caused by the fact that management did not analyses in full whether the | 1. The Manager: Expenditure to review and ensure that the correct amounts are | Manager: Expenditure DCFO CFO | (200)BTO-EXPENDITURE | Monthly | In Progress | Payroll reconciliations are prepared and reviewed monthly. The recons |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|-----------|-----------------|--------------------|---|---|-----------------|------------------------------------|-------------|-------|--|
| | | | | | description of the items were distinguished clearly as well as the amount is recorded in the correct account when preparing the general ledger (Incorrect mapping of accounts). | disclosed in the monthly FS is in line with the payroll amounts on a monthly basis. 2. Deputy CFO to review the monthly recons to ensure the correct amounts are paid and recorded in the financial system. 3. CFO to review annually that the amounts disclosed in the AFS agrees with the Payroll amounts prior to submission | | | | | prepared form basis for the disclosure in the IFS and AFS. |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------------------|---|----------|---------------------------------------|--------------------------------------|--|---|----------------|------------------------------------|---|-------|----------------------|
| | | | | | | of IFS and AFS for Audit. | | | | | |
| Segment Information | Misstatements identified on segment information and disclosure is not complying with GRAP 18 requirements | 11 | Misstatements in Financial Statements | Financial and performance management | This is a new standard and the note was prepared by a consultant and then reviewed by the Municipality management. The issues raised results from the different interpretations and understanding of the new standard. | 1. DCFO will ensure that the segment information disclosure is in accordance with the GRAP 18 requirements and that amounts disclosed agree to amounts presented in the statement of financial performance and position. 2. BTO Managers will attend | DCFO CFO | (200)BTO - AFS | 31 March 2022 - Interims 31 August 2022 - AFS Traing before 30 June 2021 | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---|--|----------|---------------------------------------|--------------------------------------|--|--|----------------------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | GRAP training so to know and understand all new standards affecting the municipal reporting. 3. Identify the applicable standard - Interim Financial statements | | | | | |
| Receivables from non-exchange transaction | Comparative information is not accurate - Impairment | 12 | Misstatements in Financial Statements | Financial and performance management | This was caused by lack of adequate management review of schedules supporting the annual financial statements. | 1. The Manager :Revenue to calculate impairmentn at year end based on payment history as per the approved Council Policy. 2. Manager Revenue to ensure that | Manager - Revenue DCFO CFO | (200)BTO-REVENUE | 31-Jul-22 | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | <p>no Government accounts are impaired through use of Excel techniques, such as filtering, Vlookups, Sumifs, e.t.c.</p> <p>3. Manager Revenue to provide the analysis to the DCFO for review prior to effecting the journals for impairment on the system.</p> <p>4. Impair on monthly basis</p> <p>3. The final impairment calculation to be reviewed by CFO for</p> | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------------------------------|----------|---------------------------------------|--------------------------------------|---|--|--|------------------------------------|-------------|-------|--|
| | | | | | | accuracy. 4. When reviewing IFS and AFS, CFO to ensure the Note for Impairment Losses is split between exchange and Non-exchange and also the amount disclosed agrees to the Movement in the Provision. | | | | | |
| PPE | Differences between AFS and FAR | 14 | Misstatements in Financial Statements | Financial and performance management | Inadequate review of the financial statements against supporting schedules to ensure that the amounts presented agree to the amounts in | 1. Manager Assets to fasttrack the migration and proper functioning of the FAR on Munsoft Asset Sub ledger to ensure the | Manager: Asset Management DCFO CFO | (200)BTO - SCM & ASSET MANAGEMENT | 31-Mar-22 | | Munsoft Developers are currently fixing errors experienced by ULM when calculating monthly depreciation on the system. |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|----------------------|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | the asset registers. | <p>system is able to produce a correct and accurate FAR.</p> <p>2. Manager Assets to compare the TB, Munsoft FAR to AFS and Excel FAR to ensure there are no differences.</p> <p>3. Annual review of the AFS to be performed by CFO prior to submission to IA and AC.</p> <p>4. Roll forward on Excel only the Cost of an asset</p> | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|----------|---------------------------------------|--------------------------------------|--|---|---------------------------|------------------------------------|-------------|-------------|--|
| | Loss on disposal amount is not accurate | | Misstatements in Financial Statements | Financial and performance management | Inadequate review of financial statements to ensure accuracy of amounts disclosed. | 1. Manager: Assets to investigate the amount as the difference was due to Intangible Asset Note in the AFS not reflecting the disposal amount hence the difference. 2. Manager Assets to fasttrack the migration and proper functioning of the FAR on Munsoft Asset Sub ledger to ensure the system is able to produce a correct and accurate FAR. | Manager: Asset Management | (200)BTO - SCM & ASSET MANAGEMENT | 31-Mar-22 | In Progress | Munsoft Developers are currently fixing errors experienced by ULM when calculating monthly depreciation on the system. |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------------------------------------|----------|---------------------------------------|--------------------------------------|---|---|-------------------------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | 3. Manager Assets to compare the TB, Munsoft FAR to AFS and Excel FAR to ensure there are no differences. 4. Annual review of the AFS to be performed by CFO prior to submission to IA and AC. | | | | | |
| | WIP - Misstatements identified on WIP | | Misstatements in Financial Statements | Financial and performance management | 1. Management oversight when reviewing the work-in progress register to ensure the project amounts in the register are correct. | 1. Manager Assets to perform an overhaul on the WIP register and ensure that all projects contained in WIP are supported by payment vouchers. | Manager: Asset Management CFO | (200)BTO - SCM & ASSET MANAGEMENT | Ongoing | | <i>In Progress</i> |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | <p>2. CFO and Senior Manager: Infra and Planning to facilitate the donation of the INEP completed projects that are still in WIP before year end.</p> <p>3.The DCFO to perform monthly reviews on the WIP to ensure that all projects included in WIP are still WIP projects.</p> <p>4.Manager : Assets to transfer out all completed projects as soon as a project is complete</p> | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|------------------------|--|----------|---------------------------------------|--------------------------------------|---|---|-----------------------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | and a Practical completion certificate has been issued. 5. CFO to review for accuary and completeness of WIP. | | | | | |
| Contingent liabilities | Case is duplicated in disclosure note 51 | 15 | Misstatements in Financial Statements | Financial and performance management | This was caused by the fact that management did not analyses in full whether the municipality is certain about the amounts which will be paid as well as the timing of the payments | 1. The Manager in the Office of MM to timeously request the confirmation for contigent liabilities after year end and provide the information to the DCFO. 2. Manager: OMM to review and | Manager: OMM DCFO CFO | (204)MUNICIPAL MANAGER | 31-Jul-22 | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|----------|---------------------------------------|--------------------------------------|--|---|----------------|------------------------------------|-------------|-------|----------------------|
| | Cases confirmed by attorneys are not disclosed in note 51 | | Misstatements in Financial Statements | Financial and performance management | This is as a result of inadequate review of commitment register. | confirm that all contingent liabilities are included in the AFS using the confirmations provided by the Attorneys. 3. Manager: OMM to request all attorneys to send information to ULM for confirmation prior to sending to it External parties. 4. Final review to be performed by the CFO . 5. Engage with panel of attorneys , agree on | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|------------------------------------|---|----------|---------------------------------------|--------------------------------------|--|---|-------------------------------------|------------------------------------|--|-------|----------------------|
| | | | | | | amounts to be disclosed on AFS , and update the register. 6. Continuously monitoring litigation matters and update the register on monthly basis. 7. The reporting template to be aligned with what is expected by AGSA. | | | | | |
| Statement of changes in Net Assets | Statement of changes in Net Assets is misstated | 16 | Misstatements in Financial Statements | Financial and performance management | The error is on the previously reported accumulated surplus which then affected the prior year error restatement amount. | 1.The CFO/DCFO to review the Statement of changes in Equity calculation. 2. CFO/DCFO to ensure that the calculation is | Chief Financial Officer/ Deputy CFO | (200)BTO - AFS | 31 March 2022 - Interims 31 August 2022 - AFS | NYTD | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|--|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | Controls over daily and monthly processing and reconciling of transactions were not properly implemented | properly done and any changes as suggested from the reviewal above are properly effected. 3. The calculation will also be submitted to IA and AC prior to submission to AGSA. | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---|--|----------|---------------------------------------|--------------------------------------|---|--|---------------------------|---------------------------------------|-------------|-------------|-----------------------------------|
| Receivables from non-exchange transaction | Receivables from non-exchange transactions: Traffic fines are not complete | 17 | Misstatements in Financial Statements | Financial and performance management | Management did not review financial information for completeness after it was captured into the financial system. | 1. Traffic fines captured to be filled sequentially (months, ticket serial numbers), reviewed by Manager Community Safety for validity & completeness 2. Manager Community Safety to perform weekly and monthly reconciliation of traffic fines by agreeing what is on Captured Spreadsheet to what Traffic fines | Manager: Community Safety | (207)CS-CITIZENS & COMMUNITY SERVICES | Monthly | In Progress | Monthly Recons are being prepared |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|--|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | <p>book for completeness.</p> <p>3. Manager Community Safety to update the Traffic Fiine spreadsheet for weekly basis (cancellations by the Court)</p> <p>4. Cancelled tickets to be recorded on a separate document with reasons for cancellation, and Manager Community Safety to authorise all cancelled tickets.</p> <p>5. Manager Community to submit</p> | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | <p>traffic register (with reconciliations) with supportting evidence to Manager Revenue</p> <p>6. Manager Revenue to reperform the reconciliation of traffic fines on weekly and monthly basis before revenue recognition.</p> <p>7. The final review on monthly revenue recognition be performed by DCFO</p> | | | | | |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---|---|-----------|--|--|---|--|-------------------|------------------------------------|-------------|-------|----------------------|
| Payables from non-exchange transactions | Payables from non-exchange transactions: Difference between listing and AFS (Advance Payments) | | Misstateme nts in Financial Statements | Financial and performan ce managemen t | No Oversight by management in ensuring that supporting schedules are adequately reviewed. | 1. Manager Revenue to overhaul the advance payments balance and confirm the correct amount for advance payments that can be supported. 2. Manager: Revenue to propose journals to reallocate amounts not belonging to this account and correct for prior year where necessary. 3. Manager: Revenue to ensure amount is split between advance | Manager - Revenue | (200)BTO-REVENUE | 31-Mar-21 | | |
| | Payables from non-exchange transactions: Listing of debtors with credit balances is not complete (Advance Payments) | | Misstateme nts in Financial Statements | Financial and performan ce managemen t | Inadequate review of supporting schedules to ensure that transactions are accurately and completely recorded. | | | | | | |

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| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-----------------------------|---|----------|---------------------------------------|--------------------------------------|--|--|---|------------------------------------|-------------|-------|----------------------|
| | | | | | | payments relating to Exchange and those relating to Non-exchange transactions. 4. The above exercise is to be submitted to DCFO and CFO for review. | | | | | |
| Remuneration of councillors | Allowances not included in the amount of remuneration of councillors presented and disclosed in AFS | 18 | Misstatements in Financial Statements | Financial and performance management | Oversight by management in ensuring that information recorded is accurate. | 1. Manager: Expenditure to review on monthly basis, that transfer of funds in employees and councilors payroll accounts from payday to Munsoft to confirm that the | Manager: Expenditure DCFO CFO | (200)BTO-EXPENDITURE | 30-Jun-21 | | <i>In Progress</i> |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | <p>damounts post correctly on Munsoft and are accurate and correctly disclosed.</p> <p>2. Manager: Expenditure on a monthly basis to receive schedule of payments made to Vodacom for Councilor cellphone contracts and propose a journal to move the amount from telephone expense to Councilor allowances.</p> <p>3. Manager: Expenditure to review the</p> | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|----------|-----------------------------|--------------------------------------|--|---|----------------|------------------------------------|--|-------|----------------------|
| | | | | | | disclosure notes on remuneration of public office bearers to ensure the amounts disclosed are as per the Gazzete. 4. The DCFO to review all the above. 5. Perform Monthly reconciliations | | | | | |
| | Councilors are not fully disclosed in the AFS | | Internal Control Deficiency | Financial and performance management | Omission of information was due to human error | Management will ensure through proper reviews that all councilors that are serving in the municipal council are disclosed and details of whether the | CFO | (200)BTO - AFS | 31 March 2022 - Interims 31 August 2022 - AFS | NYTD | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-------------|--|----------|---------------------------------------|--------------------------------------|--|--|------------------------------|------------------------------------|--|-------|----------------------|
| | | | | | | councilor passed away or was sworn in during the year is disclosed for transparency . | | | | | |
| Disclosures | <u>1. Statement of comparison of budget and actual amounts is misstated</u> 1.1 No explanations of material variances between budgeted and actual amounts | 19 | Misstatements in Financial Statements | Financial and performance management | This due to lack of reviews of annual financial statements for accuracy and completeness. Financial statements were not properly reviewed to detect inconsistencies. | 1. The Manager B&R to review and confirm amounts disclosed in the monthly FS agree to the approved budget and the actual amounts as disclosed agree with the amounts | Manager Budget and Reporting | (200)BTO- BUDGET & REPORTING | 31 March 2022 - Interims 31 August 2022 - AFS | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|--|----------|-----------------------------|-------------------|---|---|----------------|------------------------------------|-------------|-------|----------------------|
| | 1.2 There is an overall difference of R320 021 between actual amounts on a comparable basis disclosed in the statement of comparison of budget and actual amounts and the amounts in the statement of financial performance as a result of finance costs not included in the statement audited | | Internal Control Deficiency | | es between the budget statement and the other financial statements. | in the face of the AFS. 2. Manager B&R to ensure that all material variances are referenced and a reason is provided such varaince. 3. Final review to be performed by the CFO prior to submission of AFS to IA and AG. | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|----------|---------------------------------------|-------------------|------------|------------------|----------------|------------------------------------|-------------|-------|----------------------|
| | 1.3 Actual amounts in respect of the line items in TABLE 2 below as included in the statement of comparison of budget and actual, on pages 10 and 11 of the annual financial statements, do not agree to the figures presented in the statement of financial position | | Misstatements in Financial Statements | | | | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|--|----------|-----------------------------|-------------------|------------|------------------|----------------|------------------------------------|-------------|-------|----------------------|
| | 1.5 There are no explanations of material variances between budgeted and actual amounts for the line items in TABLE 3 below, in addition, there are differences noted between actual amounts included in the statement of comparison of budget and actual amounts and actual amounts presented in the cash flow statement. | | Internal Control Deficiency | | | | | | | | |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|-----------|--|--|--|--|--|------------------------------------|---|-------|----------------------|
| | <p><u>2. Cash Flow statement: Differences noted on cash flow statement</u></p> <p>2.1 While re-performing the cash flow statement we noted the following differences - depicted in TABLE 1 below - between cash flow statement presented in the annual financial statements and recalculated amounts:</p> | | Misstateme nts in Financial Statements | Financial and performan ce managemen t | Some cash flow items are accounted for on accrual basis and there are cash flow items not reflected in the cash flow statement | <p>1.The CFO/DCFO to review the Cash flow calculation.</p> <p>2. CFO/DCFO to ensure that the calculation is properly done and any changes as suggseted from the reviewal above are properly effected.</p> <p>3. The calculation will also be submitted to IA and AC prior to submission to AGSA</p> <p>4. Reviewer</p> | <p>Chief Financial Officer</p> <p>Deputy CFO</p> | (200)BTO - AFS | <p>31 March 2022 - Interims</p> <p>31 August 2022 - AFS</p> | NYTD | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|--|----------|----------------|-------------------|------------|--|----------------|------------------------------------|-------------|-------|----------------------|
| | 2.2 The operating activities reconciliation does not agree to the reconciliation per financial statements. There is also an unexplainable difference identified which resulted into the recalculated reconciliation balance to not agree to the net cash flow from operating activities as reflected in the face of cash flow statement: | | | | | course. 5. Review the current template and correct the mapping. | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|----------|---------------------------------------|--------------------------------------|---|---|----------------|------------------------------------|--|-------|----------------------|
| | 3. Prior year adjustment note is not complete | | Misstatements in Financial Statements | Financial and performance management | Oversight by management in ensuring that GRAP requirements are complied with. | 1. Management will ensure that a thorough review of the AFS and working paper files accompanying the AFS and APR is performed. 2. The review will ensure that errors in the financial statements are detected and corrected in a timely manner prior submission of the AFS and APR to the Internal Audit and Auditor General. | CFO | (200)BTO - AFS | 31 March 2022 - Interims 31 August 2022 - AFS | | |
| | 4. Prior period adjustment: Restated amounts in Note 62 do not agree to note 5 and 6 and face of financial position | | | Financial and performance management | The cause of the finding is due to typing error by the preparer of annual financial statements. | | | | | | |

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| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|--|----------|---------------------------------------|--------------------------------------|--|---|-------------------------|------------------------------------|--------------|-------|----------------------|
| | 5. Contingent assets : Contingencies disclosed not confirmed by lawyers | | Internal Control Deficiency | Financial and performance management | Attorneys did not include the cases to the confirmations they sent to the auditors but to the confirmation sent to the client they were included hence disclosed on the AFS. | 1. The Manager in the Office of MM to timeously request the confirmation for contingent liabilities after year end and provide the information to the DCFO. 2. Manager: OMM to review and confirm that all contingent liabilities are included in the AFS using the confirmations provided by the Attorneys. 3. Manager: OMM to request all | Manager: OMM CFO | (204)MUNICIPAL MANAGER | 31 July 2022 | NYTD | |
| | 6. Contingent liabilities: Misstatements identified on contingent liabilities | | Misstatements in Financial Statements | Financial and performance management | Inadequate review of correspondence with lawyers to ensure that closed and finalised cases are not disclosed as contingencies. Management received confirmation | | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|--|--|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | s with different amounts that those received by auditor. | attorneys to send information to ULM for confirmation prior to sending to it External parties. 4. Engage with panel of attorneys , agree on amounts to be disclosed on AFS , and update the register. 5. Continuously monitoring litigation matters and update the register on monthly basis. 6. The reporting template to be aligned with what is | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|--|----------|--|-------------------------------------|--|---|-------------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | expected by AGSA. 7.Final review to be performed by the CFO . | | | | | |
| | 7. Related parties: Related party transactions not disclosed in financial statements | | Non-Compliance with Laws and Regulations | Review and Monitoring of Compliance | Management indicated that the cause of the issue is because of the interpretation of the requirements of the Municipal Systems Act which states that they must only be disclose when the | 1. Manager Revenue when reporting on Section 71 debt owed by Councillors to also include debt owed by other related parties. 2. Manager: Revenue to make follow ups with all the related | Manager - Revenue | (200)BTO-REVENUE | 31-Mar-22 | | |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|--|-----------|--|-------------------------------------|---|--|--------------------------|------------------------------------|--|-------|----------------------|
| | | | | | debtor is more than 90 days. | parties to ensure these debts are settled. 3. If amount reflecting as owing is not accurate, Manager Revenue to review the accuracy of the data and ensure data cleansing is done on the debtors. | | | | | |
| | 8. Non-compliance with SCM Regulation 45 | | Non-Compliance with Laws and Regulations | Review and Monitoring of Compliance | Management disclosed the amounts for regulation 45 under Related party transactions | 1. Manager SCM should familiarize themselves with all relevant regulations and ensure complete disclosure of transactions in the annual financial statements. | Manager - SCM CFO | (200)BTO - SCM & ASSET MANAGEMENT | 31 March 2022 - Interims 31 August 2022 - AFS | NYTD | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---|----------|---------------------------------------|--------------------------------------|---|--|---------------------------------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | 2. The CFO to perform review. 3. SCM to present the updated Related Parties register to BAC 4..BAC consider the implications as per the Related Parties Report | | | | | |
| | 9. Completeness of bad debts written off could not be confirmed | | Misstatements in Financial Statements | Financial and performance management | Lack of management review of schedules supporting the annual financial statements | 1. CFO to present to Council any write-offs where necessary so to ensure that the correct debtors balance in the Revenue sub ledger and the Age | Manager - Revenue Manager- OMM | (200)BTO-REVENUE | 30-Jun-22 | | NYTD |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|-----------------|--------------------|--------------------------|------------|---|--------------------|--|----------------|-------|-------------------------|
| | | | | | | analysis agree and are supported. 2. Manager Revenue to ensure that all items for write offs submitted for Council approval are quantified for ease of reference by a third party. 3. The approved written off amount to be journalised on the system after the proposed journal has been prepared by Manager Revenue and approved by | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|------------|----------------------|----------|--|-------------------------------------|--|---|-------------------------------------|------------------------------------|-------------|-----------|---|
| | | | | | | CFO/DCFO. 4. Include a standard clause for all municipal contracts that the services provider must provide all ULM informationn at the end of the contract/ as and when it is required | | | | | |
| Compliance | SDBIP Non Compliance | 20 | Non-Compliance with Laws and Regulations | Review and Monitoring of Compliance | Lack of oversight by management to ensure that laws and regulations are complied with. | Reflection of monthly operational & capital budget expenditure projections by vote. 2. Submit to IA for assurance prior to Council | Manager: IDP/PMS Manager: IA | (204)MUNICIPAL MANAGER | 31-Mar-22 | Completed | Monthly Capex & Opex by vote already inserted in the Draft Adjusted SDBIP for the current financial year. |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-------------------------------------|--|----------|-----------------------------|--------------------------------------|--|---|--|------------------------------------|-------------|-------|----------------------|
| AOPO | Non submission of supporting schedules | | Internal Control Deficiency | Financial and performance management | Management could not provide portfolio of evidence files for reported performance in the automated PMS System within the stipulated timelines. | Provision of sufficient POE Files to substantiate reported performance | Manager: IDP & PMS and Senior Managers | (204)MUNICIPAL MANAGER | 31-Mar-22 | NYTD | |
| Procurement and Contract Management | 1. Information on local content not submitted to DTI | | | Review and Monitoring of Compliance | Oversight by management to ensure that laws and regulations applicable to the municipality are complied with | Manager SCM will ensure that the awards that meet the Local Content requirements are submitted to DTI as per the National Treasury instruction notes requirements (Post Award and | Manager: SCM | (200)BTO - SCM & ASSET MANAGEMENT | Ongoing | NYTD | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|--|----------|--|-------------------------------------|---|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | Reporting Requirements section). | | | | | |
| | 2. Goods procured at prices higher than NT recommended price | | Non-Compliance with Laws and Regulations | Review and Monitoring of Compliance | Management did not review the quotes received against the National Treasury recommended prices. | Manager: SCM will ensure that prices charged for the supply of goods in relation to COVID are aligned with the approved National Treasury price listing. 2. Determine the impact of the finding in the current fin year. 3. Regularize it | Manager: SCM | (200)BTO - SCM & ASSET MANAGEMENT | Ongoing | | |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|------------|---|-----------|-----------------------------|--------------------------------------|---|---|-----------------|------------------------------------|-------------|--------------------|--|
| Compliance | 3. Progress reports and or site minutes for evidence of monitoring of contractors not submitted | | Internal Control Deficiency | Financial and performance management | This is as a result of improper record keeping in terms of collecting information to be kept on one file therefore it makes it difficult to retrieve the information when it is needed. | 1. Manager SCM to prepare a template to be used for reporting and Manager to request section MFMA 116 reports from all directorates monthly. 2. Manager SCM will ensure that information is properly filed and easily retrievable on request. 3. the Progress reports will be made a standing item on all MANCO meetings to | Manager: SCM | (200)BTO - SCM & ASSET MANAGEMENT | Ongoing | <i>In Progress</i> | A template for reporting has been developed and monthly reports are being requested. |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-------------------------------------|-------------------------|----------|-----------------------------|--------------------------------------|---|---|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | ensure compliance by all departments. 4. Payment checklist | | | | | |
| Procurement and Contract Management | 4. Possible bid rigging | | Internal Control Deficiency | Financial and performance management | The cause is due to that directors of both companies are brothers | 1. Management will implement measures that are designed to prevent bid rigging and any non-compliance with the supply chain management regulations. 2. Management will investigate the possible abuse of the | Manager: SCM | (200)BTO - SCM & ASSET MANAGEMENT | Ongoing | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-------------------------------------|--|----------|--|-------------------------------------|---|--|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | municipal supply chain management system and take appropriate steps | | | | | |
| Procurement and Contract Management | 1. Councilors did not declare interest in supplier | 21 | Non-Compliance with Laws and Regulations | Review and Monitoring of Compliance | The municipality is only limited to the declaration of business interest submitted by councilors. | 1. Councilors should be required to disclose their direct and indirect interest in suppliers. 2. Management should investigate the identified suppliers to get an understanding as to why the supplier failed to declare the connection. Where applicable, the results of | Manager: SCM | (200)BTO - SCM & ASSET MANAGEMENT | Ongoing | | |

| Section | Finding | Coa f No. | Classificatio n | Control Componen t | Root Cause | Action Remarks / | Responsibil ity | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|-----------------|--------------------|--------------------------|------------|---|--------------------|--|----------------|-------|-------------------------|
| | | | | | | <p>the investigation should be reported to National Treasury for inclusion in the register of restricted suppliers.</p> <p>3. Management should keep a register of suppliers that have been identified as being connected with persons in-service of the state and use the register to ensure that awards are not made to the same suppliers who have</p> | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|-------------|--|----------|---------------------------------------|--------------------------------------|--|--|----------------------------------|------------------------------------|-------------|-------|-----------------------------------|
| | | | | | | failed to disclose this fact | | | | | |
| Commitments | 1. Register/ listing does not agree to AFS | 22 | Misstatements in Financial Statements | Financial and performance management | Inadequate review of financial statements against supporting schedules to ensure amounts disclosed are accurate. | 1.Manager Assets will on a monthly basis compare the projects contained in the commitments register to all projects contained in the Contracts register. 2.Contract register to be reviewed monthly by the Deputy CFO to ensure all | Manager SCM and Asset Management | (200)BTO - SCM & ASSET MANAGEMENT | Ongoing | | Monthly Recons are being prepared |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|--|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | contracted projects have been included. 3.Manager Assets on a monthly basis will use the same template for both Commitments and the contracts register to ensure consistency and none of the contracted projects are omitted from the commitments register. | | | | | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|------------------------|--|----------|---------------------------------------|--------------------------------------|---|---|----------------|------------------------------------|--|-------|----------------------|
| Contingent Liabilities | 2. Corresponding figure is understated | 22 | Misstatements in Financial Statements | Financial and performance management | Omission by the preparers of AFS and non-identification of errors by the reviewer | 1. Management will exercise due care when preparing annual financial statements. 2. Amounts relating to corresponding figures should be as per the prior year audited annual financial statements; if balance is restated a prior period adjustment will be disclosed in line with GRAP 3 requirements | CFO | (200)BTO - AFS | 31 March 2022 - Interims 31 August 2022 - AFS | NYTD | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|------------|---|----------|--|--------------------------------------|--|--|-------------------------------------|------------------------------------|--|-------|----------------------|
| Disclosure | 3.Receivables from exchange and non-exchange disclosure notes are misstated | | Misstatements in Financial Statements | Financial and performance management | Lack of reconciliation of sub disclosures to the main disclosure | 1. Manager Revenue will ensure that disclosure of the agaye analyses in the notes of the AFS correctly casts. 2. DCFO will review and reperform the above to ensure accuracy. | Chief Financial Officer/ Deputy CFO | (200)BTO - AFS | 31 March 2022 - Interims 31 August 2022 - AFS | NYTD | |
| | 4.Provisions disclosure does not comply with GRAP 19 requirements | | Non-Compliance with Laws and Regulations | Review and Monitoring of Compliance | This was caused by the fact that municipality did not apply the requirements of GRAP 19 correctly while doing their AFS. | 1. The DCFO on receipt of the Engineers report on Landfill site provision to prepare the necessary journals and effect them on the AFS. The DCFO to update the Provision | Chief Financial Officer/ Deputy CFO | (200)BTO - AFS | 31-Jul-22 | NYTD | |

| Section | Finding | Coaf No. | Classification | Control Component | Root Cause | Action Remarks / | Responsibility | Department within the Municipality | Target Date | Prog% | Progress and Comment |
|---------|---------|----------|----------------|-------------------|------------|--|----------------|------------------------------------|-------------|-------|----------------------|
| | | | | | | note with all the GRAP 19 requirements as contained in the Engineers report for the Landfill site. 2. CFO to review the AFS for compliance with all respective GRAP standards prior to submission to IA, AC and AGSA. | | | | | |

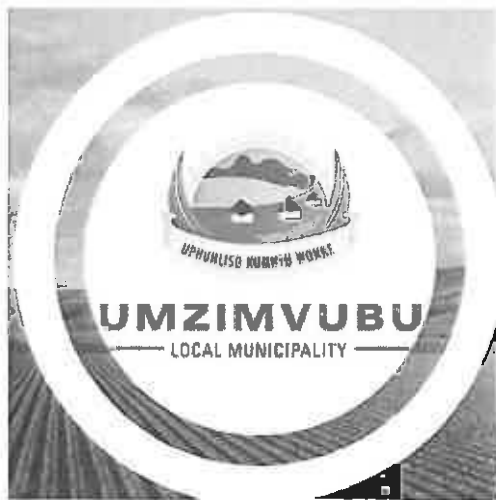
H.Revenue Collection Performance by Source

| 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% |

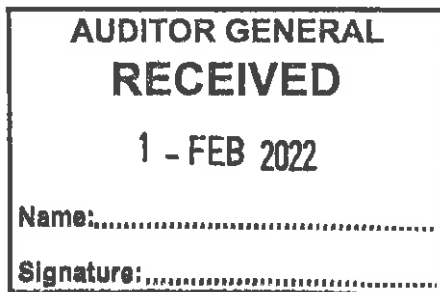
| | | | | |
|----------------------|--|---------------|---------------|------|
| Pound Fees | | 367 150.00 | 626 793.00 | 171% |
| Rezoning Application | | 7 000.00 | 521.76 | 7% |
| Rezoning Certificate | | 1 500.00 | 5 235.80 | 349% |
| SG Diagrams | | 234.00 | - | 0% |
| Tender Fees | | 607 704.00 | 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% |

ANNUAL STATEMENTS

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



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



* See Note

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 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 Mnuakwa

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

W3 - Cllr A.P Mkonto

W4 - Cllr N.V Nomaqqa

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 Mnuakwa (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

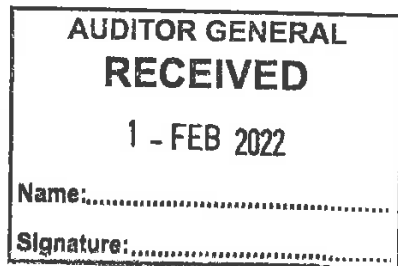
W12 - Pr Cllr N. Ntshayisa

W13 - Pr Cllr L.L Nqatsha

W14 - Pr Cllr N.N Gcadinja

W15 - Pr Cllr H.N Dandala - passed away on 17 December 2020

2



Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

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
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

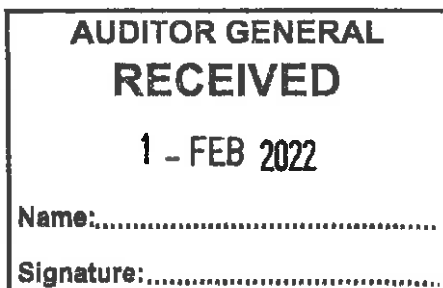
Auditor-General of South Africa
Registered Auditors

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 EC442)

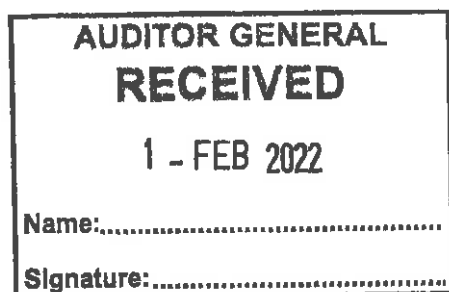
Annual Financial Statements for the year ended 30 June 2021

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) |



Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

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 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.

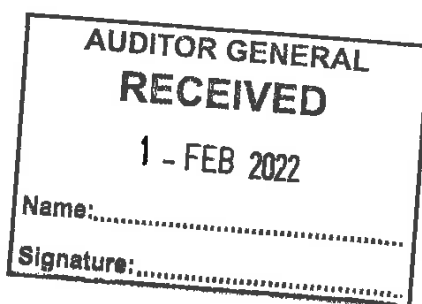
I am primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

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

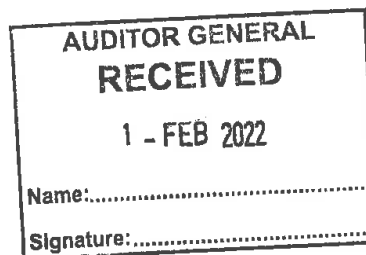
(Registration number EC442)

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 |
| Cash and cash equivalents | 8 | 126 823 141 | 101 452 584 |
| | | 155 380 128 | 129 345 820 |
| 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 |
| Heritage assets | 12 | 17 719 | 17 719 |
| | | 978 351 731 | 927 118 249 |
| Total Assets | | 1 133 731 859 | 1 056 464 069 |
| 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 |
| 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 | | 1 076 863 639 | 1 003 570 088 |
| Reserves | | | |
| Capital replacement reserve | 19 | 30 874 974 | 29 972 454 |
| Accumulated surplus | 20 | 1 045 988 665 | 973 597 634 |
| Total Net Assets | | 1 076 863 639 | 1 003 570 088 |

* See Note 64



Umzimvubu Local Municipality

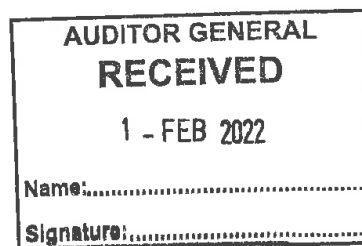
(Registration number EC442)

Annual Financial Statements for the year ended 30 June 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 | 3 760 203 | 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 |
| Revenue from non-exchange transactions | | | |
| 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 |
| Fines | 35 | 3 998 274 | 11 008 328 |
| Total revenue from non-exchange transactions | | 407 261 931 | 327 466 885 |
| Total revenue | 21 | 425 419 999 | 346 527 046 |
| 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) | - |
| Operating costs | 47 | (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) |

* See Note 64

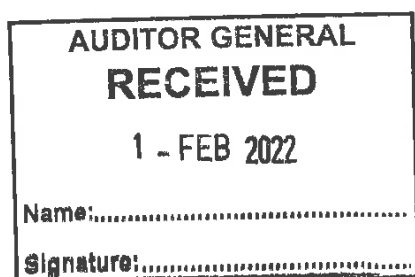


Umzimvubu Local Municipality
 (Registration number EC442)
 Annual Financial Statements for the year ended 30 June 2021

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 | 1 013 029 722 |
| Adjustments | | | |
| Prior year adjustments | - | (4 538 509) | (4 538 509) |
| Balance at 01 July 2019 as restated* | 27 925 595 | 980 565 618 | 1 008 491 213 |
| Changes in net assets | | | |
| 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 | 1 016 803 899 |
| Adjustments | | | |
| Prior year adjustments | - | (13 233 818) | (13 233 818) |
| Restated* Balance as at 01 July 2020 | 29 972 454 | 973 597 627 | 1 003 570 081 |
| Changes in net assets | | | |
| 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

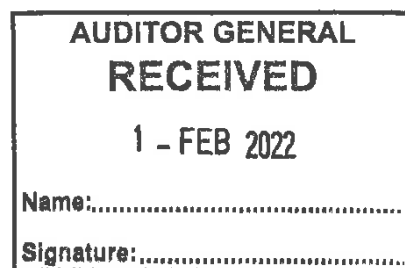


* See Note 64

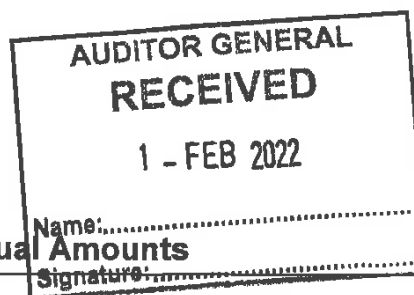
Umzimvubu Local Municipality
 (Registration number EC442)
 Annual Financial Statements for the year ended 30 June 2021

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 |
| Other receipts | | 7 188 913 | 32 827 132 |
| | | 423 259 501 | 346 377 336 |
| 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) |
| Grants and subsidies | | (800 791) | - |
| | | (229 460 825) | (228 017 014) |
| Net cash flows from operating activities | 49 | 193 798 676 | 118 360 322 |
| 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 | - |
| Purchase of other intangible assets | 11 | (157 390) | (898 964) |
| Net cash flows from investing activities | | (168 428 119) | (107 708 351) |
| 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 |



* See Note 64



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

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

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 (non-exchange) | 136 370 | - | 136 370 | 159 232 | 22 862 | N1 |
| Interest, dividends and rent on land | - | - | - | 1 533 147 | 1 533 147 | N32 |

Transfer revenue

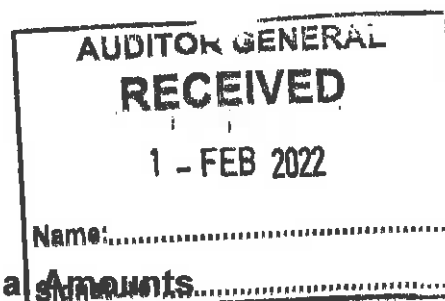
| | | | | | | |
|---|--------------------|-------------------|--------------------|--------------------|--------------------|-----|
| Government grants and subsidies | 337 243 774 | 49 283 297 | 386 527 071 | 383 837 790 | (2 689 281) | N34 |
| Fines, penalties and forfeits | 6 367 150 | - | 6 367 150 | 3 998 274 | (2 368 876) | N2 |
| Total revenue from non-exchange transactions | 361 146 763 | 49 283 297 | 410 430 060 | 407 261 931 | (3 168 129) | |

| | | | | | | |
|----------------------|--------------------|-------------------|--------------------|--------------------|---------------------|--|
| 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) | (80 632 207) | 9 303 214 | N3 |
| Remuneration of councillors | (21 563 431) | - | (21 563 431) | (20 077 147) | 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 |
| 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 | |

| | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-----|
| 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 |



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

Statement of Comparison of Budget and Actual Amounts

| Budget on Accrual Basis | | | | | | |
|--|-------------------|-------------------|-------------------|------------------------------------|--|-----------|
| | Approved budget | Adjustments | Final budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
| | - | - | - | 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

Current Assets

| | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|-----|
| Inventories | 713 259 | (301 000) | 412 259 | 752 450 | 340 191 | N14 |
| Operating lease asset | 70 969 | - | 70 969 | 11 694 610 | 11 623 641 | N15 |
| 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 |
| | 178 050 415 | 100 720 500 | 278 770 915 | 155 380 128 | (123 390 787) | |

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 | - | |
| | 1 120 914 868 | 44 864 636 | 1 165 779 504 | 978 351 731 | (187 427 773) | |

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

Liabilities

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 |
| | 111 095 042 | 183 119 195 | 294 214 237 | 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 |

Total Liabilities **116 823 028** **183 119 195** **299 942 223** **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)**

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| Net Assets | | | | | | |
| Net Assets Attributable to Owners of Controlling Entity | | | | | | |
| Reserves | | | | | | |
| Other NDR | 26 016 917 | - | 26 016 917 | 30 874 974 | 4 858 057 | |
| Accumulated surplus | 1 156 125 338 | (37 534 059) | 1 118 591 279 | 1 045 988 665 | (72 602 614) | |
| Total Net Assets | 1 182 142 255 | (37 534 059) | 1 144 608 196 | 1 076 863 639 | (67 744 557) | |

Cash Flow Statement

Cash flows from operating activities

| Receipts | | | | | | |
|------------------------|--------------------|----------------------|--------------------|--------------------|---------------------|----|
| Property rates | 12 386 187 | 5 013 282 | 17 399 469 | 15 830 395 | (1 569 074) | C1 |
| Services charges | 650 000 | (300 000) | 350 000 | 232 954 | (117 046) | C2 |
| Other revenue | 250 064 349 | (190 584 581) | 59 479 768 | 7 188 913 | (52 290 855) | C3 |
| Interest income | 8 768 920 | 584 339 | 9 353 259 | 5 897 702 | (3 455 557) | C4 |
| Government - operating | 235 889 774 | 50 303 081 | 286 192 855 | 280 217 161 | (5 975 694) | C5 |
| Government - capital | 156 930 000 | (52 085 010) | 104 844 990 | 113 892 376 | 9 047 386 | C5 |
| | 664 689 230 | (187 068 889) | 477 620 341 | 423 259 501 | (54 360 840) | |

| Payments | | | | | | |
|-------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|----|
| Suppliers and employees | (250 070 381) | (124 687 596) | (374 757 977) | (229 140 804) | 145 617 173 | C6 |
| Finance costs | 584 339 | (584 339) | - | (320 021) | (320 021) | C7 |
| | (249 486 042) | (125 271 935) | (374 757 977) | (229 460 825) | 145 297 152 | |

| | | | | | | |
|---|--------------------|----------------------|--------------------|--------------------|-------------------|--|
| Net cash flows from operating activities | 415 203 188 | (312 340 824) | 102 862 364 | 193 798 676 | 90 936 312 | |
|---|--------------------|----------------------|--------------------|--------------------|-------------------|--|

Cash flows from investing activities

| | | | | | | |
|---|---------------|--------------|---------------|---------------|------------|-----|
| Capital assets | (169 700 187) | (28 064 636) | (197 764 823) | (168 794 251) | 28 970 572 | C8 |
| Proceeds from sale of property, plant and equipment | - | - | - | 523 522 | 523 522 | C9 |
| Purchase of other intangible assets | - | - | - | (157 390) | (157 390) | C10 |

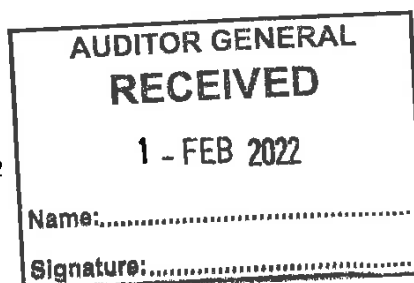
| | | | | | | |
|---|----------------------|---------------------|----------------------|----------------------|-------------------|--|
| Net cash flows from investing activities | (169 700 187) | (28 064 636) | (197 764 823) | (168 428 119) | 29 336 704 | |
|---|----------------------|---------------------|----------------------|----------------------|-------------------|--|

| | | | | | | |
|--|-------------|---------------|--------------|------------|-------------|--|
| Net increase/(decrease) in cash and cash equivalents | 245 503 001 | (340 405 460) | (94 902 459) | 25 370 557 | 120 273 016 | |
|--|-------------|---------------|--------------|------------|-------------|--|

| | | | | | | |
|--|-------------|-------------|-------------|-------------|---------------|-----|
| Cash and cash equivalents at the beginning of the year | 102 115 785 | 255 390 000 | 357 505 785 | 101 469 571 | (256 036 214) | C11 |
|--|-------------|-------------|-------------|-------------|---------------|-----|

| | | | | | | |
|---|--------------------|---------------------|--------------------|--------------------|----------------------|--|
| Cash and cash equivalents at the end of the year | 347 618 786 | (85 015 460) | 262 603 326 | 126 840 128 | (135 763 198) | |
|---|--------------------|---------------------|--------------------|--------------------|----------------------|--|

12



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.

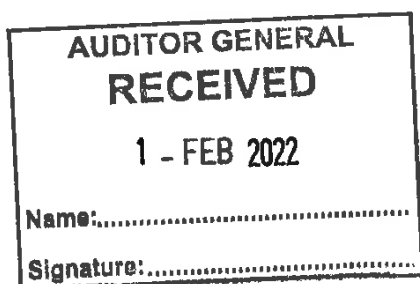
In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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 EC442)

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 short term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
- Property that is being constructed or developed for future use as investment property.

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

Equipment or Inventory as appropriate:

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

Subsequent Measurement

Fair value

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (which ever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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 |
| 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. 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).

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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:

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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, 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 EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Financial instruments (continued)

- 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.

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 unutilised 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

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Financial instruments (continued)

- 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:
 - 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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Financial instruments (continued)

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.

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 EC442)

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-cash-generating 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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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, a 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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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

Public Contributions

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

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

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

Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist. Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

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

Unspent conditional grants are financial liabilities that are separately reflected on the statement of financial position. They represent unspent government grants, subsidies and contributions from government organs. This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

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

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

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

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

Umzimvubu Local Municipality

(Registration number EC442)

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

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 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 EC442)

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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

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

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

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

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

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

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.

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 post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an 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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.18 Employee benefits (continued)

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.

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 EC442)

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.18 Employee benefits (continued)

Other post retirement obligations

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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 it 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.

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 EC442)

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.

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.

Accounting Policies

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 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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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.

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 |
| 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 |

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 Non-cash-generating Assets |
| GRAP 23 | Revenue from Non-exchange Transactions (Taxes and Transfers) |
| GRAP 24 | Presentation of Budget Information in Financial Statements |
| GRAP 25 | Employee Benefits |
| GRAP 26 | Impairment of Cash-generating assets |
| GRAP 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 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 |

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

| | |
|----------|--|
| 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, 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 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: Years beginning on or after | Expected impact: |
|--|--|--|
| • 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 Statements | 01 April 2021 | Not expected to impact 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 Resources | 01 April 2021 | Not expected to impact results but may result in additional disclosure |
| • Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme | 01 April 2021 | Not expected to impact results but may result in additional disclosure |
| • 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 |

Notes to the Annual Financial Statements

| | | | |
|--|---------------|--|--|
| 2. New standards and interpretations (continued) | | | |
| • 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 Grantor Controls a Significant Residual Interest in an Asset | 01 April 2021 | | Not expected to impact 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 |

Inventories 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.

Inventories 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 |
|----------------|------------|-----------|

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:

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 | 2 831 599 |
| More than 5 years | 119 788 289 | 120 034 336 |
| | 122 865 935 | 124 215 258 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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 |
| 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

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) |
| | 6 978 529 | 6 176 469 |

Reconciliation of provision for impairment of trade and other receivables -

Rentals

| | | |
|--------------------------|----------------|----------------|
| Opening balance | 503 040 | 548 687 |
| Provision for impairment | 476 540 | (45 647) |
| | 979 580 | 503 040 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------------------|-------------------|
| 6. Receivables from non-exchange transactions | | |
| Fines | 487 668 | 2 535 896 |
| Assessment 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 |
| 61 - 90 Days | 527 397 | 536 605 |
| More than 90 Days | 30 627 687 | 29 259 811 |
| Impairment | (24 640 955) | (21 740 732) |
| | 7 913 198 | 8 910 330 |
| 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 |
| Impairment | (17 187 152) | (15 858 456) |
| | 767 845 | 526 084 |
| 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

6. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

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 |
| Amounts written off as uncollectible | (33 691 186) | - |
| | 2 709 216 | 33 691 186 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|---|------------------|------------------|
| 7. VAT receivable | | |
| VAT | 5 568 716 | 4 767 925 |
| 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 |

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 | 33 795 098 |
| Current Investments | 71 488 134 | 67 657 486 |
| Net Bank, Cash and Cash Equivalents | 126 823 141 | 101 452 584 |

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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 | 30 June 2020 | 30 June 2019 | 30 June 2021 | 30 June 2020 | 30 June 2019 |
| FNB-Service Delivery Reserve - 620-3325-4723 | 66 746 777 | 45 496 534 | 16 066 414 | 66 746 777 | 45 496 533 | 16 066 414 |
| FNB-Operational Investment - 620-2945-0715 | 17 509 188 | 21 374 832 | 25 995 161 | 17 509 188 | 21 374 933 | 25 995 161 |
| FNB-Municipal Infrastructure Grant(MIG) -620-8603-6714 | 2 851 686 | 593 039 | 10 834 116 | 2 851 686 | 593 050 | 10 834 116 |
| FNB-Guarantee Investment- 620-6874-2157 | 310 891 | 304 992 | 292 761 | 310 891 | 304 991 | 292 761 |
| FNB-Financial Management Grant(FMG)-622-7618-7294 | 2 727 | 24 154 | 622 367 | 2 727 | 24 154 | 622 367 |
| FNB-Electrification Programme - 622-8856-0925 | 1 131 113 | 2 400 000 | 2 310 170 | 1 131 113 | 2 400 000 | 2 310 170 |
| Nedbank - Capital Replacement Reserve Account-788-1112-786 | 30 891 961 | 29 989 441 | 27 925 595 | 30 891 961 | 29 989 441 | 27 925 595 |
| Primary Account FNB a/c No: 620-2218-3727 | 449 680 | 840 842 | 2 050 483 | 449 680 | 857 720 | 2 080 029 |
| FNB-Traffic Fine-627-5889-3905 | 557 618 | 445 737 | 3 457 553 | 557 618 | 445 737 | 3 457 553 |
| FNB-Housing Project Fund 628-9151-9971 | 6 163 050 | - | - | 6 163 050 | - | - |
| FNB Solidarity Fund 628-5499-2099 | 190 403 | - | - | 190 403 | - | - |
| FNB Retention 628-6002-9000 | 18 046 | - | - | 18 046 | - | - |
| Total | 126 823 140 | 101 469 571 | 89 554 620 | 126 823 140 | 101 486 559 | 89 584 166 |

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

| | | | |
|---------------------|-----------------|------------------------|------------|
| Investment property | Opening balance | Fair value adjustments | Total |
| | 14 730 000 | 3 341 400 | 18 071 400 |

Reconciliation of investment property - 2020

| | | | |
|---------------------|-----------------|------------------------|------------|
| Investment property | Opening balance | Fair value adjustments | Total |
| | 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 EC442)

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.

Notes to the Annual Financial Statements

10. Property, plant and equipment

| | 2021 | | | 2020 | | |
|-------------------------|----------------------|---|--------------------|----------------------|---|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 36 425 970 | - | 36 425 970 | 36 425 970 | - | 36 425 970 |
| Buildings | 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 | (1 053 977 778) | 626 833 713 |
| 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 |
| Transport Assets | 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 | 2 101 229 160 | (1 191 678 746) | 909 550 414 |

Reconciliation of property, plant and equipment - 2021

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|-------------------------|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|
| Land | 36 425 970 | - | - | (7 962 297) | - | 36 425 970 |
| Buildings | 225 621 686 | 60 500 982 | - | (96 928 486) | (8 912 627) | 278 160 371 |
| Infrastructure | 626 833 713 | 102 463 703 | - | (1 036 900) | (1 886) | 623 456 303 |
| Computer equipment | 2 698 032 | 1 281 339 | (36 887) | (1 464 623) | (97 099) | 2 903 698 |
| Machinery and Equipment | 5 941 275 | 1 172 980 | (95 574) | (976 885) | (19 002) | 5 456 959 |
| Office equipment | 4 134 756 | 1 370 031 | (156 118) | (1 450 819) | - | 4 352 782 |
| Transport Assets | 7 894 982 | 2 005 216 | (1 436 116) | - | - | 7 013 263 |
| Total | 909 550 414 | 168 794 251 | (1 724 695) | (109 820 010) | (9 030 614) | 957 769 346 |

Notes to the Annual Financial Statements

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

| | 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 |
| Transport Assets | 7 327 578 | 1 948 535 | (1 381 131) | - | 7 894 982 |
| | 926 447 249 | 106 809 387 | (110 621 458) | (13 084 764) | 909 550 414 |

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 |
| Transferred to completed items | (54 359 067) | (54 552 749) | (108 911 816) |
| | 125 191 904 | 76 661 345 | 201 853 249 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021 2020

10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2020

| | Included within Infrastructure | Included within Buildings | Total |
|--------------------------------|-----------------------------------|------------------------------|--------------------|
| Opening balance | 68 257 260 | 61 064 734 | 129 321 994 |
| Additions/capital expenditure | 63 667 312 | 36 583 928 | 100 251 240 |
| Transferred to completed items | (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:

Tyinirha 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: R11 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 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)

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

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).

Notes to the Annual Financial Statements

11. Intangible assets

| | 2021 | | 2020 | |
|--------------------------|---------------------|---|---------------------|---|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Cost / Valuation | Accumulated amortisation and accumulated impairment |
| | | Carrying value | | Carrying value |
| Computer software | 5 843 452 | (3 350 186) | 5 686 062 | (2 865 946) |
| | | 2 493 266 | | 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 EC442)

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.

Notes to the Annual Financial Statements

12. Heritage assets

| | 2021 | | 2020 | |
|---------------|------------------|-------------------------------|------------------|-------------------------------|
| | Cost / Valuation | Accumulated impairment losses | Cost / Valuation | Accumulated impairment losses |
| Mayoral chain | 17 719 | - | 17 719 | - |
| | | | | Carrying value |
| | | | | 17 719 |

Reconciliation of heritage assets 2021

| | | | | |
|---------------|-----------------|--------|-------|--------|
| Mayoral chain | Opening balance | 17 719 | Total | 17 719 |
|---------------|-----------------|--------|-------|--------|

Reconciliation of heritage assets 2020

| | | | | |
|---------------|-----------------|--------|-------|--------|
| Mayoral chain | Opening balance | 17 719 | Total | 17 719 |
|---------------|-----------------|--------|-------|--------|

Umzimvubu Local Municipality

(Registration number EC442)

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.

15. Consumer deposits

| | | |
|-----------------|---------|---------|
| Rental Deposits | 132 471 | 106 053 |
|-----------------|---------|---------|

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|-------------------|------------------|
| 16. Unspent conditional grants and receipts | | |
| Unspent conditional grants and receipts comprises of: | | |
| Unspent conditional grants and receipts | | |
| Intergrated National Electrification Programme | 3 021 066 | 4 026 991 |
| 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 | | |
| Balance at the beginning of the year | 4 028 188 | 2 515 332 |
| Additions during the year | 119 042 959 | 79 429 242 |
| Income recognition during the year | (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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021 2020

17. Employee benefits obligations

Reconciliation of employee benefits obligations - 2021

| | Opening Balance | Additions | Utilised during the year | Interest costs | Actuarial (gain) / loss | Total |
|---------------------------------|-------------------|------------------|--------------------------|----------------|-------------------------|-------------------|
| 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 | 470 187 | 277 870 | (470 187) | - | - | 277 870 |
| Long Service Awards Liability | 2 197 000 | 347 000 | (229 000) | 149 000 | (144 000) | 2 320 000 |
| | 12 361 781 | 4 504 306 | (4 314 462) | 149 000 | (144 000) | 12 556 625 |

Reconciliation of employee benefits obligations - 2020

| | Opening Balance | Current service cost | Utilised during the year | Interest costs | Actuarial (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 | 1 968 000 |
| Current liabilities | 10 558 625 | 10 393 781 |
| | 12 556 625 | 12 361 781 |

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

| | | |
|----------------------------|------------------|------------------|
| 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 |
|--|---------|---------|

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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.

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% |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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.

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% |

Notes to the Annual Financial Statements

| | | 2021 | 2020 | | |
|--|---------------|-----------------------------|----------------------|--------------|-----------------|
| 17. Employee benefits obligations (continued) | | | | | |
| 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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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 |
| 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 | | | |
| Capital replacement reserve | 29 972 454 | 27 925 595 | |
| 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 | |

Notes to the Annual Financial Statements

| | 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 | 383 837 790 | 297 357 242 |
| Fines, penalties and forfeits | 3 998 274 | 11 008 328 |
| | 425 419 999 | 346 527 046 |

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 |
| 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 |
| | 18 158 068 | 19 061 161 |

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 |
| Fines, penalties and forfeits | 3 998 274 | 11 008 328 |
| | 407 261 931 | 327 465 885 |

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 |
| | 1 246 762 | 991 222 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|----------------------------|-----------|-----------|
| 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 | 3 760 203 | 3 727 649 |

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

25. Interest received - Exchange Transactions

| | | |
|---------------------------------|------------------|------------------|
| Interest received - debtors | 482 344 | 423 747 |
| 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

| | | |
|-----------------------------------|------------------|------------------|
| Motor vehicle licences | 213 705 | 170 051 |
| 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 |
|--------------|--------|-----------|

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|------|
|--|------|------|

29. Fair value adjustments

| | | |
|--|-----------|---------|
| Fair value adjustment of provision for landfill site and investment properties | 3 200 527 | 564 741 |
|--|-----------|---------|

30. Actuarial gains

| | | |
|-----------------|---------|--------|
| Actuarial gains | 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

| | | |
|-------------|----------------------|----------------------|
| Residential | 498 746 100 | 498 746 100 |
| Commercial | 352 408 500 | 352 408 500 |
| State | 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 |
|---------|---------|---------|

33. Interest received - Non-Exchange Transactions

| | | |
|-----------------------------|-----------|-----------|
| Interest received - debtors | 1 533 147 | 2 143 095 |
|-----------------------------|-----------|-----------|

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|--------------------|--------------------|
| 34. Government grants and subsidies | | |
| Operating grants | | |
| Equitable share | 274 947 000 | 217 928 000 |
| Departmental agencies and accounts (SETA) | 119 577 | 140 970 |
| Expanded Public Works Programme (EPWP) | 2 700 000 | 2 512 000 |
| Provincial (COGTA) grants - Library | 750 584 | 1 257 788 |
| Finance Management Grant (FMG) | 1 700 000 | 1 770 000 |
| Disaster Relief Grant | - | 536 000 |
| Total Operating grants | 280 217 161 | 224 144 758 |
| 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 |
| 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 | 119 162 535 | 81 038 474 |
| Unconditional grants received | 274 947 000 | 218 604 970 |
| | 394 109 535 | 299 643 444 |
| National Governments | | |
| Balance unspent at beginning of year | 4 026 990 | 1 892 541 |
| Current-year receipts | 351 076 000 | 294 063 554 |
| Conditions met - transferred to revenue | (352 081 925) | (291 929 105) |
| | 3 021 065 | 4 026 990 |
| Conditions still to be met - remain liabilities (see note 16). | | |
| Provide explanations of conditions still to be met and other relevant information. | | |
| Provincial governments | | |
| Balance unspent at beginning of year | 1 197 | 622 791 |
| Current-year receipts | 43 033 535 | 4 665 549 |
| Conditions met - transferred to revenue | (31 755 775) | (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 |
| Conditions met - transferred to revenue | (274 947 000) | (217 928 000) |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021 2020

34. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Municipal Infrastructure Grant

| | | |
|---|--------------|--------------|
| 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

| | | |
|---|-------------|-------------|
| Current-year receipts | 1 700 000 | 1 770 000 |
| 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

| | | |
|---|-------------|-------------|
| Current-year receipts | 2 700 000 | 2 512 000 |
| 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.

Integrated National Electrification Programme

| | | |
|---|--------------|--------------|
| Balance unspent at beginning of year | 4 026 991 | 1 869 170 |
| 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 Revitalization

| | | |
|---|--------------|-------------|
| Balance unspent at beginning of year | - | 621 594 |
| Current-year receipts | 28 103 473 | 4 665 549 |
| Conditions met - transferred to revenue | (26 485 001) | (5 287 143) |
| | 1 618 472 | - |

Conditions still to be met - remain liabilities (see note 16).

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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 EC442)

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 | - |
| 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) |
| | - | - |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|---|--------------------|--------------------|
| 34. Government grants and subsidies (continued) | | |
| Grant received from SETA and used for employee trainings and development. | | |
| 35. Fines, penalties and forfeits | | |
| Law Enforcement Fines | 3 371 481 | 10 105 270 |
| Pound Fees Fines | 626 793 | 903 058 |
| | 3 998 274 | 11 008 328 |
| 36. Employee related costs | | |
| Basic | 52 473 102 | 47 602 261 |
| 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 |
| | 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 |
| Intangible assets | 484 240 | 381 685 |
| Total Depreciation and Amortisation | 110 304 250 | 111 003 143 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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 |
| | 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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 |
| 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 |
| Monetary 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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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 |
| 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 |
| Learnships 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|--------------------|--------------------|
| 49. Cash generated from operations | | |
| Surplus for the year | 73 293 558 | (4 921 125) |
| Adjustments for: | | |
| Depreciation and amortisation | 110 304 250 | 111 003 143 |
| Losses on Disposal of Property, Plant and Equipment | 1 201 173 | - |
| Fair value adjustments | (3 200 527) | (564 741) |
| Impairment loss | 15 918 957 | 34 222 965 |
| 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 |
| Increase in Operating lease liability | 26 418 | 14 548 |
| | 193 798 676 | 118 360 322 |

50. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

| | At amortised cost | Total |
|----------------|--------------------|--------------------|
| Refuse | 829 858 | 829 858 |
| Rentals | 216 301 | 216 301 |
| Property Rates | 7 913 189 | 7 913 189 |
| Fines | 487 668 | 487 668 |
| Call deposits | 71 488 134 | 71 488 134 |
| Bank balances | 55 335 007 | 55 335 007 |
| | 136 270 157 | 136 270 157 |

Financial liabilities

| | At amortised cost | Total |
|--|-------------------|-------------------|
| Trade payables | 21 360 965 | 21 360 965 |
| Retentions | 1 380 629 | 1 380 629 |
| Taxes and transfers payable (non-exchange) | 2 251 168 | 2 251 168 |
| | 24 992 762 | 24 992 762 |

2020

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|---|--------------------|--------------------|
| 50. Financial instruments disclosure (continued) | | |
| | At amortised cost | Total |
| Refuse | 655 024 | 655 024 |
| Rentals | 684 805 | 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 |
| Bank balances | 33 795 098 | 33 795 098 |
| | 114 238 639 | 114 238 639 |

Financial liabilities

| | | |
|------------------------------------|-------------------|-------------------|
| | At amortised cost | Total |
| Trade payables | 28 221 015 | 28 221 015 |
| Retentions | 1 205 314 | 1 205 314 |
| Property rates received in advance | 2 397 185 | 2 397 185 |
| | 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 EC442)

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 Mballi 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 Citha 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. | 200 000 | 147 484 |
| Atlas Towers (Pty) Ltd vs Umzimvubu Local Municipality Case No. 2912/2019 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): 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. | - | 1 090 000 |
| Sunset Beach Trading 299 CC JV Nyamezela Consulting Engineers (Pty) LTD (Case No. 2308/2013): Re-cancellation of contract by ULM, challenged by Sunset Beach Trading in the High Court. claim for damages allegedly suffered by the plaintiff for loss of profit 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. | - | 3 875 126 |
| Imbumba Mzamani the Immediate Contractors vs Umzimvubu Local Municipality (Case No. Ec/Mtha/Rc569/2013): The claim is based on non payment of a sum of 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. | - | 368 098 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|-----------|-----------|
| 52. Contingencies (continued) | | |
| Umzimvubu Local Municipality vs Millennium Development Trust (Case No. GOM/ULM/0089/ad): Millennium Development Trust (Litigation) Extension 6 Development / Assisting LLM and providing legal opinion on merits of success with regard to cancellation/ termination of agreement between ULM and MDT and instructions to institute High Court legal proceedings with the assistance of Junior and Senior Counsel. | 1 500 000 | 1 500 000 |
| Siyabulela Ndzumo (Case No. 84/2015): Magistrate Court's claim for R 200,000 in damages suffered by the plaintiff due to allegedly unlawful demolition of his house including furniture and a kraal by the Municipality. The plaintiff's case was dismissed but subject to appeal, and no Court dates have been given. Plaintiff if out of time to execute appeal, no prospects of success. The matter has been finalised. | - | 240 000 |
| 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|---|-----------|-----------|
| 52. Contingencies (continued) | | |
| 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 vs Sibongiseni Magaqa The plaintiff is claiming a portion of ERF 185 which he claims was sold to him by the municipality. The applicant has not served the municipality with his application yet. Ex-Part Application (Case No. 26/2016) | - | 200 000 |
| Seek an order to sell the impounded animals for both the towns of Mount Frere and Mount Ayliff (Names from attorneys correspondence). | - | 30 000 |
| Umzimvubu Local Municipality vs Nedbank Ltd and Another Case No. 3766/2020 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. | 1 500 000 | - |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------------------|-------------------|
| 52. Contingencies (continued) | | |
| Umzimvubu Local Municipality vs Cllr Sobane Khulile Mnuakwa Investigations in the form of enquiries are still ongoing. Awaiting for Outcome of those investigations. | 200 000 | - |
| Concerned Group of Sigidini Administrative Area - Mt Ayliff vs Umzimvubu Local Municipality Case No. 1986/2021 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. | 200 000 | - |
| Momelezi Methusi vs Umzimvubu Local Municipality Case No. 206/2020 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. | 80 000 | - |
| PriceWaterHouseCoopers vs Umzimvubu Local Municipality Case No. 1351/2020 Claim in respect of services allegedly rendered in 2015, 2016 and 2019. The matter has been defended and consultation with the client is due. | 910 209 | - |
| Economic Freedom Fighters vs Umzimvubu Local Municipality Case No. 983/2021 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. | 700 000 | - |
| Ndzameko Kene vs Umzimvubu Local Municipality Case No. 87/2015 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. | - | 40 000 |
| Simphiwe Mhlongo vs Umzimvubu Local Municipality Case No. 91/2014 The matter is about unlawful arrest and detention. | 200 000 | 200 000 |
| Dumisile Xози vs Umzimvubu Local Municipality The plaintiff has issued a letter demanding a claim from the Municipality. | 500 000 | - |
| 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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 |
| 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 Municipal Managers | 5 |

Remuneration of management

Notes to the Annual Financial Statements

53. Related parties (continued)

Management class: Councillors

2021

| | Basic salary | Allowances | Contributions to funds | Total |
|--|------------------|------------------|------------------------|-------------------|
| | 430 430 | 371 305 | 109 172 | 910 907 |
| | 344 344 | 298 538 | 95 387 | 738 269 |
| | 322 823 | 315 191 | 52 808 | 690 822 |
| | 2 154 391 | 2 083 131 | 426 676 | 4 664 198 |
| | 5 736 658 | 6 115 192 | 1 221 101 | 13 072 951 |
| | 8 988 646 | 9 183 357 | 1 905 144 | 20 077 147 |
| | Basic salary | Allowances | Contributions to funds | Total |
| | 445 605 | 360 722 | 98 796 | 905 123 |
| | 356 484 | 288 079 | 87 967 | 732 530 |
| | 334 204 | 305 517 | 46 716 | 686 437 |
| | 2 230 347 | 2 022 235 | 380 523 | 4 633 105 |
| | 5 955 103 | 5 958 379 | 1 189 753 | 13 103 235 |
| | 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.

Notes to the Annual Financial Statements

53. Related parties (continued)
Management class: Executive management
2021

| Name | Basic salary | Car and other allowances | Annual Bonus | Performance bonus | Contributions to UIF, Medical 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 |
| 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 Nhlamba (N2) | - | - | - | - | - | 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 EC442)
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-Ngongca (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 | 59 699 | 7 633 930 | |

N1 - M Sineke resigned as Manager Community Services from the position on 31 August 2019.

N2 - BJ Ntamba 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 the total amount paid to her for acting in the position amounts to R99 472.

N5 - TT Madotyeni-Ngongca was appointed in this position from the 1st of April 2020 and the total amount paid to him for acting in the position from 01/11/2019 to 31/01/2020 amounts to R29 303.

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 EC442)

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 EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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 cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the annual financial statements on the 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.

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) | - |
| Closing balance | 871 710 | 812 367 |

Umzimvubu Local Municipality

(Registration number EC442)
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: | | |
| Expenditure 1 | - | 61 343 |
| Disciplinary steps taken/criminal proceedings | | |
| Five employees working at Registering Authority were initially suspended. A case was opened at Mount 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) |
| Closing balance | - | - |
| Cases under investigation | | |

Umzimvubu Local Municipality

(Registration number EC442)

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. | | |
| SABC Corporation (Pty) Ltd | 47 783 | - |
| 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 | 22 087 | 6 053 |
| Gazette of Municipal by –Laws is the only service provider done this type of service by Government Printing works. The municipality was Gazetting of By-Laws (2020: Building plan fees.) | | |

Umzimvubu Local Municipality

(Registration number EC442)

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 (continued) | | |
| Government Printing Works - Printing | 3 026 | 3 026 |
| <p>Gazette of Municipal by –Laws is the only service provider done this type of service by Government Printing works. The municipality was Gazetting Rates tariffs for 2020/21.</p> | | |
| John Deere Tractors | - | 36 846 |
| <p>Repairs and maintenance of the CAT TLB cannot be done anywhere else than Barloworld as the municipality does not know what needs to be repaired as such a diagnoses needs to be done prior repairs, hence it will not be possible to source for quotations from different suppliers.Terms and conditions.</p> | | |
| Akonamilla (Pty) Ltd | - | 129 540 |
| <p>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.</p> | | |
| <p>The Municipality also received an intention by essential services to down tools as they do not have the necessary tools to protect themselves from infection. In an effort to reduce the spread of infection the Municipality procured the goods from supplier, Akonamilla PTY (Ltd) who had suppliers in stock, to sanitize public spaces and furnish workers with disposable latex gloves</p> | | |
| Babcock Africa Services | - | 21 321 |
| <p>Volvo Machinery & Plant (TLB) had a breakdown the municipality could not be bale to request quotations as it was not known what needs to be repaired different service providers could not be called to come and diagnose the TLB as it would be too costly for the municipality to do so hence Babcock Africa has been chosen to come and repair the TLB.</p> | | |
| SGM Tires and Car Wash | - | 213 989 |
| <p>It will be impractical to follow SCM process in terms of requesting quotations or advertising due to the fact that the equipment are in high demand as the threat of COVID 19 worldwide pandemic spreads all over the globe and therefore in short supply. At the time of procuring, National number of infections officially increases and deaths in Alfred Nzo region. The municipality also received an intention by essential services to down tools as they do not have necessary tools to protect themselves from infection. And the Municipality cannot wait as the frontline workers indicated their unwillingness to work unless safety prevention equipment has been provided. Further, the virus has shown rise in infected numbers posing a risk to the municipality and the community at large.</p> | | |
| Barloworld Equipment - Repairs and maintenance and Plant Hire | - | 78 796 |
| <p>Repairs and maintenance of the CAT TLB cannot be done anywhere else than Barloworld as the municipality does not know what needs to be repaired as such a diagnoses needs to be done prior repairs, hence it will not be possible to source for quotations from different suppliers.</p> | | |
| | 141 103 | 763 697 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

59. Budget differences

Material differences between budget and actual amounts

Below are explanations of variances that are more than 10% between budgeted amounts and actual amounts for the year.

Umzimvubu Local Municipality

(Registration number EC442)

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.

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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 estinguish 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

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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 5 201 161 | 4 399 189 |
| Amount paid - current year | (5 201 161) | (4 399 189) |
| | - | - |

PAYE and UIF

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 18 129 742 | 16 899 171 |
| Amount paid - current year | (18 129 742) | (16 899 171) |
| | - | - |

Pension and Medical Aid Deductions

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 18 186 309 | 16 786 191 |
| Amount paid - current 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. Garame | 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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | 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 | | |
| 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: Mygiri 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 | 9 033 805 |
| Related person: B. Jokazi | | |
| Company Capacity: Owner (wife) | | |
| Municipal Capacity: Official | | |
| Madstoff | 366 438 | 5 888 220 |
| Related person: A. Jojo | | |
| 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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.

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

Notes to the Annual Financial Statements

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:

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 non-financial 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.

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

63. Segment information (continued)

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 non-financial 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.

Notes to the Annual Financial Statements

63. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

| | Citizens and Community Safety | Executive and council | Budget and treasury office | Office of the Municipal manager | Infrastructure and Project management unit | Public safety | Road transport | Sport and recreation | Waste management | Total |
|--|-------------------------------------|--------------------------|-------------------------------|---------------------------------------|---|------------------|-------------------|-------------------------|---------------------|--------------------|
| Revenue | - | - | - | - | - | - | - | - | - | - |
| Revenue from non- exchange 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 |
| 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 |
| Actuarial gains | - | - | 144 000 | - | - | - | - | - | - | 144 000 |
| Total segment revenue | 143 935 | - | 3 08 891 707 | - | 77 558 977 | 4 304 603 | 29 856 946 | 2 872 | 4 660 959 | 425 419 999 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | Citizens and Community Safety | Executive and council | Budget and treasury office | Office of the Municipal manager | Infrastructure and Project management unit | Public safety | Road transport | Sport and recreation | Waste management | Total |
|--|-------------------------------------|--------------------------|-------------------------------|---------------------------------------|---|---------------------|-------------------|-------------------------|---------------------|--------------------|
| 63. Segment information (continued) | | | | | | | | | | 425 419 999 |
| Entity's revenue | | | | | | | | | | |
| 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 | | | | | | | | | | 352 126 441 |
| 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 | (93 371 867) | 73 954 263 |
| Total entity surplus/(deficit) | | | | | | | | | | 73 954 263 |

Notes to the Annual Financial Statements

| | Citizens and Community Safety | Executive and council | Budget and treasury office | Office of the Municipal manager | Infrastructure and Project management unit | Public safety | Road transport | Sport and recreation | Waste management | Total |
|--|-------------------------------------|--------------------------|-------------------------------|---------------------------------------|---|------------------|----------------------|-------------------------|---------------------|----------------------|
| 63. Segment information (continued) | | | | | | | | | | |
| OTHER INFORMATION | | | | | | | | | | |
| Segment assets | 251 | 100 379 | 34 176 199 | 20 687 | 207 146 | 7 143 405 | 1 092 036 958 | - | 46 834 | 1 133 731 859 |
| Segment assets current and non-current assets | - | - | - | - | - | - | - | - | - | - |
| 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

63. Segment information (continued)

2020

| | Citizens and Community Safety | Executive and council | Budget and treasury office | Office of the Municipal manager | Infrastructure and Project management unit | Public safety | Road transport | Sport and recreation | Waste management | Total |
|--|-------------------------------------|--------------------------|-------------------------------|---------------------------------------|---|-------------------|-------------------|-------------------------|---------------------|--------------------|
| Revenue | - | - | - | - | - | - | - | - | - | - |
| Revenue from non- exchange 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 |
| Actuarial 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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | Citizens and Community Safety | Executive and council | Budget and treasury office | Office of the Municipal manager | Infrastructure and Project management unit | Public safety | Road transport | Sport and recreation | Waste management | Total |
|--|-------------------------------------|--------------------------|-------------------------------|---------------------------------------|---|---------------------|-------------------|-------------------------|---------------------|--------------------|
| 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 surplus/(deficit) | 120 213 | (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) |

Umzimvubu Local Municipality

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

Notes to the Annual Financial Statements

| | Citizens and Community Safety | Executive and council | Budget and treasury office | Office of the Municipal manager | Infrastructure and Project management unit | Public safety | Road transport | Sport and recreation | Waste management | Total |
|--|-------------------------------------|--------------------------|-------------------------------|---------------------------------------|---|-------------------|----------------------|-------------------------|---------------------|----------------------|
| 63. Segment information (continued) | | | | | | | | | | |
| OTHER INFORMATION | | | | | | | | | | |
| 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 |
| Segment assets 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 the segments | (235 640) | 15 913 | (46 165 791) | (57 739) | (128 424) | 39 100 814 | 1 005 191 727 | - | 1 874 989 | 999 595 849 |
| Net assets / (Liabilities) of the entity | | | | | | | | | | 999 595 849 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

64. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

N1 - 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 exchnage transactions and non-exchnage 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

| | Note | As previously reported | Correction of error | 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 | | (985 104 115) | 4 538 509 | (980 565 606) |
| | | (25 455 886) | - | (25 455 886) |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| | | 2021 | 2020 | | |
|---|------|------------------------|---------------------|-------------------|-------------------|
| 64. Prior-year adjustments (continued) | | | | | |
| 2020 | | | | | |
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| 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 Transactions N6 | | 1 004 146 | 335 682 | - | 1 339 828 |
| Cash and cash equivalents N7 | | 101 469 571 | (16 987) | - | 101 452 584 |
| Property, plant and equipment N1 | | 910 191 940 | (641 527) | - | 909 550 413 |
| Employee benefits obligations - Current liabilities N8 | | (229 000) | - | (10 164 778) | (10 393 778) |
| Provisions N8 | | (7 984 638) | - | 7 984 638 | - |
| Trade and Other Payable Exchange Transactions N8 | | (31 606 469) | - | 2 180 140 | (29 426 329) |
| Accumulated surplus N1 | | (986 831 445) | 13 233 818 | - | (973 597 627) |
| | | 19 811 322 | - | - | 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 |
| Rental of facilities and equipment N1 | | | | | |
| Interest Received from exchange transactions N8 and N9 | | 9 917 190 | (16 988) | (2 143 095) | 7 757 107 |
| 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) |

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 |

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

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 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

Umzimvubu Local Municipality

(Registration number EC442)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

2021

2020

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 Performance) R1 005 702

Increase in provision for impairment (Statement of Financial Position) R1 005 702

**AUDITOR GENERAL
RECEIVED**
1 - FEB 2022
Name:.....
Signature:.....

**AUDITOR GENERAL
RECEIVED**
1 - FEB 2022
Name:.....
Signature:.....

A 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 and have been 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) | | | | |

| | 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 |
|----|---|---|--|--|---|
| 7 | Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term | 251 | 206 | 82,07% | Encourage employees to complete WSP |
| 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 | ANDM Competency | | | | |
| 2 | Percentage of indigent households with access to free basic potable water | ANDM Competency | | | | |
| 3 | Percentage of clinics with access to potable water | ANDM Competency | | | | |
| 4 | Percentage of schools with access to potable water | ANDM Competency | | | | |

| | | | | | | |
|---|--|-----------------|--|--|--|--|
| 5 | Percentage of households in formal settlements using buckets | ANDM Competency | | | | |
|---|--|-----------------|--|--|--|--|

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 | 48 000 h/h | | R18,6m | R18.6m | 100% |

| | | | | | | |
|--|-----------------------------------|--|--|--|--|--|
| | and maintenance effectively used. | | | | | |
|--|-----------------------------------|--|--|--|--|--|

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 | ANDM Competency | | | | |
| 2 | Percentage of indigent households with access to free basic sanitation services | ANDM Competency | | | | |
| 3 | Percentage of clinics with access to sanitation services | ANDM Competency | | | | |
| 4 | Percentage of schools with access to sanitation services | ANDM Competency | | | | |

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 provided with basic services | 7 600 h/h | | 300 h/h – silver city electrification | 300 h/h | 100% |
| 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 | <p>LED strategy was reviewed in 20/2021 financial year: The strategy was reviewed with the assistance received from the Department of Cooperative Governance and 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> | | |

| | Indicator name | Target set for the year | Achievement level during the year (absolute figure) | Achievement percentage during the year |
|---|--|-------------------------|---|--|
| 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 | Dongas- 22 Auction pens- 10 Maize cropping- 135 Total =167 | 100% |
| 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% |
| 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 | Effective 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 | | |