



UMZIMVUBU
— LOCAL MUNICIPALITY —

**UMZIMVUBU LOCAL
MUNICIPALITY – EC 442**

**ANNUAL REPORT FOR
2021/2022 FINANCIAL YEAR**

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UMZIMVUBU MAYORS FOREWORD

Herworship – Cllr Zukiswa Ndevu | Financial Year: 2021/2022

The mandate given to us by society is to improve the quality of their lives. These ideals are encapsulated in the IDP that we adopted at the beginning of the financial year under review. This 2021/22 Annual report of the Umzimvubu Local Municipality, which in many ways reflect our achievements and challenges, is presented in recognition of our legislative obligation to be an accountable and transparent organisation.

This annual report which also outlines the implementation and achievement of these objectives conform to the various pieces of legislation such as Section 46 of the Local Government: Municipal Systems Act No.32 of 2000 and sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No.56 of 2003.

The Municipality progressed significantly in achieving objectives regarding the five key performance areas applicable to local government and which is outlined in this Annual Report:

1. Basic Service delivery and infrastructure development
2. Municipal transformation and development
3. Local Economic Development
4. Municipal Financial viability and management
5. Good Governance and Public Participation

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 however commendable to note the significant good audit outcome in relation to our spending and expenditure patterns. According to the Auditor General (AG), Umzimvubu Local Municipality has obtained an Unqualified Audit opinion with findings for the 2021/2022 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 audit outcome further provides us with an ideal opportunity to reflect on the impact of our interventions in pursuing our strategic objectives encapsulated within 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 2022/2023 financial year.

During the financial year under review we have been able to spend 100% of our Municipal Infrastructure Grant (MIG). 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.

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.

Component B: Executive Summary

Municipal Managers Foreword

The 2021/2022 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 2022 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 2021/2022 I can mention a few multi-year projects like the completion of municipal offices, multipurpose centre phase 4 at eMaXesibeni. The municipality obtained a status to be an implementing agent for the Department of Human Settlements and two housing projects were successfully implemented and completed: Nkungwini 19 beneficiaries and Dundee 37 beneficiaries. 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 510 households in Mdakeni, Mpoza and Zigadini benefited. We also have the Indigent support programme subsidizing a tune of 5724 Indigent beneficiaries (1326 (50KWH electricity tokens), 2198 (Solar) and 2200 (paraffin)).

The Municipality in its IGR platform constantly engages Sector departments to present planned projects/programmes to align services planned for the community of Umzimvubu, and to avoid duplication of services. Strategic positions for Managers reporting directly to the Accounting Officer were all filled to ensure strategic guidance and functionality in all six departments within the municipality.

The municipality has maintained an Unqualified Audit Opinion, monitoring the implementation of the Audit Improvement Action Plan had a major contribution in maintaining the audit opinion. Operation Clean Audit Committee meetings that sat bi-weekly to iron out issues raised by the Office of the Auditor-General as well as the Internal Audit Unit also contributed much.

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. In conclusion I want to thank our honourable Mayor, Councillor Z. Ndevu for her guidance and support to our staff. I also wish to show gratitude to the Executive Committee and Council for their commitment to Umzimvubu Municipality. To my Senior Managers, Managers and to the rest of the staff members I thank you for your selflessness and dedication to your work.

Mr G.P.T. Nota

Municipal Manager

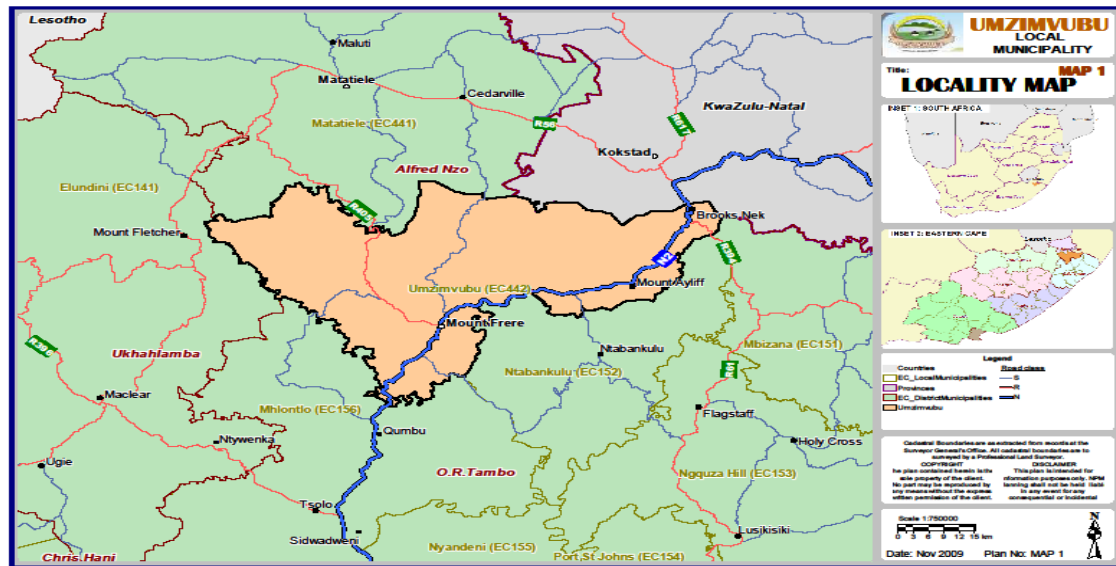
1.2. Municipal Functions and population Overview

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



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.

District Population by Municipalities

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

StatsSA: 2016 Community Survey

Total Population Distribution by race

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

Population by Race

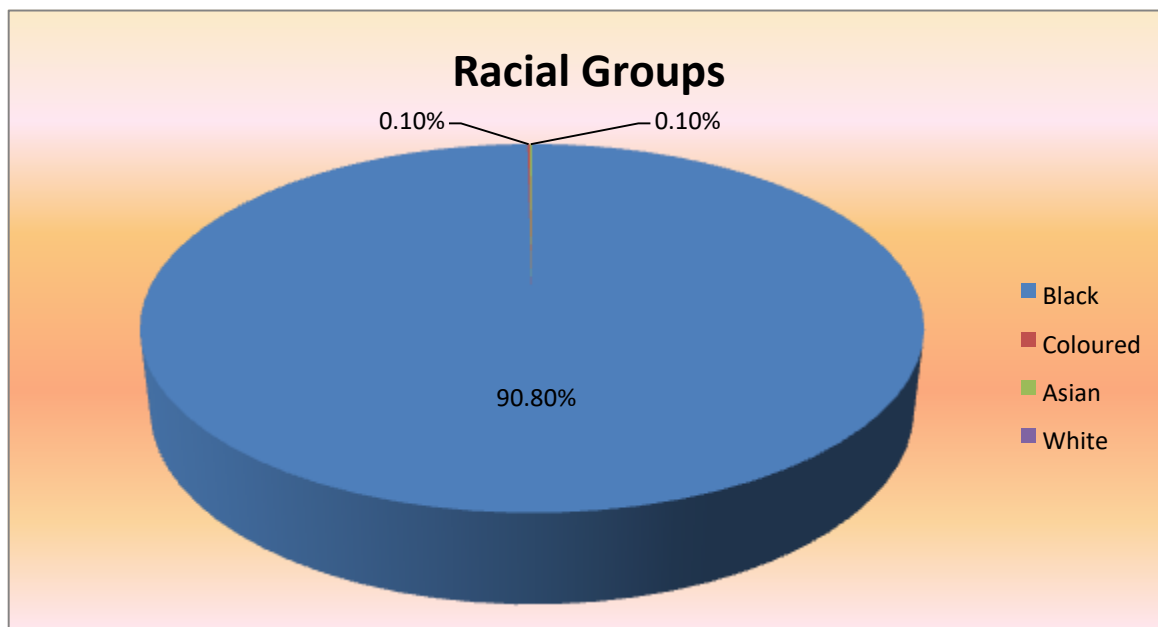


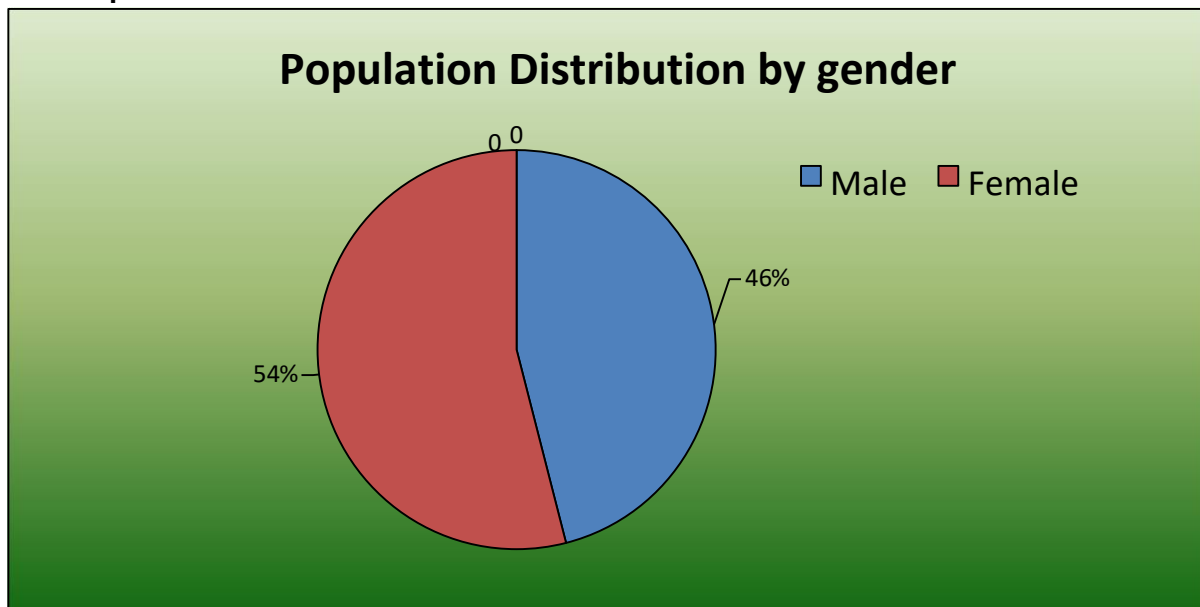
Figure3.3.3 Racial Groups

StatsSA: 2016 Community Survey

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



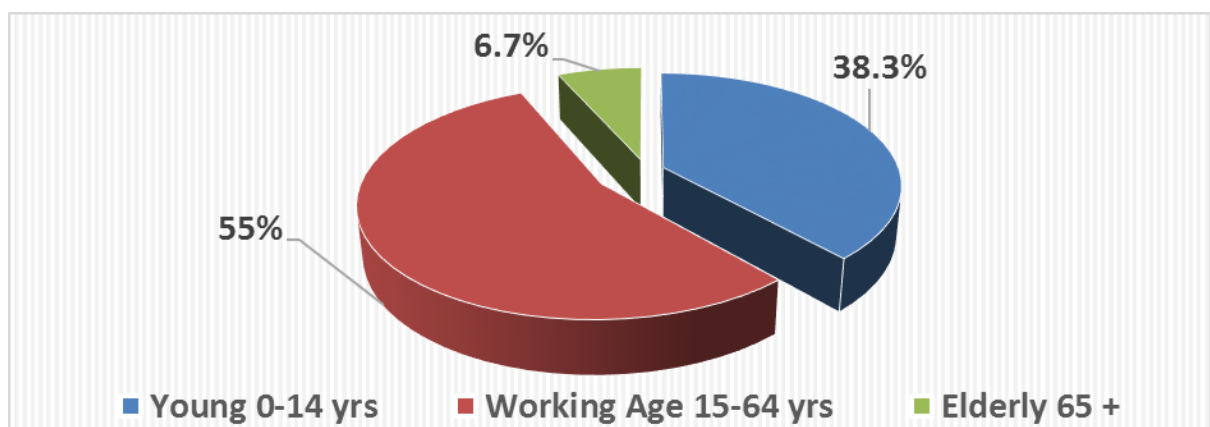
StatsSA: 2016 Community Survey

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



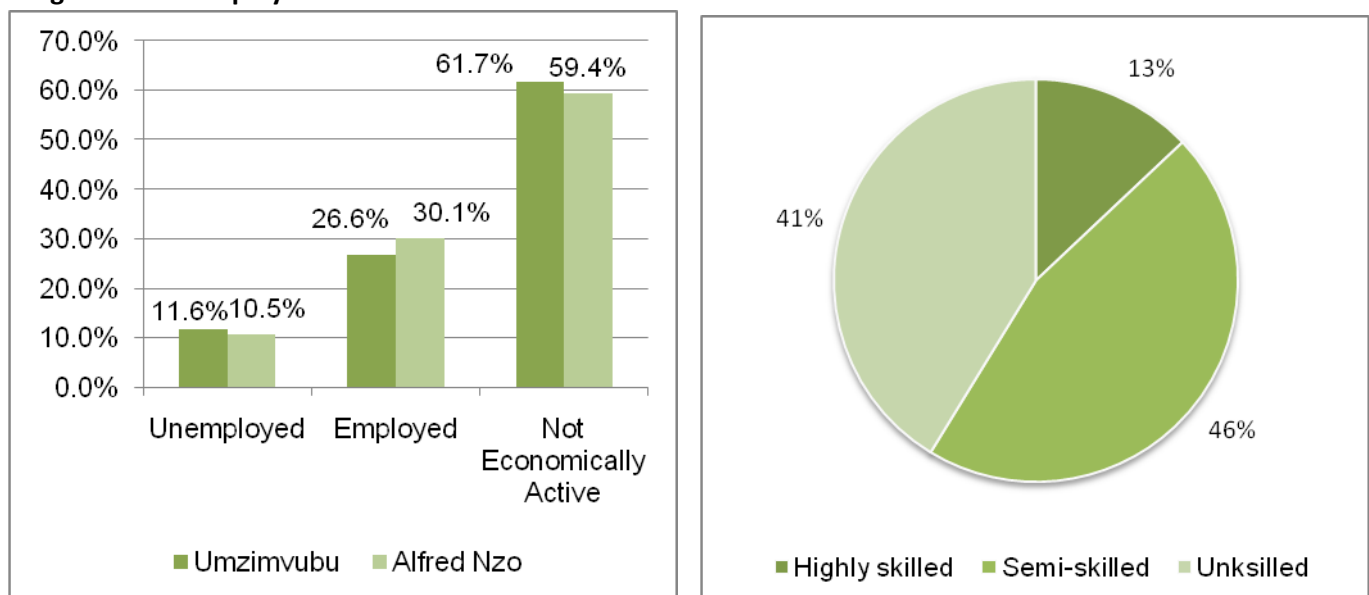
StatsSA: 2016 Community Survey

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



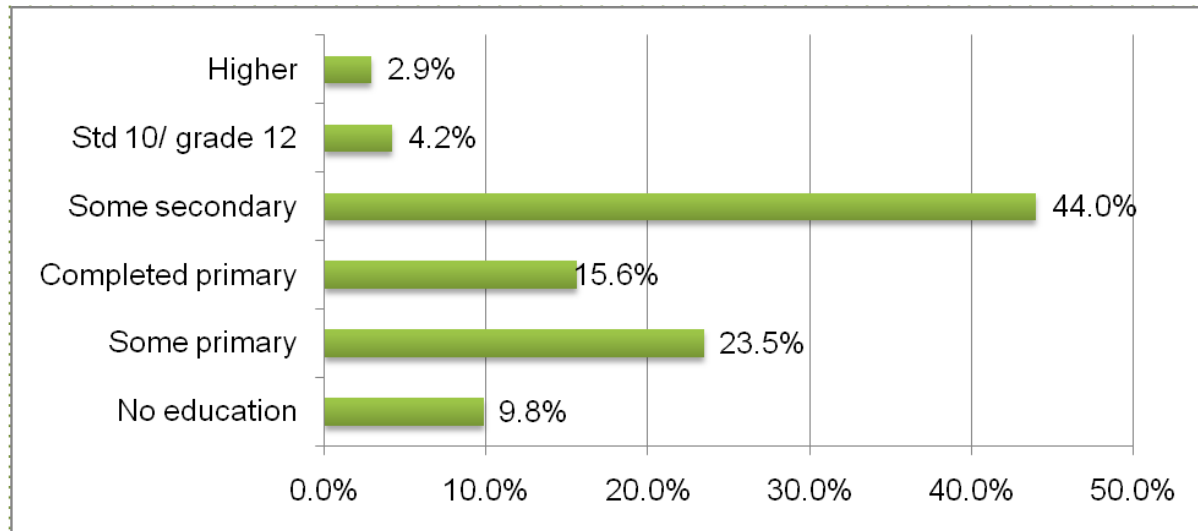
StatsSA: 2016 Community Survey

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

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.

Umzimzimvubu 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.

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 2021/2022 financial year the municipality received. A MIG Allocation of R56 112 000.00

A total of 31,7 km of new roads were constructed at Badibanise internal Road, Ndikho via Ngxingweni Access Road, Nophuwana Access road and Malenge Access Road . An amount of R 30 635 304,49 was spent on the maintenance of 121,2 km's of access roads. A further R950 000 was spent towards the completion of Phepheni sport facility. A tune of R800 000,00 was spent on the construction of Tyinirha Bridge which has been completed and an amount of R 520 000,00 on Silindini bridge which is still on progress. During 2021/2022 financial year, We further saw the construction and **Completion** of four community halls in Chane, Silver City, Lwandlana, Nkanji, Luyengweni and Mvalweni at a cost of R 16 500 000,00.

The municipality further received an Integrated National Electrification Programme (INEP) Grant of about R33 000 000.00, and 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 510 households in Mdakeni and Nciniba has been completed , then Mmangweni, Dinana and Mpandomise are still on progress.

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 ratio, even though the municipal cash flows have decreased by R23,915 million which is 18.86% decrease 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. Overall, it is noted that there has been a substantial improvement in the billing of consumers and an increase in revenue collection. Compliance reporting occurs as required and a positive cash flow is observed.

Revenue Trends of the Municipality

The municipality has shown a decline of 4% in its current year billing collection with 83% compared to 87% in the previous year (2020-2021).

REVENUE COLLECTION BY SOURCE

01/07/2021 - 30/06/2022				
Revenue Source		Billing	Receipts	Collection %
Rates		48 612 759.92	41 615 554.88	86%
Refuse		1 399 188.91	832 767.53	60%
Interest		1 964 630.29	760 992.22	39%
Total		51 976 579.12	43 209 314.63	83%
Other Revenue				
Revenue Source		Budget	Receipts	Collection %

UMZIMVUBU LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



UMZIMVUBU LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2022



AUDITOR-GENERAL
SOUTH AFRICA

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on 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 2022, 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 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (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 municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Unauthorised expenditure

7. As disclosed in note 63 to the financial statements, the municipality incurred unauthorised expenditure of R77,4 million during the current year, which was subsequently authorised by the council during the year.

Material losses – receivables from non-exchange transactions

8. As disclosed in note 6 to the financial statements, the cumulative allowance for impairment of receivables from non-exchange transactions amounted to R27,7 million (2020-21: R27,4 million).

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 the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
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 these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Introduction and scope

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities 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 2022:

Development priorities	Pages in the annual performance report
KPA 1 – basic service delivery and infrastructure	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 service delivery and infrastructure

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 municipality'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 report

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 trade payables from exchange, revenue from non-exchange, expenditure, contingent liabilities, statement of budget and actual as well as segment reporting identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

25. Reasonable steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, as required by section 65(2)(a) of the MFMA.

Procurement and contract management

26. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

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 the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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. Although an audit action plan was implemented, it was not monitored adequately to ensure that the root cause of prior year findings on compliance with legislation was addressed, as recurring findings were raised in the financial year under review.

Auditor General

30 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

GOVERNANCE

Component A: Political and Administration governance

2.1. Political Governance

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

Name of Councillor	Portfolio	Committee
 Councillor Z. Ndevu	Hon Mayor	Chairperson of Executive Committee
 Councillor H.M Ngqasa	Hon. Council Speaker	Chairperson of the Council
 Councillor F. Ngonyolo	Chief Whip	Council Chief Whip
 Councillor N.L Nkula	Chairperson	Budget and Treasury

Name of Councillor	Portfolio	Committee
 Councillor N.A Garane	Chairperson	Infrastructure and Planning
 Councillor X.G Jona	Chairperson	Local Economic Development
 Councillor I. Nodali	Chairperson	Corporate Services
 Councillor N.G Mdzinwa	Chairperson	Citizens & Community Services
 Councillor T. Sokhanyile	Chairperson	Special Programmes & Communications

Name of Councillor	Portfolio	Committee
 Councillor M. Magobane		Executive Committee Member
 Councillor N.C Mnyayiza		Executive Committee Member
 Councillor N.V Nomnganga		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	
 Municipal Manager: Mr. G.P.T. Nota	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.
 Chief Finance Officer: Mr. T. F. Fundira	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.



**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 2021 TO 30 JUNE 2022

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 2021 to 30 June 2022.

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. S. Ngqwala	4
Mr S Mnguni CA (SA) (Chairperson)	4
Mr. PL Buthelezi CA(SA)	7
Mr. S. Simelane CA(SA)	3
Ms. L. Sonqishe	3

NB: Term of office of the above members ended 28 February 2022 and was further extended for until 30 April 2022 (except for Mr Buthelezi) and replaced by new members. The new Chairperson is Mr Buthelezi.

Overview of Activities

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

	Meeting date	Meeting	Comments
1.	16 August 2021	Scheduled meeting	All AC members were present
2.	26 August 2021	Scheduled meeting	All AC members were present
3.	19 November 2021	Scheduled meeting	All AC members were present.
4.	15 February 2022	Scheduled meeting	All AC members were present.
5.	14 May 2022	Scheduled meeting	All AC members were present.
6.	25 May 2022	Scheduled meeting	All AC members were present.
7.	28 June 2022	Scheduled 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 2021/2022 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 the 28th June 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.	Review of Annual Financial Statement	Completed	Adequate	Partially effective
2.	Interim Financial Statements review	Completed	Inadequate	Partially effective
3.	Asset Management Audit	Completed	Adequate	Partially effective
4.	Performance bonus review	Completed	Adequate	Effective
5.	Annual Performance Report Review	Completed	Adequate	Effective
6.	AOP (Q1)	Completed	Adequate	Partially effective
7.	Individual Performance Management	Completed	Inadequate	Ineffective
8.	IT General Controls Review	Completed	Inadequate	Partially effective

No.	Project Name	Status	Conclusion on controls	
			Control design	Control implementation
9.	AOPI (Q2)	Completed	Adequate	Partially effective
10.	Cyber Security Audit	Completed	Adequate	Partially effective
11.	MSCOA Compliance review	Completed	Adequate	Partially effective
12.	Project Management Audit	Completed	Inadequate	ineffective
13.	Review of Adjusted SDBIP	Completed	Adequate	Effective
14.	Waste management Audit	Completed	Inadequate	Ineffective
15.	Annual Report Review	Completed	Adequate	Effective
16.	Human Resources Audit	Completed	Inadequate	Partially effective
17.	Revenue Management Audit	Completed	Inadequate	Partially effective
18.	AOPI (Q3)	Completed	Adequate	Partially effective
19.	Supply Chain Management Audit	Completed	Adequate	Partially effective
20.	Budget Audit	Completed	Inadequate	Ineffective
21.	DORA (Grants) Audit	Completed	Adequate	Effective

All planned assurance projects as per the Approved 2021/22 Risk-based Internal Audit plan were conducted and reports were tabled to Audit Committee for approval and adopted. The Audit Committee adopted all the reports of the internal audit with recommendations to be implemented by management.

INTERNAL AUDIT FUNCTION

During this financial year internal audit reports with management comments were presented to the Audit Committee meetings. Issues raised were deliberated and recommendations made including recommendation regarding the issues raised by the Auditor-General South Africa (AGSA)l.

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

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 achieve 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 2022

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 2021-22 and the annual performance report was approved for submission to the Auditor-General.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Audit Committee confirms that the IT Governance of the Municipality is satisfactory. Internal Audit performed penetration test on the systems of the Municipality and found controls to be adequate, even though implementation had deficiencies noted.

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, even though there are still some challenges which are perpetually preventing the Municipality from achieving clean administration.

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 has been sustained from the prior year. With adequate interventions from the Committee and detailed audit action plan, the Committee is objective that clean administration will be achieved in the ensuing year.

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 Promise Buthelezi CA (SA) – New

ChairpersonDate08 / 12 / 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

IDP & BUDGET ROAD SHOWS

WARD NO.	DATE OF THE MEETING	COMMENTS ON DRAFT IDP & BUDGET	GENERAL SERVICE DELIVERY COMMENTS
01	10 May 2022		Need for Rural Housing and electrification infills.
02	10 May 2022		Provincial Road T99 in bad condition which affect scholar transport.
03	10 May 2022		Incomplete rural housing and bad condition of access road.
04	10 May 2022		Need for electrification infills, bad road conditions
05	10 May 2022		Incomplete rural housing projects and bad roads due rainfalls.
06	10 May 2022		Unsatisfactory condition of Ndarhala water reticulation a follow up on the Sifolweni Clinic that was promised.
07	10 May 2022		Incomplete Santombe electrification and poor road conditions

08	11 May 2022		Need for provision of water for the whole ward, bad roads and need for infils.
09	11 May 2022		Need for the completion of Electrification of Qingqi and Siphundu
10	11 May 2022		Need for the completion of Colana and Mdakeni electrification.
11	11 May 2022		Need for maintenance of access roads and electrification of Mthikawusi.
12	11 May 2022		Need feedback or update on 250 destitute housing at Xhameni, Network pole, Incomplete Tyeni Sports field, Clinic and electrification of Msongonyana and Xhameni.
13	11 May 2022		Nyosini water reticulation, bad road conditions.
14	11 May 2022		Need for speed humps in Ngwetsheni and incomplete rural housing.
15	11 May 2022		Type 2 electricity infils, Mhlokwana Network pole and speed humps in Zwelitsha Mhlokwana
16	12 May 2022		Slow progress of electrification
17	12 May 2022		Rural Housing, bad state of roads, water reticulation
18	12 May 2022		Need for Badibanise Street lights, Maintenance of Badibanise Roads, water reticulation and speed humps on N2 next to Home Affairs.
19	12 May 2022		Condition of Sankunku access roads
20	12 May 2022		Electrification Infils and request for Ngxabaxha and Mahamane Sports field
21	12 May 2022		Sanitation in Dangwana, Maintenance of DR 138 Road and Qunubeni Access Road.
22	13 May 2022		Cracked bridge in Maziyetyeni, T Road
23	13 May 2022		Nkungwini Access Road maintenance, Qwidlana Pole

24	13 May 2022		Electrification of Zigadini villages, water reticulation. Slow progress in electrification project
25	13 May 2022		Electrification of Mpongweni, Matyolweni, Mnxekazi
26	13 May 2022		Rural housing, Water and sanitation
27	13 May 2022		Provision of scholar transport and bad state of roads
28	13 May 2022		Provision of permanent dwelling structure for people living in Emagogweni

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

The website serves as an integral part of Umzimvubu Local Municipality's communication infrastructure. 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.

The municipal website is fully compliant with the Promotion of Access to Information Act 2 of 2000 which refers to giving effect to the constitutional right of access to any information held by the state and any information that is held by another person. All statutory documents are visible, accessible and are frequently updated as per the transcripts of the Municipal Finance Management Act.

(b) Web Content Management

The Public Relations and Communication Unit is responsible for content management. Information is received from user departments and the turnaround time for uploading content onto the Municipal website is 48 hours. The website is maintained and hosted by an external service provider however the contents and all document uploads are managed internally.

(c) Relevant Legislations

Constitution of the Republic of South Africa, Act 108 of 1996, Section 152

Promotion of Access to Information Act 2 of 2000

Local Government Municipal Finance Management Act, 2003

Local Government Municipal Systems Act, 2000

Municipal Property Rates Act, 2004

(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	One quotation	SCM Manager
2001-30000	3 quotations	SCM Manager
30001-65000	Seven days' notice	SCM Manager
65001-75000	Seven days' notice	CFO
75001-200000	Seven days' notice	MM
Above 200000	Competitive bidding	MM

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

2.11. MPAC Committee

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

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

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

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

ROLES AND RESPONSIBILITIES OF THE MPAC

a) MPAC has no executive powers;

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

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

- consider and make recommendations on the Report to Council regarding specific reports of the Auditor-General; and queries, comments and responses in respect thereof;
- investigate the alleged misappropriation of municipal funds by Councillors and/or officials and report thereon to Council as the case may be;
- recommend on any proposals in respect of the oversight process for improving efficiency, effectiveness and economy in the financial sphere of the Municipality; and
- liaise with the Audit Committee and any other relevant combined assurance committees and role-players.
- Investigate unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32 and 102 of the MFMA, as instructed by Council, and as guided by the National Treasury Circular 68: Unauthorised, Irregular and Fruitless and Wasteful Expenditure.

Recommendations of Mid - Year Assessment Report 2021/2022

Recommendations on Annual Report 2020/2021

The Oversight Committee recommends the following:

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

Names of members and number of meetings attended by MPAC Members (2021/2022)

Members of the MPAC Committee	Political Organization	F/T OR P/T	06 JULY 2021	17 AUGUST 2021	23 AUGUST 2021	15 SEPTEMBER 2021	Total Number of planned meetings	Number of meetings attended	Number of meetings absent
1. Cllr S Myingwa	ANC	P/T	1	1	1	1	4	4	0

2. Cllr L Nqatsha	AIC	P/T	1	1	NA	NA	4	2	2
3. Cllr P Makhinzi	ANC	P/T	1	NA	1	1	4	3	1
4. Cllr N Ntshayisa	ANC	P/T	A	1	NA	1	4	2	2
5. Cllr NN Gcadinja	ANC	P/T	1	NA	NA	NA	4	1	3
6. Cllr E N Ngalonkulu	ANC	P/T	1	NA	NA	1	4	2	2
7. Cllr N Mantshongo	DA	P/T	1	NA	NA	1	4	2	2
8. Cllr V. Bulana	ANC	P/T	1	NA	NA	1	4	2	2

Members of the MPAC Committee	Political Organization	F/T OR P/T	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	17 MARCH 2022	31 MAY 2022	14 JUNE 2022	Total number of planned meetings	Number of meetings attended	Number of meetings absent
1. Cllr M Mataka	ANC	P/T	1	1	1	1	4	4	0
2. Cllr A Jakuja		P/T	1	1	NA	1	4	3	1
3. Cllr X Lungu	ANC	P/T	1	N/A	1	1	4	3	1
4. Cllr N Hlanekelela		P/T	1	1	1	1	4	4	0
5. Cllr A P Mkhonto	ANC	P/T	1	1	1	1	4	4	0
6. Cllr P K Thingathinga	UDM	P/T	1	1	1	1	4	4	0
7. Cllr B Mdingi		P/T	A	1	NA	1	4	2	2
8. Cllr L Mapala		P/T	1	1	NA	1	4	3	1

9. Cllr B Ngqasa	EFF	P/T	-	1	NA	1	4	2	1
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Recommendations of Mid - Year Assessment Report 2021/2022

(a) Office of the Municipal Manager

Employees :Office of the Municipal Manager					
Level	2019-2020	2020-2021			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
	Mr GPT Nota				
	Mrs C. Nenemba				
	Ms T. Novukela				
	Mr Z Tyebisa				
	Mrs B Jokazi				
	Ms N. Boyce				
	Mr S. Mhlawuli				
	Mr S. Tshekela				
	1 Vacant post				
Total					

(c) Legal Service

Case Load for 2021-2022 Financial year

Parties	Legal Firm	Brief Description of the matter	Status
General P. Madikizela//ULM:case number 4258/2016	Fikile Ntayiya & Associates	The plaintiff is suing the municipality for a sum of R600 000.00 arising out of malicious arrest and assault.	The matter has, due to the death of the plaintiff and by agreement between the parties, been FINALISED and CLOSED . STATUS – FINALISED
Sibongiseni Magaqa//ULM	Fikile Ntayiya & Associates	The plaintiff 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. STATUS – DORMANT
Lindelwa Nyokana//ULM:case number 40/18	Fikile Ntayiya & Associates	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.	Matter was before Magistrate Mbotho on 10 December 2021 and was postponed to 11 February 2022 for further evidence. STATUS – ONGOING

Zibuke clothing, bakery & multipurpose//ULM: case number 2570/2018	Fikile Ntayiya & Associates	The municipality seeks the eviction order against the respondents at Transido, KwaBhaca. The respondents have occupied the premises P a g e which belong to Umzimvubu Municipality without consent, ERF 351 KwaBhaca.	The matter is trial ready and was postponed <i>sine die</i> because of the suspension of evictions during Lockdown period. A new date of hearing has been requested from the Registrar. The matter was before court on the opposed roll on 10 February 2022. Mr Ntayiya was made aware that there was a court order which was not complied with by the Municipality's previous attorney. The matter was then removed from the roll with the Municipality to pay the wasted costs of the day. Attorney requests meeting with Municipal Officials to ascertain what the Municipality seeks to achieve in this matter. STATUS – ONGOING
Atlas Tower (PTY) LTD//ULM: case number 2912/2019	P Conjwa & Associates	The matter is a High Court Review Application - cellular phone tower installation and	16 February 2022, the court delivered judgement and dismissed the Municipality's Counter-claim with costs and ordered that the

		review of a decision to approve the installation.	Applicant (Atlas Tower) pay 50% of the Municipality's costs in the main application. STATUS – FINALISED The Municipality shall take the necessary steps to enforce the order in respect of costs.
Rawutini Yicokise Gawulana and others//ULM: case number 1554/2019	P Conjwa & Associates	Land Invasion on ERF 188 in MaXesibeni	13 December 2021 – The matter was before Court and a condonation application was moved together with the application for leave to appeal. 15 February 2022 – Application for leave to appeal is dismissed with costs. -Municipality to consider petitioning the Supreme Court of Appeal. STATUS – PENDING DECISION ON SCA PETITION
Andiswa Gxobole//ULM	P Conjwa & Associates	The plaintiff demands a full payment of monies paid by the Director of Nomtwa Projects to effect repairs and installation of electricity at the Fresh Produce	The municipality is to prepare and file a plea as per the amended particulars of claim. The matter is still pending before the High Court. STATUS - ONGOING

		Market building that belongs to ULM.	
Arbitration Proceedings – ULM // Mvuyisi Nqwazi – Case no: ECD012101	Mdledle Incorporated	The applicant, Mr Mvuyisi Nqwazi; initiated arbitration proceedings against the Municipality for allegedly being unfairly dismissed by the Municipality.	Ruling from the arbitrator has been issued. STATUS - FINALISED
Tandeka Mgeyi and 4 Others//ULM:case numer- 2914/2019	Fikile Ntayiya & Associates	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. The matter was set down for hearing on the 7 th of April 2022. STATUS – ONGOING
Nolubabalo Khuzani and 62 Others//ULM:case number- 4859/2019	Fikile Ntayiya & Associates	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). STATUS - ONGOING
Mr TJ Manyell//ULM: reference-Thana Louw/CIB1805	Fikile Ntayiya & Associates	Incident on a motor vehicle that occurred as a result of a pothole without warning signs. Claim of R5 275.12 with interest calculated at 10.25% per annum.	ULM attorneys have responded to the letter of demand and awaiting for the plaintiff to decide whether to issue summons against the municipality. <u>The case is dormant</u>
Nodelile H Conjwa & 8 others :case number-1531/2012	Fikile Ntayiya & Associates	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 have been issued by the applicants and the Municipality's attorneys are due to file notice of intention to defend and plea or counterclaim. 11 February 2022 – Attorneys were to make an application for the consolidation of all the matters as their separation causes negative financial implications for the Municipality. Awaiting date for the hearing of the application for consolidation of the issues. STATUS – ONGOING

Jane Ntombesithathu Nkondlwana//ULM: case number-2841/2019	P Conjwa & Associates	Unlawful occupation of ERF 308 KwaBhaca	ULM is 3 rd respondent in the matter and the court has instructed as follows: “that the third respondent <i>if need be</i> , 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. Request for consultation with the relevant official is requested by Municipality’s legal representative. The matter was finalised on 20 January 2022 and judgement is to be delivered in due course. <u>STATUS – AWAITING JUDGEMENT</u>
Prince Mbusi Mdlalose//ULM: case number 3359/2019	Madlanga & Partners Incorporated	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 have since filed the discovery affidavit and are to prepare for pre-trial conference for the matter to be ready for trial. STATUS - ONGOING
Millennium Development Trust (MDT)//ULM: litigation	Madlanga & Partners Incorporated	Extension 6 development / assisting ULM and providing legal advisory service on progress to the project and to provide legal opinion on merits	Instructions to institute High court legal proceedings with the assistance of Junior and Senior Counsel.

		of success regarding cancellation/termination of the agreement between ULM and MDT.	STATUS - DORMANT
Umzimvubu Local Municipality // Mbali Rural Developers	Norton Rose Fulbright	A claim in favour of the municipality was awarded in the amount of R220 601. To enforce the arbitration award, the municipality seeks to attach movables to satisfy the claim.	Writ of execution is with the office's Sheriff of Kokstad for service. South African Police Services (SAPS), case number CAS 69/11/2018 (under investigation). The sheriff has been instructed to ensure effective execution of the Writ. STATUS - ONGOING
Phumza Vitshima//ULM: case number P256/19	Xolile Ntshulana Attorneys	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.	Application for leave to appeal was dismissed with costs the consequence of which the Municipality was bound to settle the Applicants claim in the amount of R508 312.08. The matter is finalised as the Municipality has paid the judgement debt. STATUS - FINALISED
Notemba Millicent Mpiti//Notemba Manxusa and ULM: case number 3209/2019	P Conjwa & Associates	Unlawful occupation of property that belongs to Ms Mpiti by Ms Manxusa	The municipality is cited as the 2nd respondent in the matter. The matter is finalised, and the 1 st respondent has been ordered to vacate the applicants premises. The applicant was also ordered to pay the wasted costs of the Municipality. STATUS - FINALISED.

			The Municipality shall take the necessary steps to recover its wasted costs per the order.
Zilindile Mrhamba and Chief Baphathe Makaula//ULM: case number 28/2020	P Conjwa & Associates	Unlawful demarcation of sites on land reserved for development of a Sportsfield in Semeni / Dungu	Allocation of the opposed date from the Registrar. Interim order granted against the Respondents. The Municipal legal representatives have since filed the Municipality's Replying Affidavit per the Court order Awaiting allocation of date on the opposed roll. STATUS – ONGOING
GEOILOCATE//ULM	Mdledle Incorporated	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. Summons have since been received and the Municipality has filed its Plea in response. Awaiting date for pre-trial conference. STATUS – ONGOING
PWC//ULM: case number 1351/2020	Madlanga & Partners Incorporated	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. Default judgement granted against the Municipality. Application for rescission of default judgement initiated by Municipal legal representatives.

			21 September 2021, matter was before court and moved from the unopposed to opposed roll and a date for the hearing shall be determined upon the date set for the Respondents to file their answering affidavit. Application for rescission of default judgement granted in favour of the Municipality and a plea shall follow. STATUS - ONGOING
Momelezi Methusi//ULM: case number 206/2020	P Conjwa & Associates	The plaintiff claims an amount of R92 765.00 due to alleged damages to his car because of an accident with the municipal refuse truck.	The matter was before court on 27 November 2020 and the application for the joinder of the 3rd party involved was granted. Matter still to be heard in Court after the 3rd party has filed its plea. 15 June 2022 – The matter was before court and the Municipality called its witness Mr Gqiza, Mr Ntlamba and Mr Matiyela. STATUS - ONGOING
Siti Cargo//ULM	Madlanga & Partners Incorporated	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.	15 October 2021 – Summons received and referred to attorneys. Attorneys to file appearance to defend and plea or counter-claim as the case may be. 15 June 2022- Municipal officials attended consultative meetings with attorneys.

			Municipal Attorneys in the process of preparing an advisory memorandum and amending its plea accordingly. STATUS - ONGOING
Umzimvubu Local Municipality vs Vuyo Chitha	Madlanga & Partners Incorporated	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.	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 to complete application. STATUS ONGOING
ULM//Mabona Civils and Nedbank	Fikile Ntayiya & Associates	The municipality wish to recover an amount of R 812 307 from Nedbank. The first defendant (Nedbank) negligently so, paid the whole amount of R 812 307 to the fraudster without first making verification whether the recipient was indeed from the second defendant (Mabona Civils) or not.	(Finalised – matter withdrawn from the roll) STATUS - FINALISED

Zandisile Mzondi//ULM: case number 233/2020	Fikile Ntayiya & Associates	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 <i>sine die</i>. 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. STATUS - FINALISED
Economic Freedom Fighters (EFF)//ULM: case number...	Madlanga & Partners Incorporated	This is a High Court Application to declare the ULM's dress code policies unlawful and unconstitutional and in the alternative to review and set aside ULM's dress code policies. Several other Municipalities are cited as respondents in the matter. Counsel has since been briefed.	Notice of intention to oppose was served and filed. Answering Affidavit has also been prepared, served and filed. 15 February 2022 – the applicant has since filed a supplementary founding affidavit. The Municipality shall file a supplementary answering affidavit insofar as it is affected by

			the applicants supplementary founding affidavit. STATUS - ONGOING
Ayalneh Mandefra Fantaye//ULM	Madlanga & Partners Incorporated	The plaintiff demands an amount of R150 000.00 as a result of vehicle collision that includes the municipal truck in January 2021.	Notice of intention to institute legal proceedings received. Letter by the Municipal legal representatives denying liability on the part of the Municipality and further requesting proof that the persons mentioned in the Letter of Demand are indeed the employees of the Municipality was dispatched to the Plaintiff. Awaiting the service of Summons by the Plaintiff. STATUS - DORMANT
Concerned Group of Sigidini Administrative Area // ULM – Case no. 1986/2021	P Conjwa & Associates	This is an application brought by the Applicants in respect of land which they claim belongs to them.	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.

			Municipality has since filed its heads of arguments and awaiting date of hearing. STATUS - ONGOING
Simphiwe Mhlongo // ULM & Vatiswa Patience Ndudane	Fikile Ntaya Attorneys	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 <i>de novo</i>.	The matter was set down for hearing on the 3rd of September 2021. The trial is yet to commence. STATUS - ONGOING
Norman Ndongeni // Thembisa Ndongeni & ULM – Case no. 4779/2021	Fikile Ntaya Attorneys	This matter is primarily between the applicant and the first respondent, one Miss Thembisa Ndongeni. The applicant seeks to evict the first respondent together with various other persons allegedly in unlawful occupation of the property in question. The ULM is cited in the application as the 4th respondent for compliance purposes only and no order is sought against it. However,	The matter was before court on 11 January 2022 and was postponed to 25 January 2022. 25/01/2022 – Matter was before Court and the Court requested the Municipality to provide it with a report as to whether it is in a position to provide alternative accommodation to the respondent should they be evicted.

		legal representation is necessary as the Court may mero motu require the Municipality to intervene.	Municipality has since filed its affidavit/report as directed by the Court. The matter was set down for hearing in the opposed roll of 28 April 2022. STATUS - ONGOING
Jabulani Hardware // Umzimvubu Local Municipality	Mdledle Incorporated	The Municipality seeks to interdict Jabulani hardware from conducting business on Erf 346 KwaBhaca which is a property zoned for residential purposes. Jabulani Hardware conducts its business without having made an application for the rezoning of the said property	Attorneys for the Municipality have filed the necessary application papers and shall move the application in due course. STATUS - ONGOING
Umzimvubu Local Municipality // Estate late T.C Nompumza	Mdledle Incorporated	The Municipality seeks to recover funds that were lost at its Mount Frere Registering Authority per the recommendations of the Financial Misconduct Disciplinary Board.	Attorneys for the Municipality are in the process of gathering the necessary information in order to be able to draft summons and initiate the action proceedings. STATUS - ONGOING

Nomagalati Dyantyi // Umzimvubu Local Municipality & Another	Fikile Ntayiya & Associates	The Municipality is cited as the 1 st respondent in a dispute between the Applicant and the 2 nd respondent in terms whereof the Applicant seeks to evict the 2 nd respondent from her property. The Municipality is only cited for compliance purposes.	The Municipality has briefed its attorneys on a watching brief and to file a notice to abide where same is necessary. STATUS - ONGOING	
Bulelani Mvundlela & Another // Umzimvubu Local Municipality – Case no.3559/2022	Fikile Ntayiya & Associates	The applicant seeks relief to have the Municipality erect a trench around the Mount Frere Sports Facility in Badibanise. The applicant alleges that there is flood water flowing from the Sports Facility which is causing damage to his property adjacent to the facility.	The Municipality has since filed its notice to oppose and answering affidavit. The matter is now awaiting allocation of trial date. STATUS - ONGOING	N/A
My Pride Smile Africa & Eastern Cape Black Contractors Forum // Umzimvubu Local Municipality – Case no. 2313/2022	Mdledle Incorporated	The applicant seeks relief to declare the decision of the Municipality to sell tender documents without availing them online in various projects as unconstitutional and that such decision ought to be reviewed and set aside.	The Municipality has since filed its notice to oppose and answering affidavit. The Applicant shall file its Replying Affidavit in due course and the matter shall be set down for hearing on the opposed roll. STATUS - ONGOING	N/A

Chapter 3: Service Delivery Performance

Component A: Basic Service Delivery

3.1. Electricity Provision

(The municipality receives its electrification grant through the Integrated National Electrification Programme. The programme seeks to assist the municipality in reducing the electrification backlog. The INEP projects are taken off the municipal IDP priority lists which is reviewed on an annual basis. Projects that were under implementation for 2021/22fy are: Mdakeni, Nciniba, Dinana in ward 10 and Mpondomise Phase 3 in ward 23 and MMangweni Phase 3 in ward 22)

Financial Performance Year 2021/2022: Electricity Services					
Details	2021/2022	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	R14708000	R33mil		R33MIL	
Expenditure	R14.7mil	R28mil		R28MIL	
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Capital Expenditure Year 2021/2022: Electricity Services					
Capital Project	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Mdakeni	R6.02MIL	R7.17MIL	R7.17MIL		R7.17MIL
Nciniba	R5.8MIL		R5.27MIL		R5.8MIL
Dinana	R6.11	R7.3MIL	R4.48MIL		R7.3MIL
Mmangweni Ph3	R8.7MIL		R4.9MIL		R8.7MIL
Mpondomise Ph3	R6.8MIL		R5.2MIL		R6.8MIL

3.2. Waste Management and Refuse Removal

Effective solid waste management systems can contribute to improving public health outcomes through reducing opportunities for disease spreading vermin to thrive, as it sometimes occurs at unregulated local dumpsites. They contribute to enhancing environmental quality by protecting watercourses, ground water and preventing illegal dumping and littering. Well-designed solid waste management systems support both higher levels of economic activity and can contribute directly to poverty alleviation through job creation. Conversely, a failure to provide effective solid waste systems is felt most severely by poor households. Umzimvubu Local Municipality adopted “waste hierarchy” indicated on The National Environmental Management: Waste Act (2008) as its

overarching principle for waste management. The Act also provides tools to implement the waste hierarchy through integrated waste management planning, Umzimvubu Local Municipality developed and adopted the IWMP 2020. The Municipality performs waste collection services (refuse removal, street sweeping, litter picking, refuse bag provision/curb side collection and waste bin provision/servicing in 2 urban centres or towns and 8 rural areas, 5 days a week in residential area and 7 days a week in urban areas.

At present the municipality collects an estimated 16% of the sorted and unsorted Municipal waste from households, suitable properties and businesses to waste facilities (GCB-) for recycling and final disposal. The higher waste collection backlog percentage is sitting with rural areas and illegal waste dumps.

The Municipality operates and manages two GCB- waste facilities, they are both permitted. Extension of Mount Ayliff landfill site is underway (2022/23 financial year). Currently conducting environmental impact assessment. Both landfill sites have working faces/landfill cells for a final waste disposal off and cell operations (compaction, covering and litter picking), controlling and directing waste vehicles from households and businesses for proper working face areas. Access control, logging of vehicles that access the facilities and direct vehicles for proper working face.

1. Waste Educational/ Awareness Programs:

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

- a). Coordinating a door-to-door visit campaign to increase knowledge and change attitudes of citizens pertaining solid waste management at source, including waste separation, contracts with service providers, reduce open burning, littering and the dumping of waste and increase recycling.
- b). Organizing community clean-up events. This activity encouraged the community to organise quarterly clean ups and it became a usual practice by the end of the project period.

c). Establishing and participate on a school program. The school program engaged students in workshops, and supported waste and environmental education knowledge sharing in schools. Thereby students and schools could adopt better waste practices and students can share their knowledge with their families and other community members.

d). Organizing community group visits. The group visits increased know-how, changed attitudes concerning waste, encouraged improved waste management practices and motivated individuals and groups to keep their environment clean, and to educate others.

2. Clean up campaigns:

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

3. Waste Recycling Initiatives: for environmental and economic benefit

There are two established material recycling facilities (MRFs) and recycling co-operatives in the municipality, which also function as buy back centres; The Xesi Recycling Primary Co-Operative operating at the Mount Ayliff landfill site, and the Mount Frere Recycling Co-Operative operating at the Mount Frere landfill site. Mount Frere baler machine is fully functioning and fully assisting the MFR. Mount Ayliff baler machine was damaged during Singeni community violence that vandalised the Mount Ayliff landfill site. Though the baler machine is not working, the Co-Operative is still on site working manual. The recycling companies that collect materials from the facilities are based in Durban, Kokstad and Mount Frere. The companies collect the materials when the stock reaches a mass of approximately 32 tonnes - thus achieving viable payloads for the long-haul vehicles used. All recyclable material is transported to Durban to be processed. The co-operatives do not collect and sell glass, steel or aluminium. There is an informal market for steel recovery, with community members stockpiling steel next to the N3 and selling it to passing trucks. This market is not organised with co-operatives managing the activities.

Challenges in Waste Management:

- Vehicles
- Illegal dumping

South African waste information systems

Umzimvubu Local Municipality has two weighbridges in both landfill sites, Mt Frere landfill site weighbridge is functioning correctly and is reporting to the South African Waste information system. Mt Ayliff landfill site weighbridge was burnt down during the singeni strike and we now using estimates to calculate and report the waste volumes.

The Integrated Waste Management plan was reviewed in 2019, was adopted by the council, and endorsed by the MEC: Department of Environmental Affairs and Tourism as well as COGTA). IWMP will be reviewed in 2024. The municipality is submitting IWMP annual plans to regional office (Environmental Affairs).

The municipality has adopted and implementing Climate change strategy and Air quality management plan

Umzimvubu Local Municipality has a designated waste management officer.

The municipality is affiliated/ part of the district environmental management forum to discuss matters related to Environmental management related sector/aspect.

Solid Waste Service Delivery Levels: House Holds						
Description	2019/2020	2021/2022	2021/2022	Original Budget No	Adjusted No	Actual No
	Actual No	Actual No	Actual No			
Solid Waste Removal:	681	761	778		0	0
Removed Once a week	n/a	n/a	n/a		0	0

Removed more than once a week	681	761	778		0	0
Total Number of House holds	681	761	778		0	0

Employees: Waste Management and Refuse Removal services					
Level	2021/2022	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	43	80	43	37	
4-6	5	13	5	8	
7-9	1	1	1	0	
10-12	5	5	5	0	
13-15	0	0	0	0	
Total	54	99	54	45	

Financial Performance Year 2021/2022: Waste Management and Refuse Removal					
Details					
	2020-2021	2021-2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	R8 879 658.99	R8713000.00	R8713000.00	R8879658.99	R166658.99
Expenditure	R91306825.54	R28696826.00	R32340826.00	147678738.00	R115337912.08
Employees	R12860848.84	R12156351.00	R11986351.00	R13 291 152.10	R1304801.10
Repairs and Maintenance	R1316006.87	R2134050.00	R1234050.00	R1366609.05	R132559.05
Other	R77129969.83	R14406425.00	R19120425.00	R133020976.93	R113900551.93
Total Operating Expenditure	R91306825.54	R28696826.00	R32340826.00	R147678738.08	R115337912.08
Net Operational Expenditure	R86646121.33	R19983826.00	R23627826.00	R138799079.09	R115171253.09

Capital Expenditure Year 2021/2022: Waste Management and Refuse Removal					
Capital Project	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Landfill site	R5 000 000.00	-	-	-	R5 000 000.00
Plant and equipment	R2 100 000.00	-	-	-	R2 100 000.00

3.3. Housing

1. PURPOSE AND SERVICE MANDATE OF THE HUMAN SETTLEMENTS SUB-SECTION

4.1 To foster an Integrated Human Settlement by influencing the approach to the development of municipal housing strategies through emphasis on moving away from the concept of housing as a mere shelter, to housing as part of an overall strategy to achieve human settlements that provide good quality homes, dignity and surety of tenure with proper access to the necessary socio-economic opportunities to the residents. To promote social economic and racial integration in the settlements linked to the objectives of densification and integrated mixed land use in UMzimbubu Urban Areas:

- To facilitate and administer all housing projects/programs.
- To facilitate the provision of necessary services for human settlements projects.
- Beneficiary administration
- To provide necessary expertise to quality assurance.
- Provide reports on both qualitative and quantitative project elements.
- To monitor and to give a technical guidance to the council on the implementation of the Housing Sector Plan (HSP).

Employees: Housing					
Level	2020-2021	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
0-3					
4-6					
7-9	1	1	1	0	0
10-12	3	3	3	0	0
13-15	1	1	1	0	0
Total	5	5	5	0	0

Financial Performance Year 2021/2022: Housing					
Details	2020/2021	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	8 850 000.00	17 100 000.00		17 100 000.00	
Expenditure	8 850 000.00	16 800 000.00		16 800 000.00	
Employees					
Repairs and Maintenance					
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Capital Expenditure Year 2021/2022Housing					
Capital Project	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Housing Sector Plan	0.00		0.00		0.00

The municipality was appointed as an Implementing Agent by Department of Human Settlement to implement 56 Houses . Nkungwini 19 Units at ward 13 and Dundee 37 Units ward 27.

Liyema Civils was appointed at Nkungwini and Docraine was appointed at Dundee for 2021/2022 FY

KEY PERFORMANCE INDICATOR	ANNUAL TARGETS FOR 2021/2022
DESTITUTE AND VULNERABLE	0 units
UNITS	56 units

FULL SERVICES	56 units
PARTIAL SERVICES	0 units
RECTIFICATION	0 units
BUDGET	R12 mil

Successes:

All 56 units have been completed with NHBRC approvals

Challenges:

Adverse weather conditions.

Delay on NHBRC registration processes.

Inaccessible position of houses which required additional costs.

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 7 444 which is reviewed quarterly.

Free Basic Services to Low Income House holds						
Year	Number of House Holds					
	Total	House Holds Earning Less than R 3 780.00 Per month				
			Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%

2021/2022		1138	1138	15	0	0
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Financial Performance 2021/2022: Cost to the Municipality Free Basic Services Delivered					
Services Delivered	2021/2022	2021/2022			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Free Basic electricity and free Basic Alternative Energy	R4 849,763.61	R6 918,989.00	R6 918,989.00	R6,715,525.52	R203,372.48
Indigent Burial Support	N/A				
Rates	N/A				
Free Basic Services: Refuse removal and compilation of indigent register	N/A				

Challenges:

The municipality encounter challenges that relate to applicants not submitting all supporting documents on time, Eskom claiming for beneficiaries that are outside of Umzimvubu LM jurisdiction.

Component B: Roads

3.5. Roads and Storm Water Drainage

(During 2021/2022 financial year, Umzimvubu LM improved its road network by constructing 31.7km of new gravel roads and improved the maintenance by 43.5km from last year's 73.3km that is 60% more maintained roads than the previous FY. This has also ensured that Umzimvubu LM has the highest km of road network within the Alfred Nzo DM with most of these roads in fair, readable quality)

Gravel Road Infrastructure: Kilometres				
Years	Total gravel Roads (Km)	New Gravel Roads Constructed	Gravel Roads Upgraded to Tar	Gravel Roads Maintained
2019-2020				
2020-2021	109km	35.7km	0km	73.3km
2021-2022	148.5km	31.7km	3.5km	116.8km

Cost of Construction and Maintenance : Rand Per KM				
Year	Gravel Roads		Tarred Roads	
	New gravel road	Maintained Road	New	Maintained
2019-2020	R650 000	R250 000	R2 500 000	R250 000
2020-2021	R750 000.00	R250 000.00	R3000 000.00	R300 000

2021-2022	R820 000	R350 000	R5 500 000	R700 000
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Financial Performance Year 2021/2022: Roads					
Details	2020-2021	2021-2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue					
Expenditure					
Employees					
Maintenance	20.7	20.33			
Other					
Total Operating Expenditure					
Net Operational Expenditure					

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



Figure 1: Mount Frere Phase 7



Figure 2: Malenge AR

Capital Expenditure Year 2021-2022: Roads (PMU)						
Capital Projects	2021-2022					
	STATUS	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Malenge AR	Completed	2430962.09		2430849.39		2430849.39
Nophuwana AR	Completed	2956495.12		2653874.74		2653874.74
Ndikho-Ngxingweni AR	Completed	2925000		2269541.13		2269541.13
Badibanise Internal Roads	Completed	4257109.64		4257109.64		4257109.64

Capital Expenditure Year 2021-2022: Maintenance						
Capital Projects	2021-2022					
	Status	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Khona-Lovu AR	Completed	1 297 169.52		1297169.52		1297169.52
Sixhotyeni AR	Completed	939366		939366		939366

Manxiweni to Gxewushe AR	Completed	1019125		1019124.05		1019124.05
Celinkungu AR	Completed	1477060		1477060		1477060
Santombe AR	Completed	890925.13		890925.13		890925.13
Sugarbush AR	Completed	1150000		1150000		1150000
Saphukanduku AR	Completed	1157498		1157498		1157498
Sikhundlwini AR	Completed	1332390		1332390		1332390
Mzinto AR	Completed	939020		939020		939020
Manqilweni AR	Completed	1380000		1380000		1380000
Mkhalatye-Sidikidikini AR	Completed	1822272.50		1822272.50		1822272.50
Niyona AR	Completed	2500000		2500000		2500000
Tolo-Kuyasa AR	Completed	1250000		1250000		1250000
Mtshazi-Mntwana AR	Completed	1300000		1300000		1300000
Shayamoya AR	Completed	1178587		1178587		1178587
Mpindweni AR	Completed	1500000		1416626.41		1416626.41

Mthombokazi-Mguga AR	Completed	2317997.70		2317997.70		2317997.70
Sbhodobhodo via Sodladla AR	Completed	3983839.39		3983839.39		3983839.39
Tela-Dundee-Gugwini AR	Completed	3187655.09		3178811.72		3178811.72
Employees : Project Management Unit						
Level	2020-2021	2021-2022				
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts	
4-6						
10-12						
13-15	4	4	4	0		0
Total						

Employees: Maintenance					
Level	2020-2021	2021-2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
4-6	9	9	8	1	11
10-12					
13-16	1	1	1	0	0
Total	10	10	9	1	11

Component C: Planning and Development

3.6 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 functions 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 objective of the section is to promote planned, economic, scientific, and artistic development of the municipal towns and rural areas

Functions

Functions 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

2. PURPOSE AND SERVICE MANDATE OF THE BUSINESS UNIT: BUILDING INSPECTORATE

2.1 To monitor adherence to the National Building Regulations and any other applicable law that governs construction related activities and to enforce such laws without prejudice:

- To foster adherence to all relevant pieces of legislations including ULM By-Laws
- To provide quality assurance.
- Provide reports on quantitative annual building plan approvals to Statistics South Africa.
- By-law enforcement.
- To eradicate illegal demarcation land on the commonage (ULM towns, i.e. KwaBhaca and E-MaXesibeni).
- To provide project management function to internal building construction projects
- To plan manage the delivery of building construction projects.

2.4. Core functions /Aims / Objectives

1. Make recommendations to the council, regarding any plans, specifications, documents and information submitted to ULM for approval in accordance with applicable laws and By-Laws.
2. Conduct periodic inspections to the erection of the building, and any activities or matters connected, in respect of which approval was granted to ensure compliance to the South African National Standards 10400 (SANS 10400)
3. Issue compliance notices regarding non-compliance with any conditions and SANS 10400 which approval was granted.
4. Issue technical advice and expertise to other internal departments

5. Provision of technical advice to clients\communities.
6. Project management on municipal building projects

2.4. Strategies

- Building Regulations By Laws
- Town Planning Scheme By Law
- Building Construction Project Management

Valuation

Town Planning

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

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

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

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

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

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

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

Land administration

The municipality has developed land use management scheme, 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 has appointed 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.

Human Settlement

2. PURPOSE AND SERVICE MANDATE OF THE HUMAN SETTLEMENTS SUB-SECTION

4.2 To foster an Integrated Human Settlement by influencing the approach to the development of municipal housing strategies through emphasis on moving away from the concept of housing as a mere shelter, to housing as part of an overall strategy to achieve **human settlements** that provide good **quality homes, dignity and surety of tenure** with proper access to the necessary socio-economic opportunities to the residents. To promote social economic and racial integration in the settlements linked to the objectives of densification and integrated mixed land use in UMzimvubu Urban Areas:

- **To facilitate and administer all housing projects/programs.**
- **To facilitate the provision of necessary services for human settlements projects.**
- **Beneficiary administration**

- To provide necessary expertise to quality assurance.
- Provide reports on both qualitative and quantitative project elements.
- To monitor and to give a technical guidance to the council on the implementation of the Housing Sector Plan (HSP).

4.2. Core functions

1. Responsible for project conceptualization, planning, design, implementation, monitoring and progress reporting.
2. Consumer Education
3. Beneficiary Administration
4. Determine the housing need\demand
5. Provision of affordable houses
6. Provision of middle to high income housing
7. Provision of social rental accommodation
8. Formulation housing sector plan

Strategies

- Housing policy formulation (not done yet)
- Housing Sector Plan
- Housing Allocation Committee

Declaration of UMzimvubu Local Municipality as Restructuring Zone

Key stake holders

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.

Successes for the development planning unit are:

- The Umzimvubu Local Municipality is currently disposing land for development in line with the municipal vision 2030 plan that was adopted by council in 2018. This is done to attract private investment in the area in order to boost economic development.

Implementation of by-laws

The Municipality has adopted the Spatial Planning Land Use Management Bylaws which were gazetted in 2016 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 were 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, KwaBhaca, and Emaxesibeni. 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 are 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

Building control

Regular inspection with Quarterly target of 20 Enforcements to ensure that all By Laws are taken into consideration. To check all the development around town in conjunction with Developmental Planning such as building done without an approved plans.

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	
	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022
Subdivisions	7	0	3	0	1	0	0	0	3	3
Consolidations	1	0	0	0	0	0	0	0	1	1
Rezoning	5	8	1	7	4	0	0	0	4	1
Applications relating to land restrictions	0	0	0	0	0	0	0	0	0	0

Special consents	0	0	0	0	0	0	0	0	0	0
Township Establish ment	1	0	0	0	0	0	1	0	0	0
Other applicatio n must be mentione d	0	1	0	0	0	0	0	0	0	1

Employees : Planning and Land use and Building control					
Level	2020/2021 FY	2021/2022 FY			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	01	01	01	Filled	100%
4-6					
7-9	06	06	06	Filled	100%
10-12	Contract (02)	02	02	Filled	100%
13-15	09	09	09	Filled	100%
Total					

Financial Year Performance 2021/2022: Planning and Land use, Building Control					
Details	2020/2021	2021/2022			
	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

As regards the tourism function within municipalities this is guided by the 1996 White Paper on the Development and Promotion of Tourism in South Africa and the National Tourism Sector Strategy 2017. The White Paper highlights that local government is the closest sphere of government to tourism products. Local government mirrors the functions of provincial government but with additional focus areas. Local Government is responsible for planning, development and maintenance of specific aspects of the tourism destination. The functions of local municipalities however will be influenced by the availability of financial and human resources (RSA, 1996).

The private sector plays a critical role in tourism. They bear the risk and rewards for investments and operations of their businesses. They are responsible for satisfying the wants of their customers and operating an ethical business that is socially and environmentally responsible. They are responsible for maintaining fair labour practises and for up skilling staff. They are also needed to collaborate with government around planning and marketing tourism. The White Paper also indicates that the private sector is responsible for organising themselves to speak as one voice (RSA, 1996).

2021/ 2022 CROPPING SEASON:

The development of agriculture in Umzimvubu Local Municipal area of jurisdiction is often viewed solely as the subsistence farming characterised by low levels of production and poor quality of production. Agriculture is a fundamentally important part of the South African economy. The significance of agriculture is enhanced by its large linkages with other sectors. This means that growth in agriculture leads to growth in other areas of the economy.

South Africa also has a potential for the meaningful expansion of agricultural production if the potentially arable soil in communal land in high rainfall areas in ULM. This can significantly enhance the contribution of the agricultural sector more effective in supporting growth, creating jobs and reducing poverty which requires a favourable socio-economic climate, adequate governance, sound macro-economic fundamentals and supportive policies.

The Umzimvubu Local Municipality through its Agricultural Development and Support Policy states that, the Municipality will plough/support all the wards with a cropping programme on grain or vegetable production, depending on soil suitability factors. (Amendment of clause 5.7).

In the 2021/2022 the Umzimvubu Local Municipality ploughed and planted 405ha of land in 27 Wards, with 15ha of land from each ward. The project Terms of Reference are prepared by an LED Agricultural Development Officer, signed by Head Of Department before the project is presented to the BSC and then Service Providers for Supply and Delivery of Agricultural Inputs and Mechanisation of field appointed by SCM.

ANALYSIS OF THE CROPPING AND HARVEST REPORT

The agrarian programme is intended as a food security and poverty alleviation for the communities of Umzimvubu Local Municipality. The harvest of the crop is divided amongst the field-owners and community at large. The yield of the harvest are sometimes not measured in terms of tonnes as it meant to be a food security and poverty alleviation programme.

However, when the implementation of the programme has been executed in a right way, also depending on soil and climatic weather conditions the best harvest is 4 – 5 tonnes per hectare and or 6 -7 tonnes per hectare.

MAIZE PLANTED: In the year under-review, the following areas were ploughed and planted as per table-below.

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
N/A	Phepheni	1	N/A	15Ha	15Ha	Dec 2021
N/A	Mnambithi	2	N/A	15Ha	15Ha	Dec 2021
N/A	Marhwaqa	3	N/A	15Ha	15Ha	Dec 2021
N/A	Sigidini	4	N/A	15Ha	15Ha	Dec 2021
N/A	Marwaqa	5	N/A	15Ha	15Ha	Dec 2021
N/A	Ndakeni	6	N/A	15Ha	15Ha	Dec 2021
N/A	Skemane Lubhasi	7	N/A	15Ha	15Ha	Dec 2021
N/A	Lugelweni	8	N/A	15Ha	15Ha	Dec 2021
N/A	Goso Sugarbush Luxwesa	9	N/A	15Ha	15Ha	Dec 2021
N/A	Ntsimangweni	10	N/A	15Ha	15Ha	Dec 2021
N/A	Lutshikini	11	N/A	15Ha	15Ha	Dec 2021
N/A	Lutateni	12	N/A	15Ha	15Ha	Dec 2021
N/A	Mpungutana Ngcozana	13	N/A	15Ha	15Ha	Dec 2021

N/A	Nqalweni	14	N/A	15Ha	15Ha	Dec 2021
N/A	Lugangeni	15	N/A	15Ha	15Ha	Dec 2021
N/A	(Vegetables)	16	N/A	15Ha	15Ha	Dec 2021
N/A	Mabhaceni Ngqantosi Sdikidiki Cwalinkungu	17	N/A	15Ha	15Ha	Dec 2021
N/A	Vegetable	18	N/A	15Ha	15Ha	Dec 2021
N/A	Mntwana	19	N/A	15Ha	15Ha	Dec 2021
N/A	Mpembha Lwandlana Ngxabaxa	20	N/A	15Ha	15Ha	Dec 2021
N/A	Zibukwana Qoqa	21	N/A	15Ha	15Ha	Dec 2021
N/A	Ngqwarha Gamakhulu	22	N/A	15Ha	15Ha	Dec 2021
N/A	Nxokotyeni Nkuswini	23	N/A	15Ha	15Ha	Dec 2021
N/A	Amrose Sivumele	24	N/A	15Ha	15Ha	Dec 2021
N/A	Nkompolweni	25	N/A	15Ha	15Ha	Dec 2021
N/A	Nyuswa Mrholweni Mangweni	26	N/A	15Ha	15Ha	Dec 2021

N/A	Nkanini Mangweni	27	N/A	15Ha	15Ha	Dec 2021
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CONTRACTOR DEVELOPMENT PROGRAM

The Programme is Not Applicable to LED Department.

INFORMAL TRADING: MARKET PLACE

The Umzimvubu Local Municipality has a Trading Facility built in e-Maxesibeni with the objective of assisting the local SMME's to have a conducive place where they can operate their businesses. The DEDEAT also funded the construction of informal hawker stalls in e-Maxesibeni, which is implemented by ECDC. The structure will aid the local SMME's/Hawkers to have a protected area against scorching sun, winds and rainfall.

TOURISM

Tourism is composed of both supply (an industry) and demand (an activity). Supply and demand are linked through marketing, research, distribution, global and national tourism organisations and transportation. The environment affects supply and demand because the environment reflects historical, current and future legislative, technological, social and economic trends. These activities should all operate within a functioning tourism system.

The supply side of tourism focuses on the most fundamental resources that attract tourists to regions: the natural and cultural resources of a country or region. These resources need to be sustained and managed for the benefit of all on this planet. Tourism supply is made up essentially of what the tourism industry brings to the tourist. The destination and those that 'package' it to meet the needs of tourists is the foundation of what makes it attractive to potential tourists.

As has been highlighted previously, Umzimvubu has in the past not pro actively developed tourism attractions, however there are sights that can be and in some cases are being utilised as tourist attractions in the area:

Table 16: Attractions planned for Umzimvubu LM

Attraction	Description	Future Developments
Ntsizwa Mountains	• Battlefield monument	• Hiking trails • Chalets/cabins have been proposed • Old coal mine
Ntenetyana Dam	• Trout Fishing	• Proper management of the trout fishing • Accommodation facilities • Watersports
Mzimvubu River	• River rafting	• Proper management of the Watersports • Fishing
Goxe	• Failed cut flower project	• There is proposed conservation of indigenous flora and fauna and some of the animal species found in the area
Methodist Church	• One of the oldest churches	• Religious route
Craft	• There are many craft centres dotted throughout the municipality	• Consolidation of the craft centres and focusing on key projects that will enhance the cultural aspect of the area.

Source: Bhalisa Tourism & Travel Consultancy

CHALLENGES:

Most of Tourist Attraction areas are not easily accessible because of bad roads, power supply and general basic infrastructure. There is a lack of tourism awareness amongst the communities within the entire Umzimvubu area of jurisdiction.

Most of the challenges faced by tourism in our area can be addressed by the implementation of the following:

- Effectively marketing the Eastern Cape as a tourist destination
- Developing a strong Eastern Cape Brand Identity
- Building the capacity of the implementing agents
- Encouraging much more co-operation and joint effort in the industry
- Refocusing on research efforts
- Increasing the level of tourism education and awareness
- Improving access to tourist destinations
- Improving the level of safety and security
- Expanding and developing the nature reserves and national parks as quickly as possible

SUCSESSES:

The Ntsizwa Hiking Trails were launched, Service Provider assisted in the conceptualization of the project. The signage was provided to all accommodation facilities within the Umzimvubu area. The Tour Operators and Tourist Guides were identified from the areas of Lugelweni, Saphuknduku and Ntsizwa administrative areas. The LED Department has partnered with ECTP in the process of reviewing the Responsible Tourism Sector Plan and a Heritage Route Development Plan drafted.

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	
2018/2019		N/A		
2019/2020		N/A		
2021/2022		N/A		
2021/2022		N/A		
Jobs created by EPWP projects				
Year	No of EPWP projects		No of Jobs created	
2021/2022				

Financial Performance Year 2021-2022: LED and Tourism					
Details	2020-2021	2021- 2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R 127 004.54	R 559 482.00	R 559 482.00	R 127 004.54	R 432 477.46

Expenditure	R 21 262 785.00		R 25 080 115.00	R 22 343 334.31	R 2 737 406.69
Employees	R 5 049 179.00	R 5 049 179.00	R 4 549 179.00	R 3 716 039.28	R 833 139.72
Repairs and Maintenance	-	-	-	-	-
Other	R 3 941 515.00		R 7 888 115.00	R 6 533 730.23	R 1 354 384.77
Total Operating Expenditure		R 21 262 785.00	R 25 080 741.00	R 22 343 334.31	R 2 737 406.69
Net Operational Expenditure	R 22 216 329.77	R 20 703 303.00	R 24 521 259.00	R 22 216 329.77	R 2 304 929.23
Employees : Local Economic Development and Tourism					
Level	2020-2021	2021-2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	N/A	N/A	N/A	N/A	N/A
4-6	N/A	N/A	N/A	N/A	N/A
7-9	01	02	01	01	
10-12	03	04	03	01	

13-15	02	02	02	N/A	
Total	06	02	06	02	

Capital Expenditure Year 2021-2022: Local economic Development					
Capital Projects	2021-2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Anchor Project	R 3,5 M	N/A	R 3,25 M	R 250 000.00	R 3 250 000.00
SMME & Cooperative Support Fund	R 2 M	R 1 M	R 2,8 M	R 800 000.00	R 2 800 000.00

Component D: Community and Social Services

3.8. Libraries and Community Facilities

Umzimvubu Local Municipality operates and manages two libraries, one in Mount Frere and one in Mount Ayliff. There are also five Modular libraries and one classroom library 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

3.10. Special Programmes

The mandate of Special Programmes Unit is to coordinate, advocate and monitor the realization of the rights, programmes and projects of Women, Men, Youth, Children, Senior Citizens (Elderly) and people living with disabilities.

Functions

- Drafting of concept document for the commemoration of calendar events, youth, Disability, Women's, elderly programmes for approval and commemoration of calendar events.
- Advocate and mainstreaming for the support of SPU programmes internally and externally.
- Execution of organised celebrations of Calendar events and Special Groups programmes and Projects.
- Convening quarterly meetings for elderly, youth, Women's Caucus, elderly Forums.
- Research and procure the needed commodities or equipment by Special Groups.
- Conducting community outreach and educational programmes to foster welfare of all Special groups.
- Managing the establishment of Youth, Disability, Elderly forums and their proper functioning.
- Development of procurement plan for all Special group's programmes and calendar events.

Elderly

Special Programmes supported 140 Elderly people with Christmas vouchers worth R1000 redeemable at Boxer Superstore. Identified five elderly people from various twenty eight respective wards participated during the programme. The Unit also supported Mthombokazi elderly project in ward 12 with Industrial sewing machine. Elderly tournament was coordinated, in these codes Soccer, Netball and pass the ball activity of which they were awarded with a voucher worth of R10 000.00 after completion of the games/elderly tournament.

No.	Project to be Implemented	Programme	Ward /Venue	Number / name of beneficiaries
1.	Elderly Christmas Event	140 Christmas Gift Vouchers Handed Over	28 wards (5 elderly people from each ward)	140
2.	Supported Elderly Projects	Mthombokazi Elderly Project. Elderly tournament	Ward 12	10
3.	Elderly Games		All wards	140

PEOPLE LIVING WITH DISABILITIES

Special Programmes Unit held a Disability Awareness Campaign at Msukeni in Ward 3. The campaign was aimed at supporting and creating awareness about disabilities and it was a step towards ending the stigma around people with disabilities.

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
Disability Awareness Campaign	Disability Awareness Campaign	Msukeni- Ward 3	100

Children

Special Programmes Unit supported Masibambane Pre-school in ward 20 and Good Shepard Pre-School in ward 04 with outdoor playing equipment.

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
Children's Support Programmes	Supported Pre Schools with Outdoor Equipment	Ward 20 Ward 04	50

Youth

Special Programmes Unit supported four youth owned projects with safety boots, protective clothing, Printer, Industrial sewing machines, Manure, and piggery feed.

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
Number of Youth projects supported	Sqashi Recycling Youth Project with safety boots and protective clothing	Ward 04	40
	NC Bafo Youth Project supported with Manure and Piggery feed	Ward 09	
	Sva Sewing Youth Project supported with Industrial Sewing machine.	Ward 20	
	Tshungwana Youth Cohesion Project supported with Printer.	Ward 25	

▪ Initiation

The initiation Forum was launched by the Speaker on the 04th of June 2022 with the aim of ensuring safe Initiation season. This forum is made up of government departments, NGOs, Traditional Leaders and two Councillors. Chief Makaula was elected as Chairperson, Chief Gogela was elected as Deputy Chairperson, Cllr Mveku was elected as Secretary and Cllr Sonyabashe was also elected as Deputy Secretary.

This forum was mandated to conduct an oversight during the initiation season of the entire Initiation programme at the local level (KwaBhaca and EmaXesibeni). It was reporting directly to the District Initiation Forum.

Initiation Forum Awareness Campaign was organised which was held on 09 June 2022 at Sophia Park Recreation Park in KwaBhaca. Traditional Councils, Chiefs, People who had registered initiation schools, Amakhankatha, lingcibi, Traditional Healers and the community at large were in attendance. The Dos and Don'ts were thoroughly explained during the awareness campaign in line with the Customary Initiation Act 2 of 2021.

Parliamentary Committee for Cooperative Governance and Traditional Affairs led by Portfolio Committee Chairperson, Honourable Fikile Xasa embarked on oversight in Alfred Nzo District. A meeting was held on the 04th of July 2022 at Alfred Nzo District Municipality Conference Centre in EmaXesibeni wherein the Chairperson, Honorable Xasa explained the purpose of the visit as being to engage various stakeholders involved in the tradition practice in order to reduce deaths of initiates and that the visit was to ensure that Customary Initiation Act No. 2 of 2021 is implemented and adhere to.

At the end of the initiation season there were zero deaths reported and the number of legal initiates was 811 (420 for EmaXesibeni and 391 for KwaBhaca).

Women

Umzimvubu Local Municipality supported women led project with sewing machine and commemorated women's day, four destitute families from different wards in Umzimvubu were supported with grocery hampers.

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
Support of Women Projects	Supported Mthombokazi Sewing Project with sewing equipment	Ward 12	10
Women's day celebrations	Commemoration of women's day	Sophia Park	All ULM women

Component E: Environmental management and Signage Control

3.12. Pollution control, Biodiversity, Landscape and Coastal Protection

Capital Expenditure Year 22021/2022: Environmental Management and Biodiversity					
Capital Projects	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
NONE					

Financial Performance Year 2021/2022: Environmental Management and Biodiversity					
Details	2020-2021	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	0	0	0	0	0
Expenditure	0	R396 000.00	0	R396 000.00	0
Employees	n/a	0	0	0	0
Repairs and Maintenance	n/a	0	0	0	0
Other	n/a	n/a	n/a	n/a	n/a
Total Operating Expenditure		R396 000.00			
Net Operational Expenditure		R396 000.00			

Employees : Environmental Management and Biodiversity					
Level	2021/2022	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	n/a				
4-6	n/a				
7-9	n/a				
10-12	n/a				

13-15	n/a				
Total	n/a				

COMPONENT F: SAFETY AND SECURITY

3.15. PROTECTION SERVICES

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

TRAFFIC SECTION:

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

ACTIVITIES:

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

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

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

Automatic number plate recognition (ANPR) system fitted in the VW Golf patrol vehicle, one pro-laser 3 and one pro-laser 4 cameras, 8 alcohol breathalysers.

CHALLENGES:

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

RECOMMENDATIONS:

The Department to be flexible in increase the number of law enforcement officers to counter act existing and still to arise new challenges.

DRIVING LICENCE TESTING CENTRE:

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

REGISTERING AUTHORITY:

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

SECURITY:

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

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

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

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

PROGRESS:

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

CHALLENGES:

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

POUND:

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

Traffic Police Service data				
Details	2020-2021	2021/2022		2022/2023
	Actual Number	Estimated Number	Actual Number	Estimated Number
Number of road traffic accidents during the year	89	90	103	104
Number of by-law infringements attended	48	50	25	27
Number of traffic officers on the field on an average day	16	20	20	22
Number of officers on duty on an average day	16	20	20	21

Employees : Protection Services including security services					
Level	2021/2022	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a % of total posts)
0-3	44	44	44	0	100%
4-6	87	83	83	0	100%
7-9	23	23	23	0	100%
10-12	14	22	14	8	63,6%
13-15	6	8	6	2	75%
Total	174	180	170	10	94,4%

Capital Expenditure Year 2021/2022: Protection Services					
Capital Projects	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Law Enforcement Vehicles	R2 000 000.00	R110 020.00	R2 110 020.00	R110 020.00	R2 110 020.00
Uniform	R928 800.00	R0.00	R895 370.75	R33 429.25	R895 370.25

Financial Performance Year 2021/2022:					
Details	2020-2021	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue		R34 232 777.00	R0.00	R36 939 711.60	-R2 454 138.87
Expenditure		R36 939 711.60	R0.00	R36 939 711.60	-R2 454 138.87
Employees		R7 752 930.00	R0.00	R11 251 132.90	-R3 283 900.90
Repairs and Maintenance		R464 400.00	R0.00	R401 411.90	R62 988.10
Other		N/A	N/A	N/A	N/A
Total Operating Expenditure		R36 939 711.60	R0.00	R36 939 711.60	N/A
Net Operational Expenditure		R36 939 711.60	R0.00	R36 939 711.60	N/A

3.16. Driver's Licensing and Testing Centre

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

ACTIVITIES

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

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

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

12

SUCSESSES

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

2018/2019 FY = 2582 people tested for driving licences

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

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

CHALLENGES

The suspension of two examiners is causing a trouble in the station. Finger trouble, as well as faulty fingerprinting and non-standard photographs, are causing delays in the issuing of credit card-style driving licences, and that result in in some driving licences being issued reflecting incorrect information.

DLTC Data		
Details	2020-2021	2021/2022
	Actuals	Actuals
Total Number of learner's licences processed	2086	1918
Total Number of driver's licences processed	1492	1195
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	2021/2022				
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	5	5	5	0	100%
4-6	4	4	4	0	100%
7-9	1	1	1	0	100%
10-12	4	5	4	1	75%
13-15	N/A	N/A	N/A	N/A	N/A
Total	14	15	14	1	75%

Capital Expenditure Year 2021/2022: DLTC					
Capital Projects	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
None					
Financial Performance Year 2021/2022: DLTC					
Details	2020-2021	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	N/A				
Expenditure	N/A				
Employees	N/A				
Repairs and Maintenance	N/A				
Other	N/A				
Total Operating Expenditure	N/A				
Net Operational Expenditure	N/A				

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

Two eNaTIS system and two special printers dedicated for the printing of all documents related to the licensing of the vehicles at Mount Frere RA. In Mount Ayliff there are two eNaTIS system already installed and are functioning but there is no staff to operate the station.

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

Network is a big challenge. Shortage of staff to operate the Mount Ayliff new station.

Registering Authority Data		
Details	2020-2021	2021/2022
	Actuals	Actuals
Total amount collected for the Department of transport(DOT)	R9 293 993.18	R10 573 162.16
Total amount collected for the municipality	R2 1843 090.73	R2 867 355.17
Total for Registration and Penalties	N/A	N/A
Total for transaction fees (RTMC)	R735 696.00	R783 648.00

Employees : Registering Authority					
Level	2021/2022	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	3	3	3	0	100%
4-6	3	3	3	0	100%
7-9	1	1	1	0	100%
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	7	7	7	0	100%

Capital Expenditure Year 2021/2022: Registering Authority					
Capital Projects	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
None					

Financial Performance Year 2021/2022: Registering Authority					
Details	2021/2022	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	None				
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operating Expenditure					
Net Operational Expenditure					

3.17. POUND SECTION

Background:

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

ACTIVITIES

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

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

None

SUCSESSES

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

CHALLENGES

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

Pound Data		
Details	2020-2021	2021/2022
	Actuals	Actual
Total Number of animals impounded	1966	3028

Employees : Pound					
Level	2021/2022				
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	10	10	10	0	100%
4-6	10	10	10	0	100%
7-9	N/A	N/A	N/A	N/A	N/A
10-12	2	2	2	0	100%
13-15	N/A	N/A	-N/A	N/A	N/A
Total	22	22	22	0	100%

Capital Expenditure Year 2021/2022: Pound					
Capital Projects	2021/2022				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Tools & Equipment	R150 000.00	0.00	R149 177.55	R822.45	R149 177.55
Financial Performance Year 2021/2022: Pound					
Details	2020-2021	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	N/A				
Expenditure	N/A				
Employees	N/A				
Repairs and Maintenance	N/A				
Other	N/A				
Total Operating Expenditure	N/A				
Net Operational Expenditure	N/A				

Component G: Sport and Recreation

3.18. Sport Development

Special Programmes Unit came up with a Youth Development Programme that will involve young people of Umzimvubu Local Municipality in various Sport codes which is Mayoral Cup tournament. Mayoral Cup tournament started at ward level to clusters which are Nophoyi, Buffalo Neck, Msukeni, Shinta, Kwa Bhaca, and Emaxesibeni, which had the minimum of 6 teams on each code which are Men's and Ladies soccer, Netball, where clusters will compete to produce a team that will qualify to play in finals. Prices for the tournament are as follows:

1 st Price Soccer	R10, 000
2 nd Price Soccer	R5, 000
3 rd Price Soccer	R3, 000
1 st Price Ladies Soccer	R5,000
2 nd Price Ladies Soccer	R3,000
3 rd Price Ladies Soccer	R2,000
1 st Price Net Ball	R10,000
2 nd Price Net Ball	R5,000
3 rd Price Net Ball	R2,000

CUSTOMER CARE

Employees : SPU & Communications					
Level	2021/2022	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	4	4	4	0	
4-6	1	1	1	1	
7-9	2	2	2	0	
10-12	3	4	3	1	
13-15					
Total					

Component H: Corporate Policy Offices and Other Services

3.19. Executive and Council Structures.

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 14th and 15th of March 2021 successfully. 34 schools attended, with a total of 4500 learners from Umzimvubu Juristically area attended. And was graced with the presence of 21 exhibitors

<i>DATE</i>	<i>VENUE</i>	<i>NO. OF SCHOOLS</i>	<i>TIME</i>
<i>14-15 March 2022</i>	<i>Mount Frere : Badibanise Sports Ground</i>	<i>34</i>	<i>09h00-17h00</i>

3.20. 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 that economy is still

recovering from 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	Vacant
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	Filled
12.	Accountant: Budget and Reporting	Filled
13.	Senior SCM Officer	Filled
14.	Logistics Officer	Filled
15.	Demand Management Officer	Filled

16.	Messenger Driver	Filled
17.	Messenger Driver	Filled
18.	Accountant: Expenditure	Filled
19.	Payroll Officer	Filled
20.	Expenditure	Vacant
21.	Accountant: Revenue	Filled
22.	Credit Control Officer	Filled
23.	Free Basic Services Coordinator	Filled
24.	Cashier	Filled
25.	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						
Refuse removal						

Other						
-------	--	--	--	--	--	--

Employees :Budget and Treasury					
Level	2020-2021	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6 4-6	4	4	4	0	0
7-9	2	2	2	0	0
10-12	11	12	12	0	0
13-15					
Total	17	18	18	0	

Financial Performance Year 2021/2022: Budget and Treasury					
Details	2020-21	2021/2022			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
	R	R	R	R	R
Total Operational Revenue	19 589 653	322 948 000	329 118 000	288 341 000	25 403 000

Expenditure	55 375 084	158 059 000	139 779 000	54 854 000	84 925 000
Employees	80 632 207	15 486 000	11 713 000	12 980 000	-1 267 000
Repairs and Maintenance	8 295 392	856 000	1 389 000	2 299 000	-910 000
Other		141 717 000	126 697 000	39 575 000	87 122 000
Total Operating Expenditure	163 892 336	158 059 000	139 779 000	54 854 000	84 925 000
Net Operational Expenditure	83 260 129	164 889 000	189 389 000	260 199 000	59 522 000

3.21. Human Resources and Skills Management

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.

Recruitment and Selection:

Positions on Organisational Structure: 150

Filled positions: 142

Vacant Positions filled during 2021-2022: 49

Skills Development and Training

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

3.22. Information and Communication Technology Services

Printing Solutions

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

MUNICIPAL LICENSES AND SLAs

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

PROCUREMENT OF HARDWARE

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

Network Infrastructure

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

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

ICT Governance

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

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

Policies

Information Technology Policies				
	Name of Policy	Completed	Reviewed	Adopted
1	Access Control Policy	✓	✓	✓
2	Change Control Policy	✓	✓	✓
3	ICT Asset Management Policy	✓	✓	✓ (SCM)
4	ICT Governance Charter	✓	✓	✓
5	ICT Governance Framework (with ICT Strategy)	✓	✓	✓
6	ICT Governance Policy	✓	✓	✓
7	ICT Infrastructure Policy	-	-	-

8	ICT Security Policy	√	√	√
9	ICT Service Management Policy	√	√	√
10	Virus and Patch Management	√	√	√
11	Business Continuity Plan	√	√	√
13	Disaster Recovery Plan	√	√	√

3.21. Meetings and Administration and registry services

Establishment of Municipal Committees

Management Committees

Management Committee (MANCO)

Interdepartmental Committee

Local Labour Forum (LLF)

This committee is established in terms of the collective agreement to deal with labour matters and issues of mutual understanding between labour and employer in the municipality and reports to corporate services committee.

LLF Sub-Committees

Occupational Health and Safety Committee (OHS)

Training Committee

Standing Committees (Section 80 Committees)

Local Economic Development Committee

Corporate Services Committee

Special Programmes and Communication Committee

Infrastructure and Planning Committee

Budget and Treasury Committee

Citizen and Community Services Committee

Section 79 Committees

Municipal Public Accounts Committee (MPAC)

Audit and Performance Committee

Petitions Committee

Ethics Committee

Financial Misconduct and Disciplinary Board

Municipal Meetings and report process flow

The different departments of the Umzimvubu Local Municipality compile monthly and quarterly reports and submit them to the Management committee that sits every month as the first committee that deals with all institutional reports. After these reports are dealt with at the Management Committee, they are disseminated to the relevant standing committee which known as section 80 committees, these Section 80 Committees are chaired by Executive Committee members who after the reports are dealt with at the level of a Standing Committee, they report to EXCO which also sits monthly. After the EXCO has dealt with the reports as submitted by standing committees they are compiled and get submitted to Council as EXCO report, which it will be expected to take decisions in some reports who require a decision making by the Council, the Council is chaired by the Council Speaker, and it sits by-monthly.

Administration and Registry services

The Umzimvubu Municipality has a centralised registry which falls under Sound Governance section in corporate services department. The centralised registry is established in terms of the National Archives and Records Service of South Africa Act (Act No.43 of 1996 as amended) and Eastern Cape provincial Archives

Act NO. 3 of 2003, where it compels registry and archives office to record and archive all institutional documents. The registry also records and register all incoming and outgoing correspondences and reroute them to relevant recipients using the Electronic Document Management System (The Hub 365)

3.22. Employee Health and Well – being

The municipality conducts two wellness events on each and every financial year for purposes of strengthening well-being of employees of and councillors. The municipality further have a committee (OHS) which is responsible for health and safety of employees, councillors and members of the public generally when in the premises of the municipality.

Component I: Annual Performance Report

DEPARTMENTS PERFORMANCE SCORECARD

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Budget and Treasury Office	Number of Indigent beneficiaries subsidised with paraffin, Solar and 50 kWh Electricity	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Provision of free basic services.	Basic Service Delivery and Infrastructure	7880 Indigent Beneficiaries to be subsidised as follows : 50KWH from Eskom 3144, 2536 for Solar and 2200 for paraffin	Last Value	5 722	6 084	[TL001] CFO: Target achieved Electricity 1138 + Solar 2568 + Paraffin 2378 = Total 6064 (June 2022)	N/A	Achieved
Citizen and Community Services	Percentage of qualifying households assisted in Disaster	Percentage	To create a conducive environment for participatory	Disaster Emergency Relief	Basic Service Delivery and Infrastructure	100%	Stand-Alone	100.00%	100.00%	[TL002] Senior Manager: Citizen and Community Services: Achieved	[TL002] Senior Manager: Citizen and Community Services: N/A (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
	Affected areas		development							(June 2022)		
Citizen and Community Services	Number of readership in Municipal libraries	Number	To develop and enhance knowledge for future career pathing	Library readerships	Basic Service Delivery and Infrastructure	10000	Accumulative	10 000	1652 2	[TL003] Senior Manager: Citizen and Community Services: Achieved (June 2022)	[TL003] Senior Manager: Citizen and Community Services: N/A (June 2022)	Achieved
Citizen and Community Services	Number of households provided with formal solid	Number	To develop and maintain a financial viable and sustainable	Integrated Waste Management	Basic Service Delivery and Infrastructure	733 households	Stand-Alone	769	781	[TL004] Senior Manager: Citizen and Community Services: Achieved	[TL004] Senior Manager: Citizen and Community Services: N/A (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
	waste services		ble institution that achieves full compliance with legislation							(June 2022)		
Infrastructure and Planning	Number of constructed and completed community halls	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Construction of Six Community Halls (Chane, Silvercity, Luyengweni, Nkanji, Lwandlana & Mvalweni Community Halls)	Basic Service Delivery and Infrastructure	4 Community Halls	Stand-Alone	6	6	[TL005] Senior Manager: Infrastructure and Planning: 6 x community halls have been completed, with good quality of	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										works. (June 2022)		
Infrastructure and Planning	Number of constructed & completed Multipurpose Centres (Phase 4)	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Completion of Phase 4 Multipurpose centre	Basic Service Delivery and Infrastructure	50% completion	Stand-Alone	1	1	[TL006] Senior Manager: Infrastructure and Planning: The Multi Purpose Centre Phase 4 project is practically complete	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										(June 2022)		
Infrastructure and Planning	Number of constructed & completed municipal offices (Phase One)	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Completion of Municipal Offices Phase One	Basic Service Delivery and Infrastructure	80% completion of Municipal Offices	Stand-Alone	1	1	[TL008] Senior Manager: Infrastructure and Planning: Municipal Offices Phase 1 is practically complete (June 2022)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Infrastructure and Planning	Number of kilometers of access roads constructed	Number	To provide access to improved, sustainable and modernized infrastructure to the community	31.7 Kilometres of new roads constructed (accessing) Badibanise Internal Roads , Ndikho via Ngxingweni AR, Nophuwana AR, Malenge AR)	Basic Service Delivery and Infrastructure	12 km	Stand-Alone	31.70	31.70	[TL009] Senior Manager: Infrastructure and Planning: New gravel AR's projects have been completed ; Badibanise AR, Nophuwana AR, Malenge AR and Ndikho AR (June 2022)	[TL009] Senior Manager: Infrastructure and Planning: The target was revised during mid term (June 2022)	Achieved

Infrastructure and Planning	Number of kilometers of access roads maintained	Number	To provide access to improved, sustainable and modernized infrastructure to the community	116,8km of roads maintained (accessing) Sbhodobhodo to Sodladla AR, Mthombokazi to Msusa AR, Badibanise AR, Khona - Lovu A/R, Sixhotyeni AR, Manxiweni to Gxewushe A/R, Celinkungu A/R, Santombe AR, Sugarbush A/R, Saphukanduku A/R, Sikhudlwini AR, Mzinto A/R,	Basic Service Delivery and Infrastructure	73,3 km	Stand-Alone	116.80	121.2	[TL010] Senior Manager: Infrastructure and Planning: All road maintenance projects were completed. More effort was made after two full months was lost due to inclement weather. Requests by PSC members supported by Project Managers to do some	N/A	Achieved
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				Manqilweni AR, Mkhlatye to Sidikidini AR, Niyona AR, Tolo-Kuyasa AR, Mtshazi-Mntwana AR, Mpindweni AR, Shayamoya A/R, Tela-Dundee-Gugwini AR						extra metres were done with no extra costs. (June 2022)		
Infrastructure and Planning	Number of sport facilities	Number	To provide access to	Completion of 1 sport facility	Basic Service Delivery	3	Stand-Alone	1	1	Project is practically complete	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
	constructed and completed.		improved, sustainable and modernized infrastructure to the community	(Phepheni SF)	and Infrastructure							
Infrastructure and Planning	Number of Households installed with electricity infrastructure	Number	To provide access to improved, sustainable and modernized infrastructure to the	Installation of electricity infrastructure to 1375 Households	Basic Service Delivery and Infrastructure	1375HH	Stand-Alone	1 375	511	[TL012] Senior Manager: Infrastructure and Planning: Infrastructure for 511 customers is complete.	[TL012] Senior Manager: Infrastructure and Planning: Main Contractor was instructed to sub contract	Not Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			community							At Dinana and Mmangweni - there was a slow progress on both sites and theft of Eskom material was also experienced. Mpondomise project is nearing completion, 38 customers are ready to be	the whole of the works for Mpondomise as it was evident that they are having a cash flow difficulties. It was resolved that all the Eskom material must be stored at the chief/headman's place (June	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										energised Nciniba - 224 customers are ready to be energised. Mdakeni - 287 customers are ready to be energised. (June 2022)	2022). To be completed before the 30th December 2022.	
Infrastructure and Planning	Number of landfill sites completed with upgrades.	Number	To provide access to improved, sustainable and modern	Upgrading of Landfill Site (KwaBhaca Landfill Site Phase 2)	Basic Service Delivery and Infrastructure	1	Stand-Alone	1	1	Project is practically complete.	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			zed infrastructure to the community									
Infrastructure and Planning	Number of Kilometres of completed surfacing of Mt Frere streets Phase 7	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Completion of surfacing of Mount Frere Streets Phase 7	Basic Service Delivery and Infrastructure	3.5km	Stand-Alone	3.70	3.70	Project is practically completed .	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Infrastructure and Planning	Number of Kilometres of completed upgrades of EmaXesibeni streets along the CBD.	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Upgrade EmaXesibeni Streets along the CBD area)	Basic Service Delivery and Infrastructure	3.2km	Stand-Alone	3.20	3.20	EmaXesibeni Streets upgrade is practically complete	N/A	Achieved
Infrastructure and Planning	Number of Boreholes installed at EmaXesibeni municipal offices	Number	To provide access to improved, sustainable and modernized	Installation of Borehole at EmaXesibeni municipal offices	Basic Service Delivery and Infrastructure	Nil	Stand-Alone	1	1	borehole done	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			infrastructure to the community									
Local Economic Development & Environmental Management	Number of Auction Pan Facilities Constructed (Phase 3)	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Construction of Auction Pans Phase 3	Basic Service Delivery and Infrastructure	Construction of Phase 2 of 1 Auction Pan Facility	Stand-Alone	1	0	The project not achieved during the reporting period, as the Contractor was appointed on the last two weeks before June 2022, which is the end of	To be implemented in 2022/2023 financial year. To be completed by the 30th October 2022	Not Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										financial year.		
Corporate Services	Number of rural schools with installed Free Wi-Fi	Number	To develop and enhance knowledge for future career pathing	Internet of Things - 4th Industrial Revolution – Wi-Fi for rural school	Basic Service Delivery and Infrastructure	New project	Stand-Alone	1	1	[TL019] Senior Manager: Corporate Services: FREE WIFI INSTALLED AT WARD 26 (June 2022)	[TL019] Senior Manager: Corporate Services: NONE-PROJECT ACHIEVED (June 2022)	Achieved
Corporate Services	Number of students allocated with bursaries for scarce skills	Number	Education and skills development (skills development, education)	Scarce skills bursary	Basic Service Delivery and Infrastructure	14	Stand-Alone	10	10	[TL020] Senior Manager: Corporate Services: Achieved during the last quarter	[TL020] Senior Manager: Corporate Services: None (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										(June 2022)		
Special Programmes and Communication	No of jobs created on EPWP	Number	To create a conducive environment for economic growth and job opportunities	EPWP programme	Local Economic Development	331 Job opportunities reported on	Accumulative	400	682	[TL021] Senior Manager: Special Programmes and Communication: The performance target has been achieved. (June 2022)	[TL021] Senior Manager: Special Programmes and Communication: NA (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Local Economic Development & Environmental Management	Number of hectares ploughed and planted with yellow maize	Number	Economic and sectoral development (job creation, employment, LED Projects, tourism, Agriculture, rural development)	Ploughing & planting of yellow maize	Local Economic Development	405 ha(16.2 ha of 25 wards to be ploughed and planted with yellow maize and some with vegetables	Stand-Alone	375	375	The project was achieved as the 375Ha of land were ploughed and planted in 25 Wards within the Umzimvubu Local Municipality.	N/A	Achieved
Local Economic Development & Environmental	Number of completed Donga rehabilitation projects	Number	Economic and sectoral development (job creation,	Donga rehabilitation Program	Local Economic Development	Donga Rehabilitation completed in 2 Wards by June 2020	Stand-Alone	3	3	Project achieved, dongas rehabilitated in 3 wards.	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Management			employment, LED Projects, tourism, Agriculture, rural development)									
Local Economic Development & Environmental Management	Number of hectares of agricultural land fenced	Number	Economic and sectoral development (job creation, employment, LED Projects, tourism, Agriculture, rural	Fencing of 50 hectares of land	Local Economic Development	0	Stand-Alone	50	0	Delays in procurement processes as affected by the Treasury procurement judgement. Project already	To be implemented in 2022/2023 financial year. To be completed by the 30th December 2022.	Not Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			development)							advertised.		
Local Economic Development & Environmental Management	Number of architectural designs developed for construction of Tour Guide Areas and Ablution facilities for Ntsizwa Hiking Trail	Number	To create a conducive environment for economic growth and job opportunities	Architectural designs for the construction of facilities for Ntsizwa Hiking Trails	Local Economic Development	Approved Design/Feasibility study of Ntsizwa Hiking Trail	Stand-Alone	1	1	The architectural drawings and designs for the Ntsizwa Hiking Trails developed	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Local Economic Development & Environmental Management	Number of Economic Development Catalytic Projects supported with tools and equipment	Number	Economic and sectoral development (job creation, employment, LED Projects, tourism, Agriculture, rural development)	Support of four economic development catalytic projects with tools and equipment (Peach & Aloe Value-Addition with raw material for oil making and containers, Nursery, Fresh Produce Market) provided with support	Local Economic Development	New Project	Stand-Alone	4	3	The project has not been achieved, although we assisted 3 Catalytic Projects as the other one has a Court Dispute from the previous Occupant.	To procure for the other project when the matter has been resolved.	Not Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
				during and post COVID-19								
Local Economic Development & Environmental	Number of Local SMMEs supported with tools and	Number	Economic and sectoral development (job	SMME Development	Local Economic Development	6 SMME's supported	Stand-Alone	6	6	Achieved, Six SMME's assisted.	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Management	equipment		creation, employment, LED Projects, tourism, Agriculture, rural development)									
Local Economic Development & Environmental Management	Number of wool-pressers supplied & delivered	Number	To create a conducive environment for economic growth and job opportunities	Supply and delivery of shearing shed equipment for 27 Wards	Local Economic Development	27 shearing shed supported with wool-pressers	Stand-Alone	27	27	[TL028] Senior Manager: LED: Achieved, 27 wool-pressers were delivered and handed-over to 27 Shearing	[TL028] Senior Manager: LED: N/A (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										Sheds (June 2022)		
Local Economic Development & Environmental Management	Number of Designers , Culinary & Farmers under mentorship program	Number	Economic and sectoral development (job creation, employment, LED Projects, tourism, Agriculture, rural development)	Implementation of Mentorship Programme	Local Economic Development	6 Designer,4 Culinary and 20 Farmers enrolled for mentorship programme	Stand-Alone	30	36	30 locals were mentored as follows: Twenty (20) local farmers Six (9) Designers and Four (7) Culinary	Not Applicable	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Citizen and Community Services	Number of food for waste beneficiaries	Number	To create a conducive environment for economic growth and job opportunities	Food for Waste	Local Economic Development	100 beneficiaries	Stand-Alone	100	100	[TL030] Senior Manager: Citizen and Community Services: Achieved (June 2022)	[TL030] Senior Manager: Citizen and Community Services: N/A (June 2022)	Achieved
Budget and Treasury Office	Percentage Operating budget spent for BTO by 30 June 2022	Percentage	To develop and maintain a financial viable and sustainable institution that	Budget monitoring operating	Financial Management and Viability	100% spending on operating budget for BTO	Carry Over	100.00%	100.00%	[TL031] CFO: Target achieved (June 2022)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			achieves full compliance with legislation									
Budget and Treasury Office	Percentage of Capital Budget for BTO spent	Percentage	To develop and maintain a financial viable and sustainable institution that achieves full compliance with	Percentage of Capital Budget for BTO spent	Financial Management and Viability	72% spending on Capital budget for BTO.	Carry Over	100.00%	100.00%	[TL032] CFO: Target achieved (June 2022)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			legislation									
Citizen and Community Services	Amount of Revenue collected from citizens and community services department	Number	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	Budget monitoring	Financial Management and Viability	6000000	Accumulative	6 000 000	9 650 351.65	[TL033] Senior Manager: Citizen and Community Services: Achieved (June 2022)	[TL033] Senior Manager: Citizen and Community Services: N/A (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Office of the Municipal Manager	Number of Performance reports submitted to council	Number	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	Performance Reporting	Municipal Transformation and Organisational Development	4 performance reports	Accumulative	4	6	[TL034] Municipal Manager: Six Performance Reports compiled and submitted to Council during the 2021/2022 Financial Year	[TL034] Municipal Manager: N/A (June 2022)	Achieved
Budget and Treasury Office	Number of mSCOA trainings updates conducted	Number	To build and strengthen the administration	mSCOA Implementation	Municipal Transformation and Organisational Development	2 training sessions conducted to Cllrs & Employees	Accumulative	2	3	[TL035] CFO: Target achieved	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
	d for employees & councillors		rative and institutional capability of the municipality		ional Development	on mSCOA by 30 June 2020				(June 2022)		
Citizen and Community Services	Percentage protection of municipal sites	Percentage	To build and strengthen the administrative and institutional capability of the municipality	Council Security	Municipal Transformation and Organisational Development	100% Protection	Stand-Alone	100.00%	100.00%	[TL036] Senior Manager: Citizen and Community Services: Achieved (June 2022)	[TL036] Senior Manager: Citizen and Community Services: N/A (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Corporate Services	Number of employees provided with internal bursary	Number	To develop and enhance knowledge for future career pathing	Internal Bursary for ULM Employees	Municipal Transformation and Organisational Development	14 students	Stand-Alone	20	20	20 personnel awarded with internal bursary (Councillors and Employees)	N/A	Achieved
Corporate Services	Number of Strategic Planning Sessions Coordinated	Number	To develop and enhance knowledge for future career pathing	Strategic Planning Sessions coordinated	Municipal Transformation and Organisational Development	5 Strat Plans	Stand-Alone	4	4	Departmental EXCO MANCO Council Strat plans coordinated	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Office of the Municipal Manager	Number of developed credible IDP's submitted to council	Number	To create a conducive environment for participatory development	IDP Adoption	Good Governance and Public Participation	1	Stand-Alone	1	1	[TL039] Municipal Manager: 2022 - 2027 Five Year Integrated Development Plan compiled, submitted to Council and adopted by Council. (June 2022)	[TL039] Municipal Manager: N/A (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Office of the Municipal Manager	Number of SDBIP's approved by the Mayor	Number	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	SDBIP Approval	Good Governance and Public Participation	2	Accumulative	2	2	[OMM001] Manager: IDP and PMS: 2021/2022 Adjusted SDBIP noted by council on the February 2022, approved by the Honourable Mayor and advertised in a local newspaper (June 2022)	[OMM001] Manager: IDP and PMS: N/A (June 2022) [TL040] Municipal Manager: N/A (June 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										[TL040] Municipal Manager: Compiled 2022/2023FY Service Delivery & Budget Implementation Plan (June 2022)		
Office of the Municipal Manager	Number of Annual Reports submitted to Council	Number	To develop and maintain a financial viable and sustainable	Annual Reporting	Good Governance and Public Participation	1	Stand-Alone	1	1	2020/2021FY Annual Report compiled and submitted to Council for approval	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			institution that achieves full compliance with legislation							alongside the Oversight Report		
Office of the Municipal Manager	Number of Oversight Reports submitted to Council	Number	To develop and maintain a financial viable and sustainable institution that achieves full compliance	Oversight Report	Good Governance and Public Participation	1	Stand-Alone	1	1	2020/2021FY Oversight Report on the 2020/2021FY Annual Report prepared and submitted to Council on the 31st	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			ce with legislation							March 2022.		
Budget and Treasury Office	Audit Opinion	Number	To develop and maintain a financial viable and sustainable institution that achieves full compliance with legislation	Improvement in audit opinion expressed on financial statement by Auditor general	Good Governance and Public Participation	1	Stand-Alone	1	1	[TL043] CFO: Target achieved (June 2022)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Special Programmes and Communication	Number of approved communication strategy Action Plan	Number	To create a conducive environment for participatory development	Communication Action Plan Review	Good Governance and Public Participation	1	Stand-Alone	1	1	Performance target achieved	N/A	Achieved
Special Programmes and Communication	Number of Ward Committee trainings Conducted	Number	To build and strengthen the administrative and institutional capability of the municipality	Ward committee training	Good Governance and Public Participation	1	Stand-Alone	1	1	Performance target achieved	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Infrastructure and Planning	Percentage of sites surveyed and Planned	Percentage	To provide access to improved, sustainable and modernized infrastructure to the community	Spatial Planning Programs	Spatial Planning	Two Settlements surveyed	Stand-Alone	100.00%	100.00%	[TL047] Senior Manager: Infrastructure and Planning: All sites as per the applications received were surveyed (June 2022)	N/A	Achieved
Infrastructure and Planning	Percentage construction of 56 housing units	Percentage	To provide access to improved, sustainable and modernized	Construction of 56 housing units	Basic Service Delivery and Infrastructure	New project	Accumulative	60%	75%	Nkundwini - 17 houses are complete Dundee - 9 houses	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
			zed infrastructure to the community							are complete		
Infrastructure and Planning	Number of bridges constructed & completed from 2020/2021FY	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Completion of Tyinirha & Silindini bridges	Basic Service Delivery and Infrastructure	7	Stand-Alone	2	1	[TL017] Senior Manager: Infrastructure and Planning: Project is still under construction at 53% and to be completed in 2022/23 FY. The main delay was	[TL017] Senior Manager: Infrastructure and Planning: The water level has subsided and the Contractor is back on site. The anticipated completio	Not Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
										due to inclement weather and we had to wait for the water to subside, as the water level was extremely high. (June 2022)	n date of the project is the 30th of October 2022. (June 2022)	
Local Economic Development & Environmental	Number of livestock sales and marketing sessions held	Number	Economic and sectoral development (job creation,	Livestock Sales and Marketing Programme	Local Economic Development	New Project	Stand-Alone	1	1	The project was achieved. The livestock sales and	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
Management			employment, LED Projects, tourism, Agriculture, rural development)							marketing was done the same day when the Agricultural Show Event was held.		
Overall Summary of Results												
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0									
R	KPI Not Met	0% <= Actual/T	5									

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
		arget <= 66.999%										
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	0									
G	KPI Met	Actual meets Target (Actual/Target = 100%)	25									
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	5									
B	KPI Extremely Well Met	133.000% <=	12									

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project	Key Performance Area	Baseline	Calculation Type	Revised Annual Target	YTD Actual	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022		
										Performance Comment	Corrective Measures	Achieved/Not Achieved
		Actual/Target										
	Total KPIs:		47									
	Report generated on 25 July 2022 at 07:57.											

Chapter 4: Organisational Development Performance

Component A: Introduction to Municipal Personnel

4.1. Employee Totals, Turnover and Vacancies

Employees				
Description	2021-2022			
	Approved Posts	No. Of Employees	Vacancies	Vacancy Rate in %
Section 56 Senior Managers	7	7	0	0
Managers	30	7	1	5,4
Support Personnel (Officers, Coordinators, Administration Clerks & General Workers)	188	188	0	0
Totals	225	188	1	5,4%

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.3 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	YES	YES	YES
4	Leave Policy	YES	YES	YES
5	Disciplinary Code and Procedures	YES	YES	YES
6	Grievance Procedure	YES	YES	YES
7	Job Evaluation	YES	YES	YES
8	Recruitment & Selection	YES	YES	YES
9	Training & Development	YES	YES	YES
10	Retention Policy			
12	Retirement Policy			
13	Standby Policy	YES	YES	YES
14	Organisational Design			

15	Benefit Policy			
16	Attendance & Punctuality Policy			
17	Employee Wellness Policy	YES	YES	YES
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

Municipal Manager (sec 57), Managers directly reporting to Municipal Manager (Sec56) (HOD) and Others Sectional 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%.

Performance assessments for the year 2021/2022 were conducted for Municipal Manager (sec 57), Managers directly reporting to the Municipal Manager (Sec56) and all other Sectional Managers, as it is stipulated in their individual performance agreements, such process took place on Hybrid platform from the 20, 22, 23, 24, 25, 27, 30 and 31 January 2023, and a total of twenty-seven (27) managers were assessed.

It is projected that there will be nine (09) Managers out of twenty seven (27) who are considered for performance bonuses that is four (4) Senior Manager (sec 56) and five (5) Sectional Managers. There are two employees whose performance is below the expected standard and must undergo clause 29 of performance management policy **“incapacity proceeding for poor performance”**

NB// At the moment the report for performance assessments is not yet finalised, it is still under review process by Internal Audit.

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

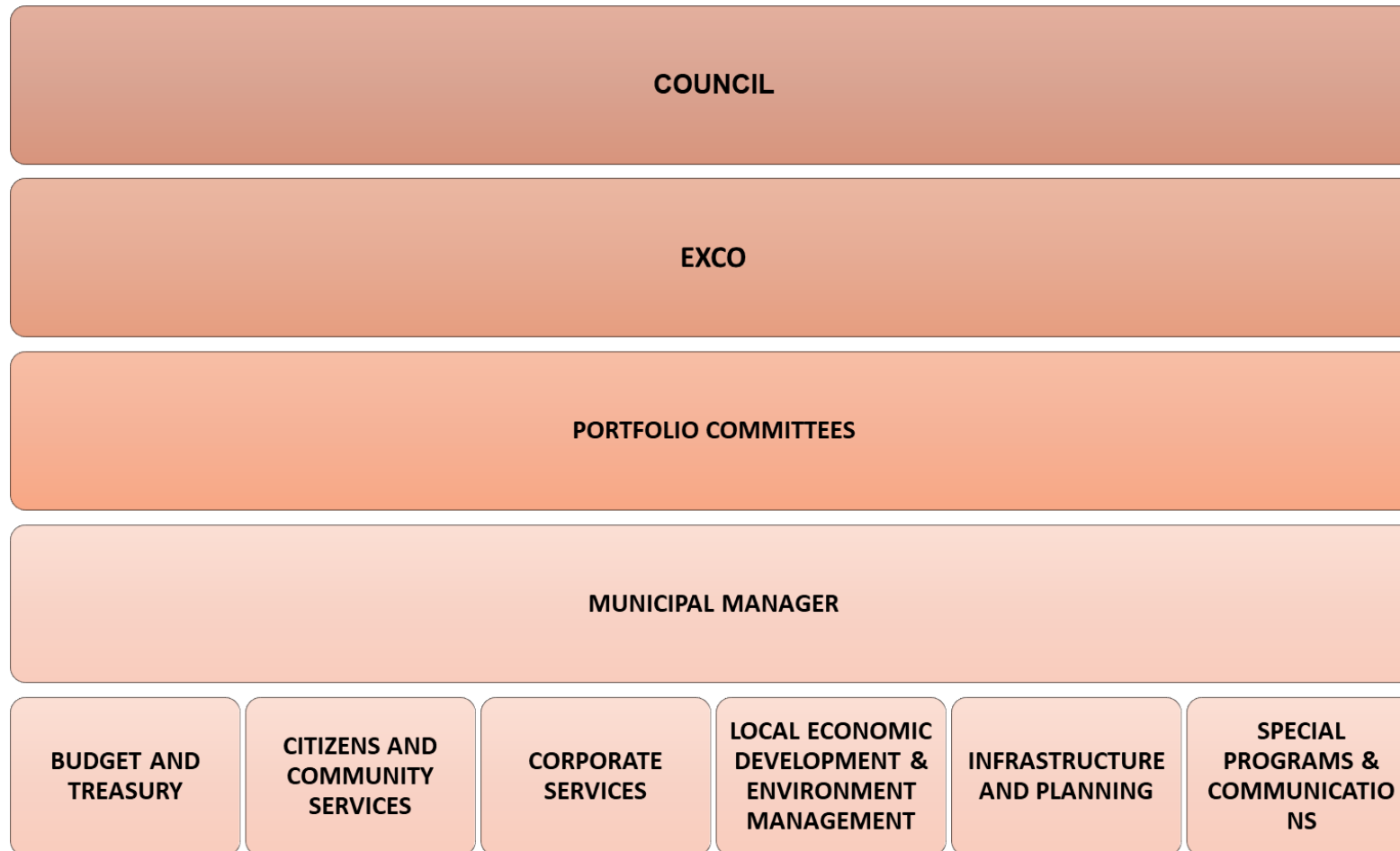
- The monetary value of the first prize does not exceed 0.5% of the total Municipal personnel expenditure of the post in the previous financial year.
- The monetary value of the second prize does not exceed 0.4% of the total Municipal personnel expenditure of the post for the previous financial year.
- 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.

All employees were given vouchers as token of appreciation, and performance was rewarded and/or recognised as per the following categories on a formal prestigious Employee Excellence Awards ceremony on the 15th December 2022

- Employee of the Year - X 1 Employee
- Long service employee
 - 5 years - X 6 Employees
 - 10 years - X 6 Employees
 - 20 years - X 9 Employees
 - 25 years - X 1 Employee
 - 30 years - X 1 Employee
- Best performed employee of the section - X 18 employees
- Best performed employee of the department - X 7 Employees
- Best Dressed Employee - X 1 Employee
- Most Improved Employee - X 1 Employee

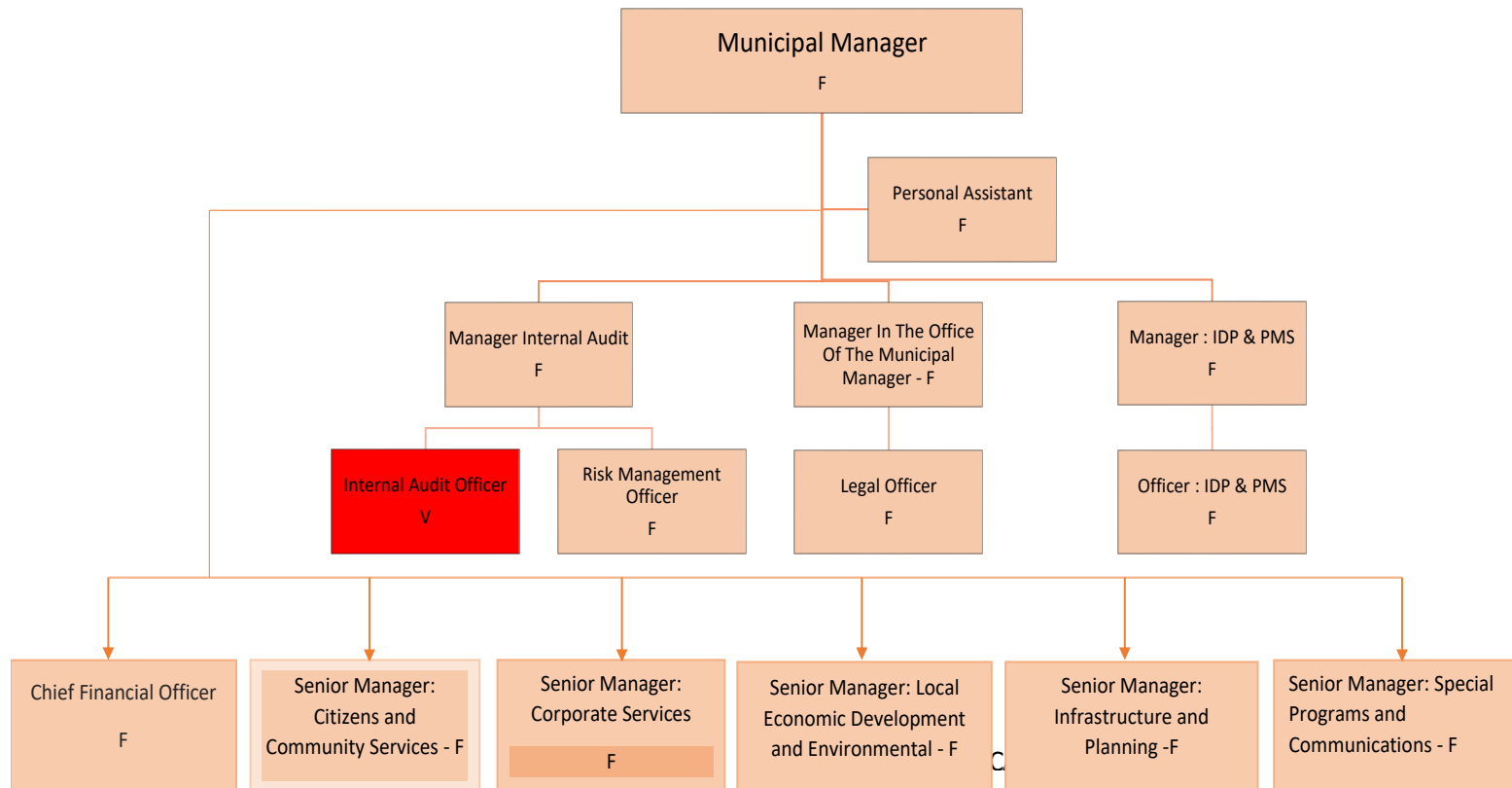
ORGANOGRAM

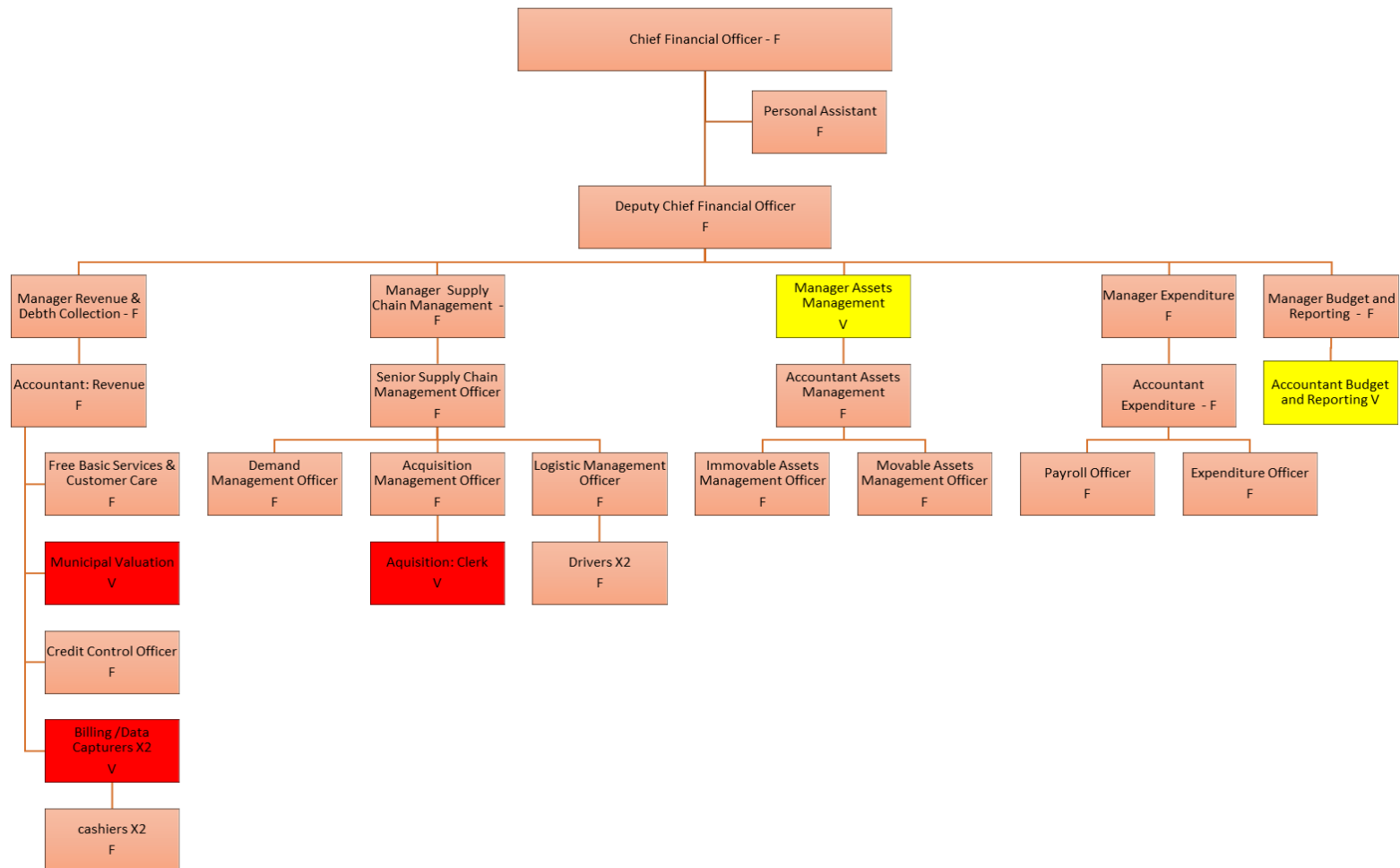
2021/2022 - 2022/2023

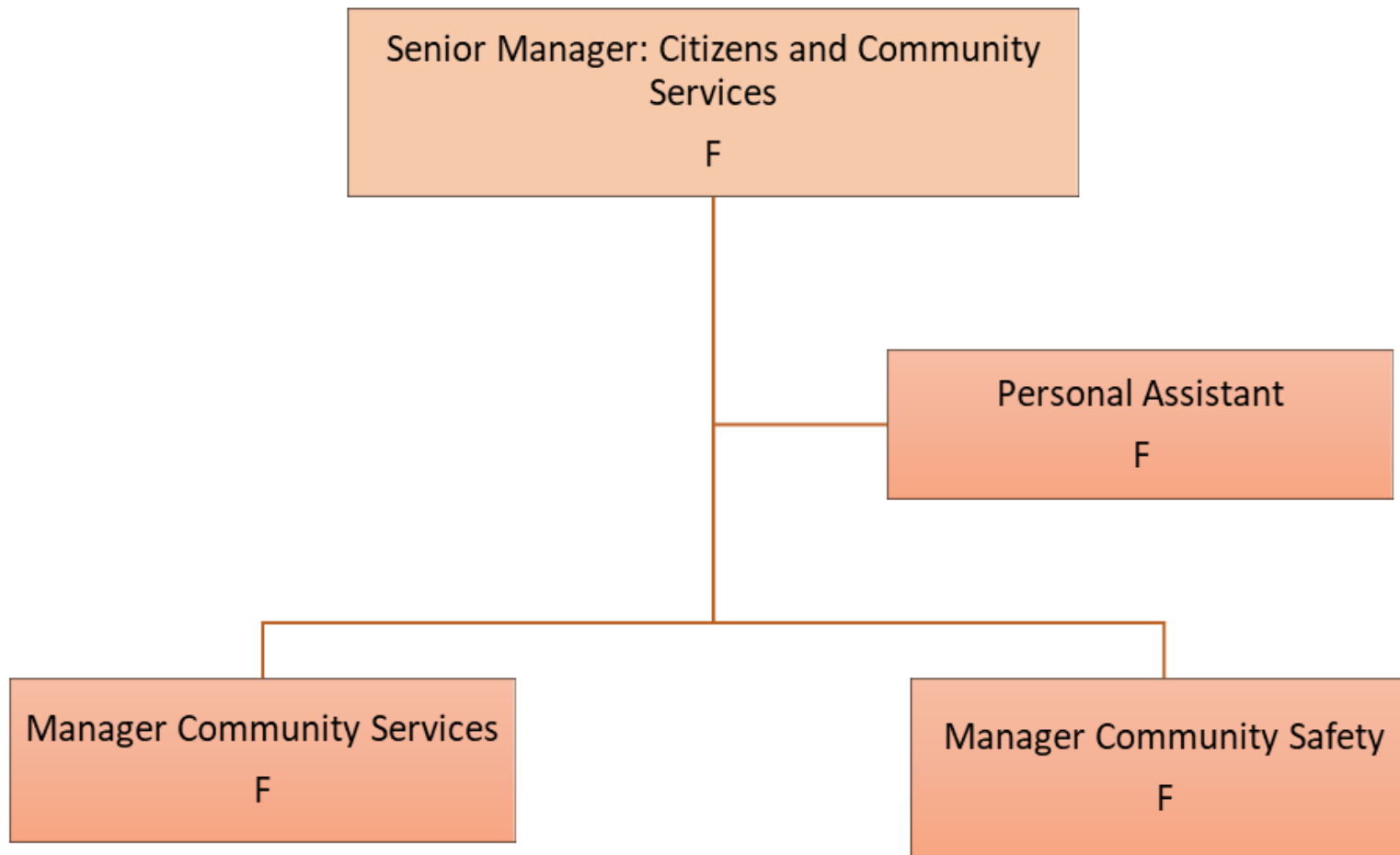


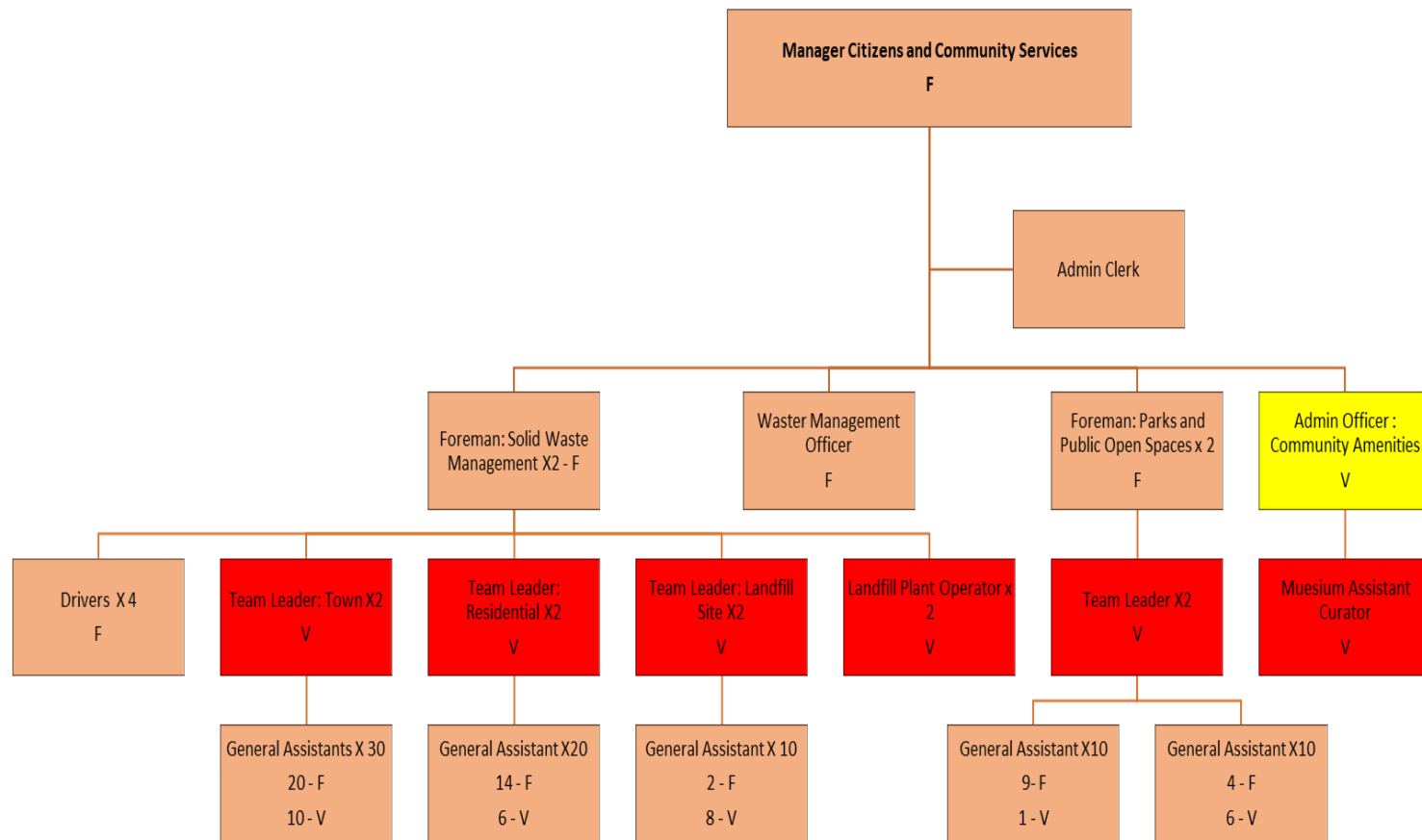
OFFICE OF THE MUNICIPAL MANAGER

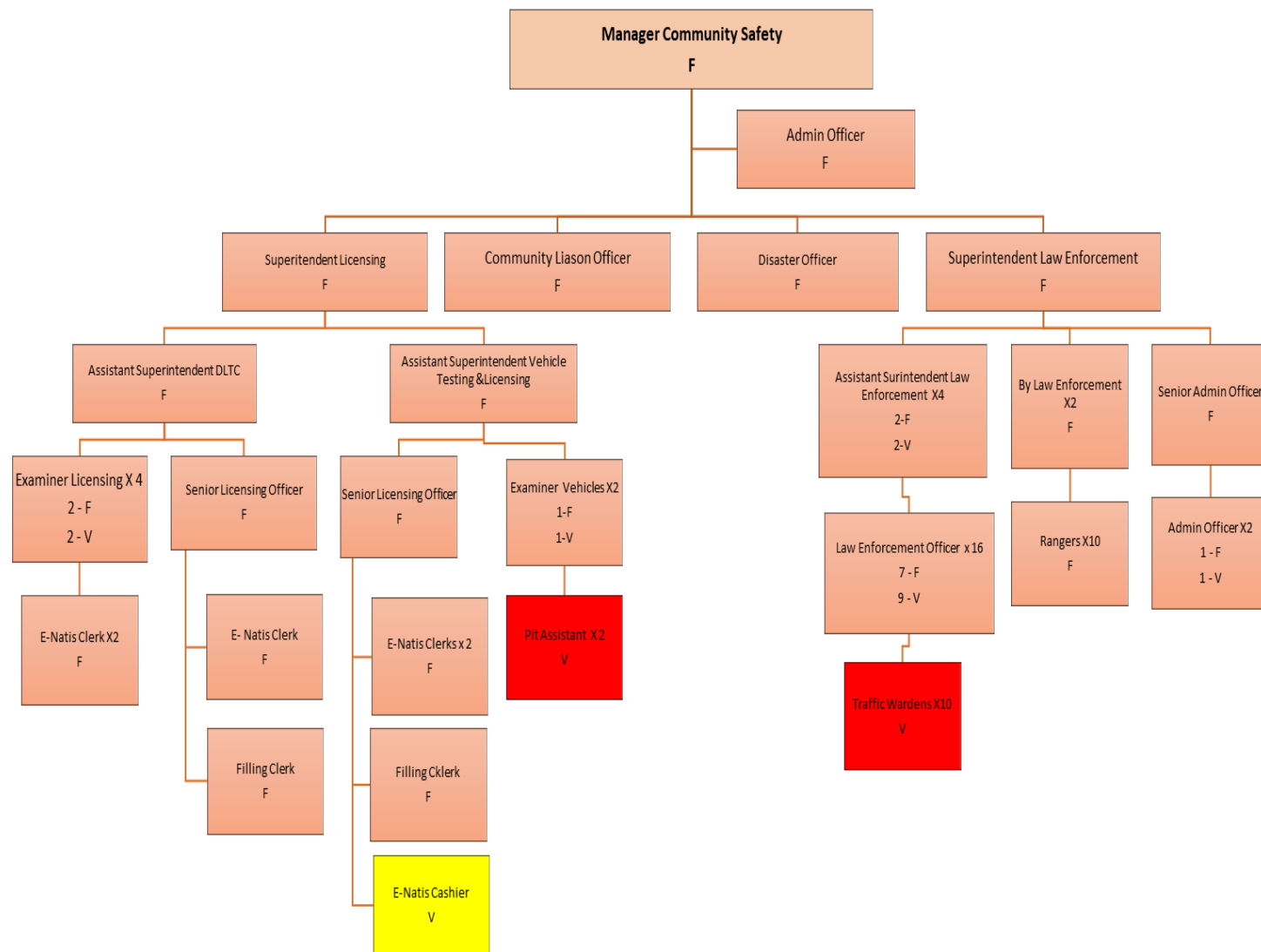
No of Posts: 09

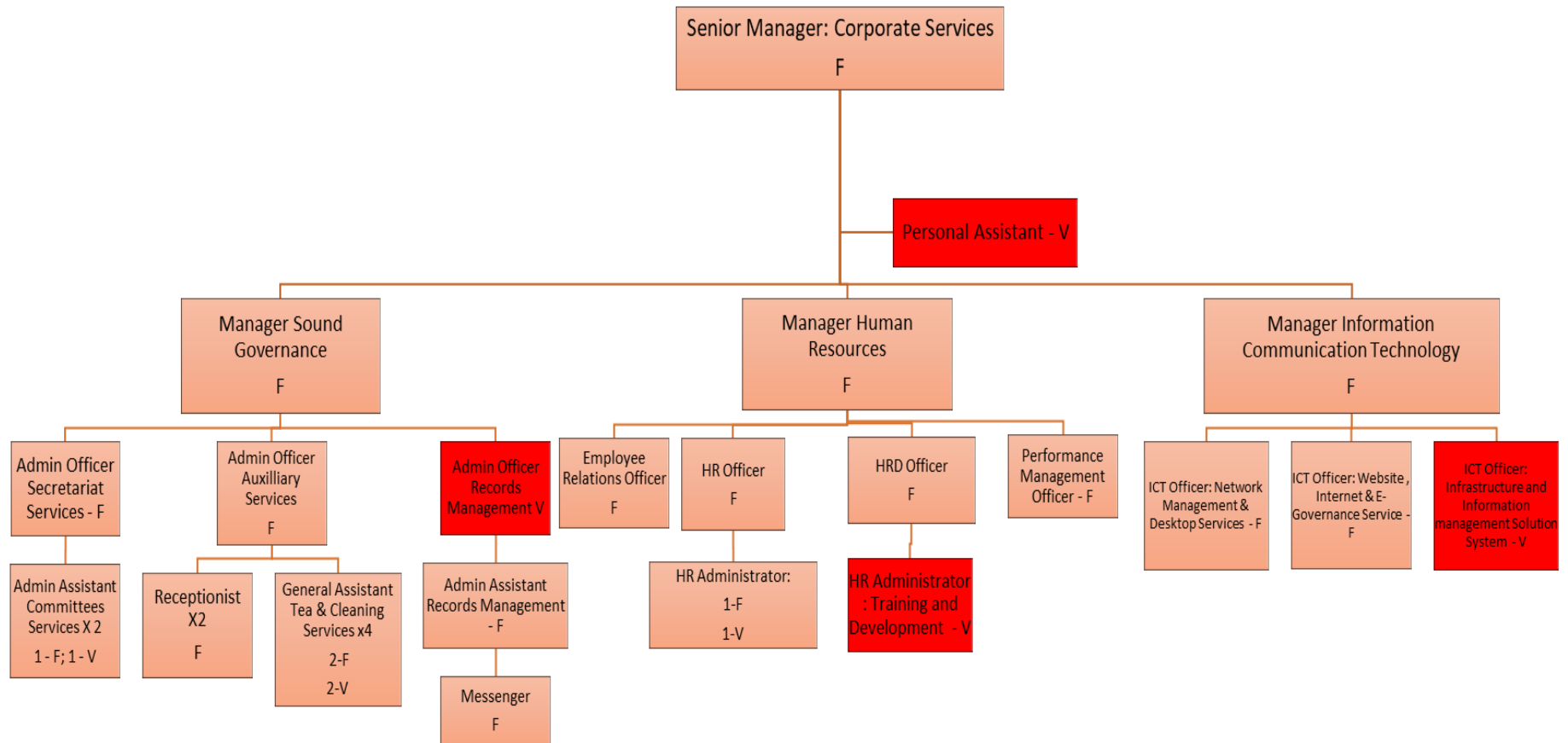


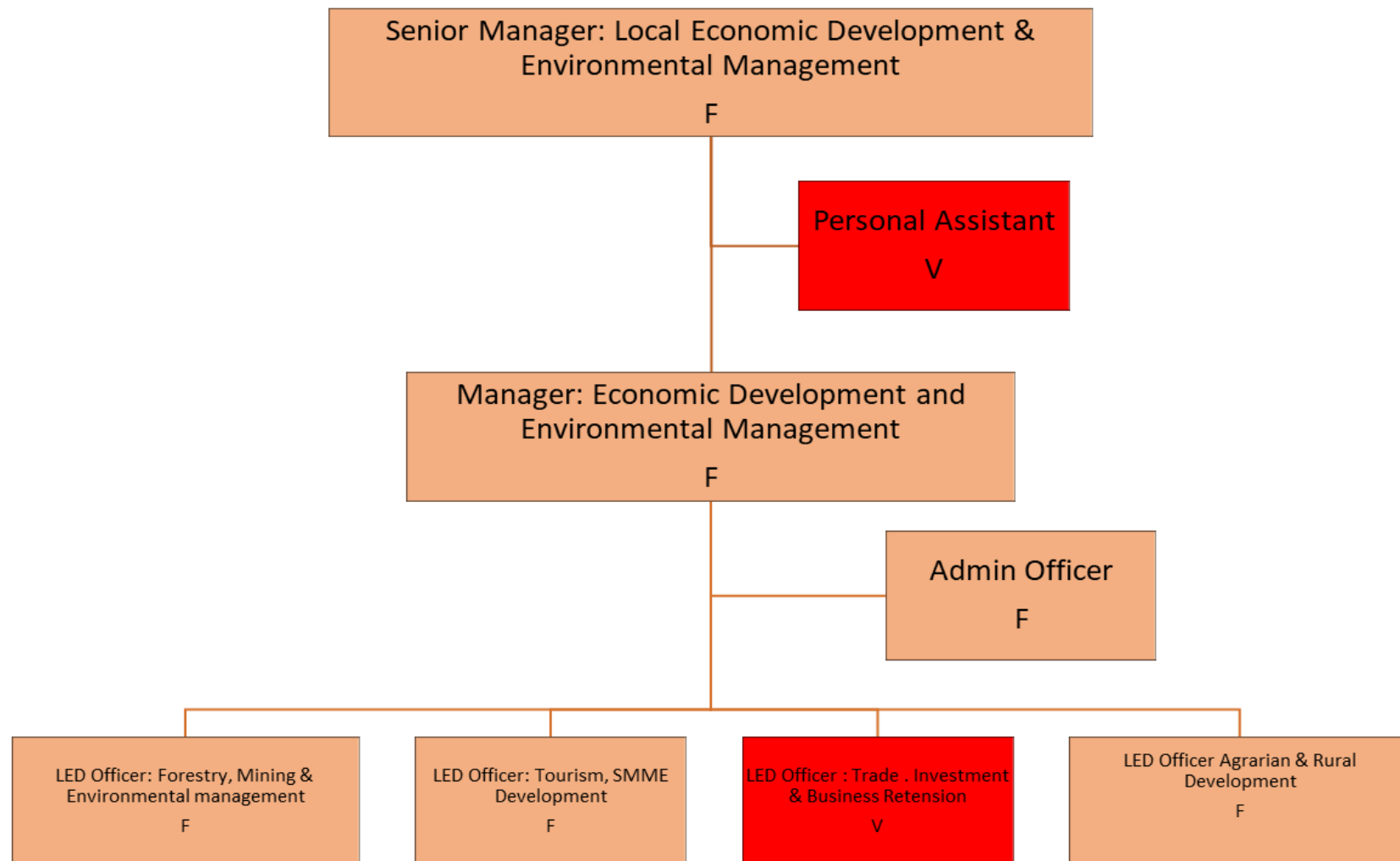


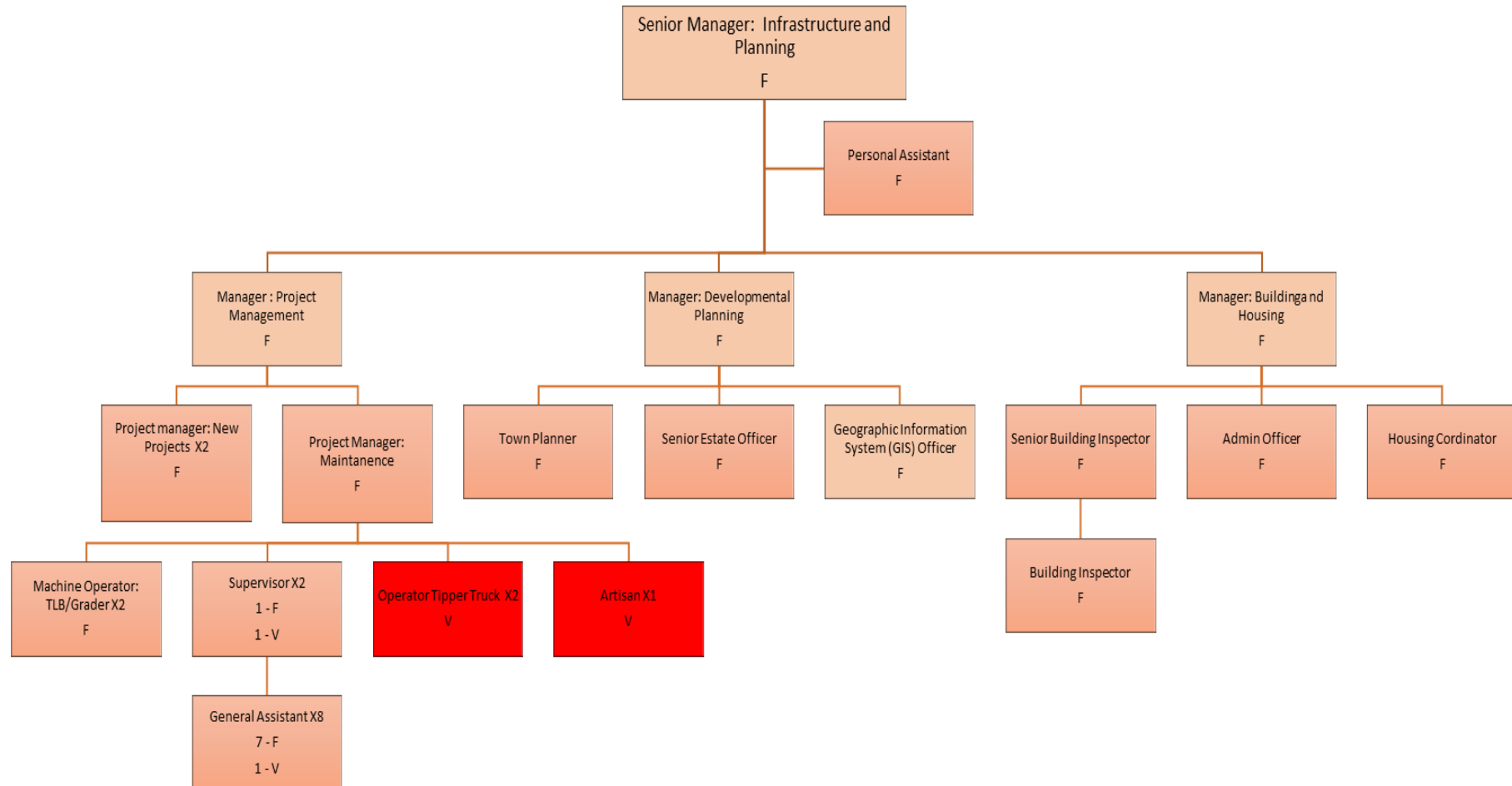


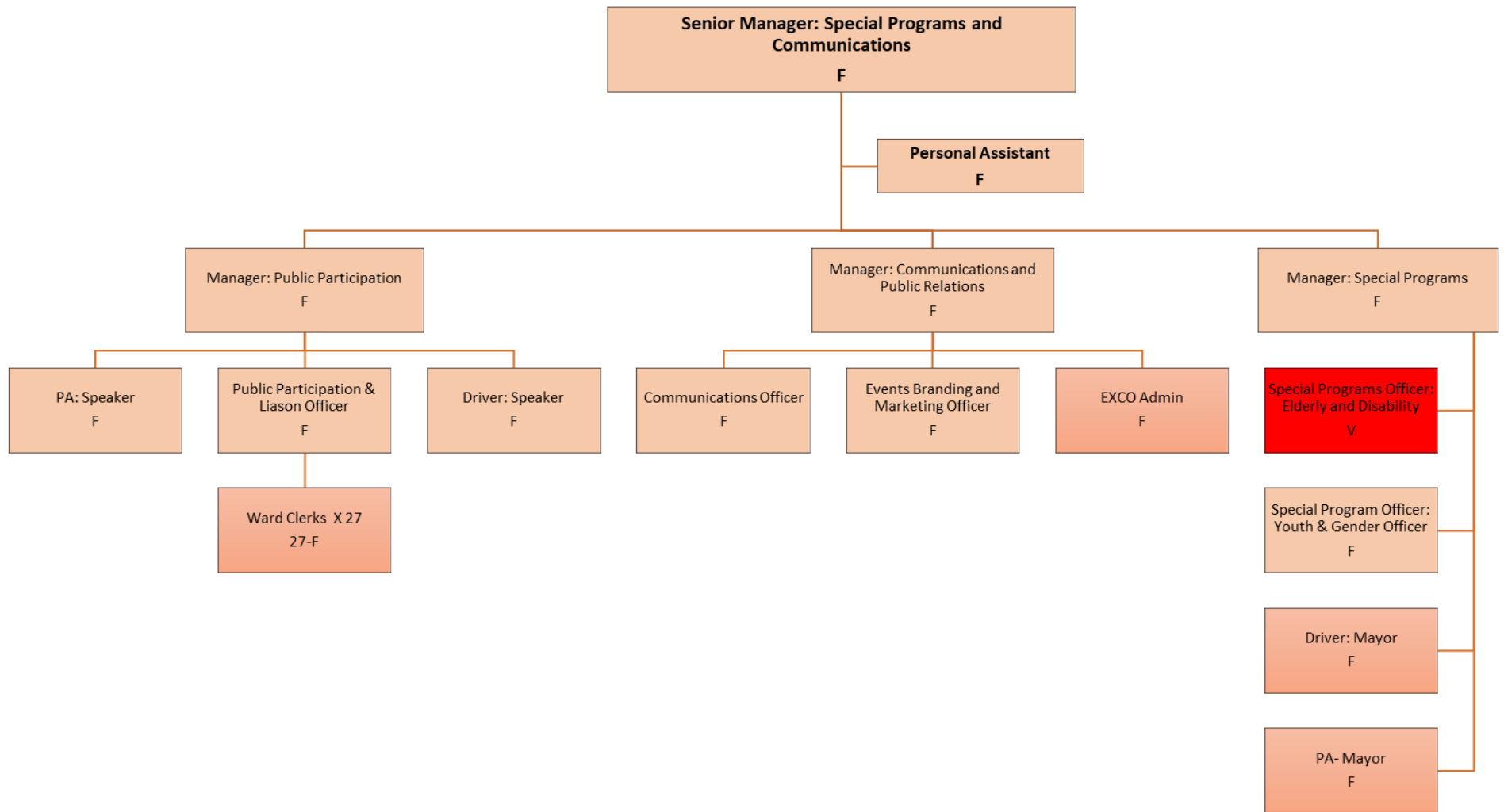












Component C: Capacitating the Workforce

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 2022	Learnerships		Skills programmes and other short courses		Other forms of training		Totals		
		No of employees	Target 2021/2022	Actual 2021-2022	Target 2021/2022	Actual 2021-2022	Target 2021/2022	Actual 2021-2022	Target 2021/2022	Actual 2021-2022	
Municipal Manager & S56 & 57 managers	Female	03	00	00	03	02	00	00	03	2	
	Male	04	00	00	04	02	00	00	04	02	
Councillors	Female	27	00	00	27	27	00	00	27	27	
	Male	28	00	00	28	28	00	00	28	28	
Technicians and Associate Professionals	Female	07	00	00	07	06	00	00	07	06	
	Male	14	00	00	14	07	00	00	14	07	

Professionals	Female	36	00	00	36	11	00	00	11	11	
	Male	30	00	00	30	09	00	00	09	09	
Sub totals	Female	73	00	00	73	46	00	00	48	46	
	Male	76	00	00	76	46	00	00	55	46	
Totals		149	00	00	149	92	00	00	103	92	

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

Employees :Corporate services					
Level	2021/2022	2021/2022			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	2	2	2	2	100%
4-6	6	6	6	6	100%
7-9	1	1	1	1	100%
10-12	8	8		8	100%
13-16	0	0	0	0	0
Total	17	17	17	17	

Skills Development Expenditure								
Management Level	Gender	Employees in posts as at 30 June 2022						
			Skills programmes and other short courses		Other forms of training		Total	
		No of employees	Original Budget	Actual	Original Budget	Actual		
Municipal Manager & S56 & 57 managers	Female	03						
	Male	04						
Councillors & Managers	Female	27						
	Male	28						
	Female	07						
	Male	14						

Technicians and Associate Professionals								
Professionals	Female	36						
	Male	30						
Sub total	Female	73						
	Male	76						
Total		149	R2 026 000,00	R1 711 280,76			R2 026 000,00	R1 711 280,76

Capital Expenditure Year 2021/2022: Corporate Services	
Capital Projects	2021/2022

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

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

Chapter Five: Financial Management

5.1. Statement of Financial Performance

Umzimvubu Local Municipality recorded a pre-audit deficit of R **(18 286 937)** from an audited surplus of R **73 293 559** for the 2021/2022 and 2021/2022 financial years respectively. The pre-audit 2021/2022 Statement of Financial Performance is as follows:

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2022
Statement of Financial Performance

	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Sale of goods and other services	22	640 484	1 246 761
Service charges	23	1 216 660	1 210 121
Rental of facilities and equipment	24	3 779 118	3 760 204
Interest received	25	4 823 411	4 364 555
Income from Agency services	26	2 314 487	2 231 470
Licences and permits	27	1 712 956	1 913 901
Operational Revenue	28	168 238	86 530
Fair value adjustments	29	2 518 870	3 200 527
Actuarial gains	18	146 000	144 000
Total revenue from exchange transactions		17 320 224	18 158 069
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	48 595 020	17 733 488
Licences and Permits	31	128 961	159 232
Interest received	32	1 490 559	1 533 147
Transfer revenue			
Government grants and subsidies	33	349 165 018	383 837 790
Fines, Penalties and Forfeits	34	4 793 426	3 998 274
Total revenue from non-exchange transactions		404 172 984	407 261 931
Total revenue	21	421 493 208	425 420 000
Expenditure			
Employee related costs	35	(84 546 468)	(80 632 207)
Remuneration of councillors	36	(20 745 017)	(20 077 146)
Depreciation and amortisation	37	(74 353 234)	(110 304 251)
Impairment losses	38	(11 740 589)	(15 918 957)
Finance costs	39	(724 214)	(320 021)
Lease rentals on operating lease	40	(1 090 516)	(203 849)
Bad debts written off	41	-	(2 216 061)
Inventory Consumed	42	(11 930 871)	(6 134 330)
Contracted services	43	(75 430 890)	(56 271 019)
Transfers and Subsidies Paid	44	(79 867 378)	(1 104 926)
Loss on disposal of assets	45	(2 238 393)	(1 201 173)
Operating costs	46	(77 112 575)	(57 742 501)
Total expenditure		(439 780 145)	(352 126 441)
(Deficit) surplus for the year		(18 286 937)	73 293 559

5.2. Grants

Umzimvubu Local Municipality has received grant funding for the **2021/2022** financial year as indicated in the Division of Revenue Act of 2021. The grant funding for **2021/2022** financial year is as follows:-

Description	2021/2022 Adjusted Budget	2021/2022 Budget	2022/2023 Budget
	R	R	R
EQUITABLE SHARES	274 947 000	238 026 000	260 936 004
FINANCIAL MANAGEMENT GRANT	1 700 000	1 720 000	1 720 000.00
MIG	55 423 091	48 951 000	52 785 996
MIG – OPERATIONAL			
ELECTRIFICATION GRANT	18 732 990	36 021 066	
MSIG			
DEDEAT GRANT - ALIEN PLANTS			
EPWP GRANT	2 700 000	3 412 999	3 500 000

- **Equitable Share:** is utilized mainly for funding operations and could also be used for a smaller portion of capital expenditure
- **Municipal Infrastructure Grant:** is a conditional grant for the funding of municipal infrastructure developments
- **Municipal Systems Improvement Grant:** is a conditional grant for institutional development, installation of systems and improvement of governance systems

- **Financial Management Grant:** is aimed at building the financial management capacity as well as for the procurement and maintenance of financial systems.
- **District Municipality Transfers:** is funding received from the District Municipality for planning and implementation of functions that we undertake on their behalf and for the compilation of the Integrated Development Plan of the local municipality as well as GIS implementation.

Other grant funding the year:-

Description	2021/2022 Adjusted Budget	2021/2022 Budget	2022/2023 Budget
LIBRARY SUBSIDY	750 000	750 000	750 000
LED ASSISTANCE GRANT			
IDP GRANT			
GIS SHARED SERVICES GRANT			
SDF GRANT			

- **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
• Asset Management Policy • GRAP compliant Fixed Asset Register • Competent Staff with available external expertise	• Safeguarding of assets • Management and control of asset movement • Non-appointment of Asset management champions in each department. • Lack of close working relationship between Infrastructure department and BTO
Opportunities	Threats
• 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	• 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 following table shows the capital expenditure incurred by the municipality for the 2021/2022 financial period: -

Description	2021/2022 Adjusted Budget	ACTUAL
ROAD INFRASTRUCTURE	74 438 525	55 371 091
ELECTRICITY INFRASTRUCTURE	38 630 000	29 511 782
REFUSE SITES	2 620 807	3 042 270
COMMUNITY HALLS	16 481 250	12 263 480
SECURITY EQUIPMENT	100 000	25 000
VEHICLES	8 216 020	7 214 260
COMPUTER HARDWARE AND EQUIPMENT	2 349 850	5 573 406
FURNITURE AND OFFICE EQUIPMENT	4 883 975	3 790 314
LAND AND BUILDINGS	25 800 000	20 004 466
OTHER ASSETS	42 099 801	12 346 284

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 2021/2022 Budget	YTD ACTUAL
ASSESSMENT RATES: RESIDENTIAL	52 417 458	48 595 020
HALL HIRE	3 649 476	629 490
INTEREST ON INVESTMENTS	9 119 677	4 208 594
INTEREST ON CREDIT BALANCE	608 297	113 923
TRAFFIC FINES	6 300 000	3 510 193
ADVERTISING INCOME	0	160 098
BUILDING PLANS	400 244	106 948
INTEREST IN ARREARS	1 996 022	1 991 453
FINES – GENERAL	385 508	1 283 233
DEPT TRANSPORT - LICENCING STA	1 872 465	1 712 878
NATIS AGENCY FEES	2 202 900	2 314 487
VENDING & HAWKING	78	0
REFUSE – INCOME	1 050 000	1 216 660
FUNERAL FEES	0	1 216 660
TENDER FEES	0	236 122
Rates Clearance Certificate	7 644	25 282
RECREATIONAL FACILITIES	7 287	10 725
Other Revenue	116 863	2 567 799

5.6. Capital Expenditure on 5 Largest Projects

(Provide a narrative on 5 largest infrastructure projects during 2021/2022 financial year and populate the table below)

Capital Expenditure Year 2021-2022: (Other PMU projects)						
Capital Projects	2021-2022					
	STATUS	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Upgrading of EmaXesibeni Phase 1	Completed	10000000		7797590.09		7797590.09
Upgrading of EmaXesibeni Phase 2	Construction	8000000		1635205.85		1635205.85
Surfacing of Mount Frere Internal Streets phase 7	Completed	6130732.84		5092732.84		5092732.84
Phepheni Sports Facility	Completed	950000		950000		950000

5.7. Basic Service and Infrastructure Backlogs

(Provide a narrative on Basic Infrastructure backlogs during 2021/2022 financial year and populate the table below)

Infrastructure Services Categories	Municipal Baseline (Total HH)	Access To Date	Access To Date (%)	Backlog To Date	Backlog To Date (%)	Universal Access Target (Comments)
Electricity	47800	38400	80	9400	20	
Roads	690	556	81	134	19	
Refuse Removal	736	736	100	0	0	
Community Halls	54	37	69	17	31	
Sports Facilities	27	5	19	22	81	

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

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 99 362 388 which is made up of our own as well as grants investments

Component D: Other Financial Matters

5.10. GRAP Compliance

The municipality has been fully compliant with the GRAP reporting requirements and reporting. The Financial Statements for 2021/2022 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 2021 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 July 2021. 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 2021. The period for consideration on this report is the 3 previous Council meetings highlighted in **blue**.

COUNCILLORS

NO	MEMBERS OF COUNCILLOR	DESIGNATION	ORDINARY COUNCIL 22 NOVEMBER 2021	ORDINARY COUNCIL 23 NOVEMBER 2021	SPECIAL COUNCIL 14 DECEMBER 2021	31 JANUARY 2022	SPECIAL COUNCIL 22 FEBRUARY 2022	ORDINARY COUNCIL 31 MARCH 2022	SPECIAL COUNCIL 17 MAY 2022	ORDINARY COUNCIL 27 MAY 2022	SPECIAL COUNCIL 24 JUNE 2022	TOTAL NUMBER OF MEETINGS IN 2021/2022	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
1	Cllr. Z. Ndevu	Mayor	1	1	1	1	A	1	1	1	1	9	8	1	89%
2	Cllr Z. H. M. Nqgasa	Speaker	1	1	1	1	1	1	1	1	1	9	9	0	100%
3	Cllr N.F Ngonyolo	Chief Whip	1	1	1	1	1	1	A	1	1	9	8	1	89%
4	Cllr. N. G. Mdzinwa	Portfoli Portfolio Head: Citizen and Community Services	1	1	1	1	1	1	1	1	A	9	8	1	89%

5	Cllr. A.N. Garane	Portfolio Head: Infrastructure and Planning	1	1	1	1	1	1	A	A	A	9	6	3	66%
6	Cllr X. Cllr X. Jona	Portfolio Head: LED	1	1	1	1	1	1	1	1	1	9	9	0	100%
7	Cllr N. Nkula	Portfolio Head: Budget and Treasury	1	1	1	1	1	1	A	1	1	9	8	1	89%
8	Cllr T. Sokhanyile	Portfolio Head: Special Programmes and Communication s	1	1	1	1	NA	1	1	1	1	9	8	1	89%
9	Cllr. I. Nodali	Portfolio Head: Corporate Services	1	1	1	1	1	1	A	1	1	9	8	1	89%
10	Cllr. C.N. Mnyayiza	EXCO Member	1	1	1	1	1	1	1	1	A	9	8	1	100%
11	Cllr V. Nomnganga	EXCO Member	1	1	1	1	1	1	1	1	1	9	9	0	100%

12	Cllr. M. Magobane	EXCO Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
13	Cllr N. Sonyabashi	Member	1	1	1	A	1	NA	1	NA	1	9	6	3	67%
14	Cllr T.E. Sincindi	Member	1	1	1	1	1	1	1	1	1	7	7	0	100%
15	Cllr X Lungu	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
16	Cllr. M. Tuku	Member	1	1	1	A	1	A	NA	1	1	9	6	3	67%
17	Cllr. C.L. Noqhakala	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
18	Cllr. N.A. Mantshongo	Member	1	1	1	NA	1	NA	1	1	1	9	7	2	78%
19	Cllr F. Ntwakumba	Member	1	1	1	1	1	1	1	1	NA	9	8	1	89%

20	Cllr. N. Gogela	Member	1	1	1	1	1	A	1	NA	1	9	7	2	79%
21	Cllr F. P. Sontsi	Member	1	1	1	1	1	1	1	A	1	9	8	1	89%
22	Cllr. A.P. Mkhonto	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
23	Cllr M. Hlanekele	Member	1	1	1	1	NA	A	1	1	A	9	6	3	67%
24	Cllr. T. Ntsalaze	Member	1	1	1	1	1	1	NA	1	1	9	8	1	89%
25	Cllr V. P. Gogela	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
26	Cllr C. Madyibi	Member	1	1	1	1	1	NA	NA	NA	NA	9	5	4	56%
27	Cllr B. K. Khehle Salukazana	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
28	Cllr N. Nomnganga	Member	1	1	1	NA	1	1	NA	NA	NA	9	5	4	56%

29	Cllr M. Ngwaqa	Member	1	1	1	1	A	1	1	1	1	9	8	1	89%
30	Cllr Z Mampevini	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
31	Cllr N Jwara	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
32	Cllr N. V. Giwu	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
33	Cllr P. P. Magujulwa	Member	1	1	1	A	A	1	1	1	1	9	7	2	78%
34	Cllr A. Jakuja	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
35	Cllr D.N Ntshobane	Member	1	1	1	1	1	NA	NA	1	1	9	7	2	78%
36	Cllr D Ndema	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
37	Cllr N. Nogada	Member	1	1	1	NA	1	A	NA	A	1	9	5	4	56%

38	Cllr M Kakaza	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
39	Cllr S Faye	Member	1	1	1	1	1	1	1	1	1	9	0	0	100%
40	Cllr N Hlanekelela	Member	1	1	1	1	1	1	NA	1	1	9	8	1	89%
41	Cllr M Kiviet	Member	1	1	1	1	1	1	NA	1	1	9	8	1	89%
42	Cllr P. K. Thingathinga	Member	1	1	1	1	A	1	NA	NA	1	9	6	3	67%
43	Cllr L Mveku	Member	1	1	1	1	1	A	1	1	1	9	8	1	89%
44	Cllr B. T. Ngqasa	Member	1	1	A	1	1	A	NA	1	1	9	6	3	67%
45	Cllr W. Z Ngakwana	Member	1	1	1	1	A	1	1	NA	1	9	7	2	79%

46	Cllr. L. Mapala	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
47	Cllr L Gwentshu	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
48	Cllr S. Mathebe	Member	1	1	1	1	1	1	A	1	NA	9	8	1	89%
49	Cllr N Xolo	Member	1	1	1	1	1	1	1	1	1	9	9	0	100%
50	Cllr T Ngxabi	Member	1	1	1	1	1	1	NA	1	NA	9	7	2	77%
51	Cllr B Sobayi	Member	1	1	1	A	1	1	1	1	1	9	8	1	89%
52	Cllr B Jonase	Member	1	1	1	1	1	1	A	1	1	9	8	1	89%
53	Cllr N Mdingi	Member	1	1	1	1	1	1	1	1	NA	9	8	1	89%
54	Cllr M. Sonyabashe	Member	1	1	1	1	1	1	1	1	NA	9	8	1	89%

55	Cllr. M. Mataka	Member	-	-	-	1	1	1	1	1	1	6	6	0	100%

Cllr M. Ngejane resigned after the first meeting.

The Council meeting that was scheduled to sit on the 25 March 2022 has been postponed to sit on the 31 March 2022.

Executive Committee

Members of committee	SPECIAL EXECUTIVE COMMITTEE 13 DECEMBER 2021	17 FEBRUARY 2022	16 MARCH 2022	14 APRIL 2022	18 MAY 2022	21 JUNE 2022	Total Number of meetings	Number of meetings attended	Number of meetings absent	PERCENTAGE OF MEETINGS ATTENDED
Cllr Z. Ndevu	1	1	1	1	1	1	5	5	0	100%
Cllr N. G. Mdzinwa	1	1	1	1	1	1	5	5	0	100%
Cllr A. N. Garane	1	1	1	1	1	1	5	5	0	100%
Cllr N. Nkula	1	1	1	1	1	1	5	5	0	100%
Cllr X. Jona	1	1	1	1	1	1	5	5	0	100%
Cllr I. Nodali	1	1	1	1	1	1	5	5	0	100%
Cllr T. Sokhanyile	1	1	1	1	1	1	5	5	0	100%
Cllr C.N. Mnyayiza	1	1	1	1	1	1	5	5	0	100%
Cllr M. Magobane	1	1	1	1	1	1	5	5	0	100%
Cllr. N.V Nomnganga	1	1	1	1	1	NA	5	4	1	80%

Members of committee	MUNICIPAL PUBLIC ACCOUNT COMMITTEE 16 FEBRUARY 2022	17 MARCH 2022	31 MAY 2022	14 JUNE 2022	Total number of meetings	Number of meetings absent	PERCENTAGES OF MEETINGS ATTENDED
Cllr M Mataka	1	1	1	1	4	0	100%
Cllr A Jakuja	1	1	NA	1	4	0	75%
Cllr X Lungu	1	N/A	1	1	4	1	75%
Cllr N Hlanekela	1	1	1	1	4	0	100%
Cllr A P Mkhonto	1	1	1	1	4	0	100%
Cllr P K Thingathinga	1	1	1	1	4	0	100%
Cllr B Mdingi	A	1	NA	1	4	2	75%
Cllr L Mapala	1	1	NA	1	4	1	75%
Cllr B Ngqasa	-	1	NA	1	4	1	75%

Infrastructure and Planning Portfolio Committee

Members of committee	10 FEBRUARY 2022	10 MARCH 2020	13 APRIL 2022	19 APRIL 2022	11 MAY 2022	08 JUNE 2022	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr A. N. Garane	1	A	1	1	1	1	6	5	1	83%
Cllr N. Sonyabashi	1	A	1	1	1	NA	6	4	4	66%
Cllr N. Hlanekele	A	1	1	1	NA	1	6	4	2	66%
Cllr V. Gogela	NA	1	NA	1	NA	1	6	3	3	50%
Cllr W. Nqakwana	1	1	NA	1	1	1	6	5	1	83%
Cllr GL. Noqhakala	1	1	A	1	1	1	6	5	1	83%
Cllr M. Tuku	1	A	1	1	NA	A	6	3	3	50%
Cllr. B. Sobhayi	1	1	A	1	1	1	6	5	1	83%
Cllr P K Thinathinga	1	1	NA	1	1	1	6	5	1	83%
Cllr B Ngqasa	-	N/A	A	NA	NA	NA	5	0	5	0%

Councillor B.T. Ngqasa was allocated after the sitting of the 1st I&P Standing Committee.

Infrastructure and Panning Standing Committee was scheduled to sit on the 13th of April 2022 however it could not sit due to the quorum. It thereafter postponed to sit on the 19th of April 2022.

Budget & Treasury Portfolio Committee

Members of committee	10 FEBRUARY 2022	11 MARCH 2022	14 APRIL 2022	12 MAY 2022	09 JUNE 2022	TOAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr N. Nkula	1	1	1	1	1	5	5	0	100%
Cllr M. Hlanekela	N/A	N/A	1	1	1	5	3	2	60%
Cllr N. Nogada	1	1	1	NA	NA	5	3	2	60%
Cllr M. Kiviet	1	1	1	1	1	5	5	0	100%
Cllr Z. Ngwaqa	1	1	1	1	1	5	5	0	100%
Cllr B. Salukazana	1	1	1	1	1	5	5	0	100%
Cllr D. Ndema	1	1	1	1	1	5	5	0	100%

Special Programmes & Communications Portfolio Committee

Members of committee	08 FEBRUARY 2022	09 MARCH 2022	14 MARCH 2022	11 APRIL 2022	10 MAY 2022	07 JUNE 2022	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr T. Sokhanyile	1	1	1	1	1	1	6	6	0	100%
Cllr T. Ntsalaze	1	N/A	1	A	NA	1	6	2	1	50%
Cllr A Jakuja	1	N/A	1	1	1	1	6	5	1	83%
Cllr P. Magujulwa	1	N/A	1	1	1	1	6	5	1	83%
Cllr S. Mathebe	1	N/A	1	1	1	1	6	5	1	83%
Cllr N. Jwara	1	1	1	1	1	1	6	6	0	100%
Cllr. L. Gwentshu	1	N/A	1	1	1	NA	6	4	2	66%
Cllr S. Faye	1	1	A	1	NA	1	6	4	2	66%

The Special Programmes Standing Committee meeting that was scheduled to sit on the 09 March 2022 did not sit due to quorum.

Citizens & Community Services Portfolio Committee

Members of committee	10 FEBRUARY 2022	10 MARCH 2022	13 APRIL 2022	11 MAY 2020	08 JUNE 2022	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr N.G. Mdzinwa	1	1	1	1	1	5	5	0	100%
Cllr F Ngonyolo	-	N/A	1	NA	A	5	2	3	40%
Cllr N. Nomnganga	1	A	1	1	1	5	4	1	80%
Cllr L. Mveku	1	1	1	1	1	5	5	0	100%
Cllr N. Mantshongo	1	A	1	1	1	5	4	1	80%
Cllr M. Sonyabashe	1	1	1	1	1	5	5	0	100%
Cllr N .Gogela	1	1	1	NA	1	5	4	1	80%
Cllr Z Mampemvini	A	1	A	1	1	5	3	2	60%
Cllr T Sincindi	1	1	1	1	A	5	4	1	80%

Councillor F.N Ngonyolo was allocated sit at Corporate Services Standing Committee after the first meeting 10/02/2022.

Corporate Services Portfolio Committee

Members of committee	09 FEBRUARY 2022	11 MARCH 2022	14 APRIL 2022	12 MAY 2022	10 JUNE 2022	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr I. Nodali	1	1	1	1	1	5	5	0	100%
Cllr T. Ngxabi	1	1	1	1	1	5	5	0	100%
Cllr F Sontsi	1	1	1	1	NA	5	4	1	80%
Cllr N. Xolo	1	1	1	1	A	5	4	1	80%
Cllr M. Kakaza	A	1	1	1	1	5	4	1	80%
Cllr M. Jonase	1	1	1	1	1	4	4	0	100%
Cllr N. V. Giwu	1	1	1	1	1	5	5	0	100%
Cllr C. N. Mnyayiza	1	1	1	1	A	5	4	1	80%
Cllr N B Mdingi	N/A	1	A	1	1	5	3	2	60%
Cllr N Ntshobane	-	N/A	1	NA	1	4	2	2	50%

Councillor N. Ntsobane was allocated after the 1st sitting of the C&CS Standing Committee meeting.

Local Economic Development Standing Committee

Members of committee	08 FEBRUARY 2022	09 MARCH 2022	11 APRIL 2022	10 MAY 2022	07 JUNE 2022	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr X. Jona	1	1	1	1	1	5	5	0	100%
Cllr A.P Mkhonto	1	1	1	1	1	5	5	0	100%
Cllr L. Mapala	1	1	1	A	1	5	4	1	80%
Cllr C. Madyibi	A	1	1	1	1	5	4	1	80%
Cllr M Magobane	1	A	1	1	1	5	4	1	80%
Cllr N Nomnganga	1	1	A	1	NA	5	3	2	60%
Cllr F. Ntwakumba	A	A	NA	1	1	5	2	3	40%
Cllr X Lungu	N/A	1	NA	1	1	5	3	2	60%

LOCAL LABOUR FORUM

OCCUPATIONAL HEALTH AND SAFETY

Member of committee	09 FEBRUARY 2022	08 MARCH 2022	12 APRIL 2022	05 MAY 2022	06 JUNE 2022	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr I Nodali	1	1	1	1	1	5	5	0	100%
Cllr N Xolo	1	1	NA	1	NA	5	3	1	60%
Cllr N Mantshongo	NA	1	A	NA	1	5	2	3	40%
Member of committee									
Cllr C N Mnyayiza									

Cllr B Ngqasa							
Cllr P Magujulwa							

Special OHS committee meeting that was scheduled to sit on the 20 June 2022 did not sit due to quorum.

PETITIONS COMMITTEE

Member of committee	04 FEBRUARY 2022	22 FEBRUARY 2022	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr H. Ngqasa	1	1	2	2	0	100%
Cllr T. Sokhanyile	1	A	2	1	1	50%
Cllr A.N Garane	1	1	2	2	0	100%

There was no petition committee meeting during the month of April 2022

EMPLOYMENT EQUITY AND TRAINING COMMITTEE

Member of committee	07 MARCH 2022	TOTAL NUMBER OF MEETING	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS OF ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr N. Nomnganga	1	1	1	0	100%
Cllr A Jakuja	1	1	1	0	100%
Cllr N Giwu	1	1	1	0	100%

ITEMS SUBMITTED TO SCHEDULED MEETINGS–JUNE 2022

The following meetings were facilitated during the month of JUNE 2022.

LABOUR IMPLICATIONS

No.	COMMITTEE	DATE OF MEETING	NO OF ITEMS SUBMITTED	NO OF ITEMS SUBMITTED PERVIOUSLY	VARIANCE	TOTAL NO AS AT END OF June 2022	TOTAL NO OF ITEMS FROM JULY 2021 TO DATE
1.	Management Special MANCO	03/06/2022 -	78	83 -	5 -	161	715
2.	Corporate Services	10/06/2022	10	10	0	20	109
3.	Infrastructure & Planning	09/06/2022	25	27	2	52	248
4.	Citizen & Community Services	08/06/2022	18	19	1	37	167
5.	Budget & Treasury	09/06/2022	3	3	0	6	17
6.	LED	07/06/2022-	11	11	0	22	40
7.	SP & Communication	07/06/2022	8	8	0	16	68
8.	LLF	06/06/2022	4	4	0	08	33

9.	SPECIAL EE& SD TRAINING	07/03/2022		-3	-0	3-	1
10.	OHS			-	-	-	1
11.	PETITIONS COMMITTEE		1	-1	0	-2	
12.	ETHICS COMMITTEE	-	-	-	-	-	0
13.	MPAC	14/06/2022	2	3	1	5	6
14.	AUDIT COMMITTEE	13/05/2022		7	2	16 2	38
15.	EXCO	21/06/2022	78	83	5	161	715
16.	Special Council	24/06/2022	17	9	8	26	57
17.	Council	27/05/2022	78	83	5	161	715

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

SERVICE DELIVERY IMPLICATIONS

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

OTHER PARTIES CONSULTED

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

CHALLENGES

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

ANNEXURE/S

There are no annexures attached to this report.

RESOLVED TO RECOMMEND

That the monthly report of the Corporate Services Department: Sound Governance Division on Secretariat activities for the month of June 2022 be noted by the Council.

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 28 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 28 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

N O	Co AF NO	AUDIT FINDING	AREA OF AUDIT	Projec ted amou nt	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMEND ATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIO NAL AUDIT ACTION PLAN	POE	RESPONS IBLE PERSON	DUE DATE	PROGRE SS TO DATE
1	7	Incorrect classificati on	Operatio nal expendit ure: Inventor y Consume d	R 8 877 428.30 .	During the testing of expenditu re - inventory consumed , it was discovere d that some items that form part of the inventory consumed are incorrec tly classified. The following items and journal	Incorrect classificati on of items as inventory consumed in the general ledger and financial statement s.	Management should ensure that inventory consumed expenditure items are correctly mapped in their respective expenditure accounts in the general ledger.	Munsoft Segment cleansing Strict budget confirmatio n process A more detailed specification with the nature of the expenditure to be incurred.	Concept documents detailing the objectives of work to be done Processing of JNLs for previous months Budget confirmatio n forms signed	GL / Ledger Interim AFS	HODs Manager: Budget and Reportin g Manger: Expendit ure DCFO CFO	Mar-22	Outstan ding

					entries are, by nature, not inventory consumed :								
2		Inconsistent classification of similar items	Operational expenditure	R 687 157,06	During the testing of expenditure - remaining population, it was discovered that expenditure items of a similar nature, from the same supplier and under the same contract are mapped	Inconsistent classification of similar expenditure items in the general ledger and financial statements. Similar items, under the same contract, from the same supplier are mapped to	Management should ensure that expenditure items of a similar nature, from the same supplier and relating to the same contract are consistently mapped to one expenditure account in the general ledger.	Munsoft Segment cleansing Strict budget confirmation process A more detailed specification with the nature of the expenditure to be incurred.	Concept documents detailing the objectives of work to be done Processing of JNLs for previous months Budget confirmation forms signed	GL / Ledger Interim AFS	HODs Manager: Budget and Reporting Manger: Expenditure DCFO CFO	Mar-22	Outstanding

					to different line items on the GL and financial statements.	different expenditure accounts.							
3	13	Incorrect classification of accruals	Trade and other payables from exchange transactions	R 6 123 423,00	During the testing of payables from exchange transactions, it was discovered that transactions were recognised as accruals while the invoices were received before the 30 June 2022. This	When we receive an invoice from the service provider, the expenditure section date stamps the invoice acknowledging the receipt of the invoice. The invoice is then transferred	Management must perform reviews on the invoices owed at year end to ensure that they meet the definition of accruals in terms of GRAP 109.	Updating of Accruals Procedure Manual Updating of Expenditure Internal controls Inclusion of year end Orders cut-off to MANCO's monthly reports.	Updating of Expenditure procedure manual on which date stamp is used to calculate 30 days Stamps on invoices to have dates Strict order cut-off dates Updating	Updated Accrual Procedure Manual MANCO reports Submitted Invoices	HODs Manager: SCM Manager: Expenditure DCFO CFO	Continuously	Outstanding

[illegible]

						Payable will be the date on the user department's stamp.							
4	16	Incorrect accounting treatment of money received from Human Settlement for Housing development.	Revenue from non-exchange – Grants and subsidies	R 5 772 854,00	During the audit of revenue it was noted the money received from Human Settlement for housing development on behalf of Human Settlement was recognised in the book of the municipality	This was caused by SLA agreement not being clear and subject to different interpretations.	Management should ensure that SLA agreements are aligned to the legal and reporting standards prior agreements are agreed upon, to ensure that reporting will not have any conflict with the objectives of the agreements Management should recognise the payables for	SLAs for all grants/allocations to be obtained, terms and conditions reviewed for applicable GRAP Standards.	Reviewal of current grants recognised and reclassifications where necessary.	SLAs GRAP interpretations	Manager: Budget and Reporting DCFO CFO	Jun-22	Outstanding

				ty as grant received and the houses that were still under construction were recognised as Work in Progress under property, plant and equipment however this is inconsistent with the requirements of GRAP 23	funds received from department and reduce the payable accordingly when the funds are utilised for building the houses. Management should disclose the GRAP 109 disclosure on principle and agent relationship Management should make all the adjustments to reverse recognitions, measurement, re-measurements, presentation						
--	--	--	--	--	--	--	--	--	--	--	--

							and disclosure of the condition grant, revenue and WIP.						
5	18	Non-compliance with GRAP 18 requirements and misstatements identified.	Segment surplus or deficit	R 283 187 551,00	1. During the audit of reporting segments, it was noted that certain disclosure requirements as per GRAP 18 were not disclosed in the annual financial statements. 2. Inspected note 55 of	Management has confirmed that the additional information for the disclosure did not pull through to the annual financial statement note. Impact The impact of the audit finding will result in a non-compliance	Management must ensure that the annual financial statements are reviewed before they are submitted for audit.	GRAP standards applicable to ULM	Effective Three-Level Review Process on AFS for completeness of disclosures	Interim AFS	BTO Managers DCFO CFO	Mar-22	Outstanding

				the Annual Financial Statements for the year ending 30 June 2022 and confirmed that the municipality did disclose the nature of any difference between the measurements of the reportable segments' assets and the Municipality's assets for the	e with GRAP 18 - Reporting segments.									
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					2022 financial year. The disclosure has not been made for the 2021 financial year.								
6	19	Statement of comparison of budget and actual amounts - Misstatements identified.	Statement of comparison of budget and actual amounts.	R 72 876 405,00	During the testing of statement of comparison of budget and actual amounts, it was identified that the amounts in the statement of cash flow statement were not	This due to lack of reviews of annual financial statement for accuracy and completeness. Financial statements were not properly reviewed to detect inconsistencies	Management must ensure that amounts disclosed in the statement of comparison of budget and actual amounts agree to the amounts in the statement of cash flow.	Strict AFS reviewal processes	Effective Three-Level Review Process on AFS for accuracy of disclosures	Interim AFS	BTO Managers DCFO CFO	Mar-22	Outstanding

					correctly transferred to the statement of comparison of budget and actual amounts.	between the budget statement and the other financial statements.							
7	22	Differences in amount per the Contingent Register and the amount disclosed in the annual financial statements	Contingent liabilities and assets	R 4 328 312,00	During testing of Contingent Liabilities, the following cases reported in the annual financial statements are not disclosed in the Contingent Liability register	The misstatement is caused by the lack of adequate management review of the registers to support amounts disclosed per annual financial statements for contingent liabilities.	Management must ensure that all supporting schedules of the financial statements agrees with the information disclosed in the financial statements and there must be adequate reviews performed on the disclosure note.	To have an updated Litigation Register and reports Strict AFS reviewal processes	Effective Three-Level Review Process on AFS for accuracy of disclosures	Interim AFS Updated Litigation Register and reports	Manager: MM's office BTO Managers DCFO CFO	Mar-22	Outstanding

[illegible]

9		Cashflow	Accuracy issues identified between amount disclosed in the AFS and amount recalculated	R 7 922 619,00	Accuracy issues identified between amount disclosed in the AFS and amount recalculated	This due to lack of reviews of annual financial statement for accuracy and completeness. Financial statements were not properly reviewed to detect inconsistencies.	Management must ensure that amounts disclosed are accurate.	Development of Strict AFS reviewal processes	Effective Three-Level Review Process on AFS reviewal process for accuracy of disclosures	Interim AFS	BTO Managers DCFO CFO	Mar-22	Outstanding
10		Non-Compliance with the requirements of section 122(1) of the MFMA	Preparation of AFS	N/A	The AFS submitted were not prepared in all material respects in accordance with the	Inadequate controls in place to ensure that AFS prepared are reviewed properly.	Management to ensure that there are adequate controls in reviewal of AFS prepared.	Development of Strict AFS reviewal processes	Effective Three-Level Review Process on AFS reviewal process for compliance	Interim AFS	BTO Managers DCFO CFO	Mar-22	Outstanding

					requirements of section 122(1) of MFMA as material findings were identified.								
11		Non-Compliance with the requirements of section 65(2)(a) of the MFMA	Expenditure management	N/A	Reasonable steps were not taken to ensure that the municipality has and maintains systems of expenditure controls.	Inadequate controls and procedures are not in place to ensure that expenditure is authorised, approved and payment of funds.	Management to ensure that section 65 requirements	Review and update of strict section 65 checklist Staff capacitating on GRAP and MFMA requirements	Attachment monitoring of payments checklist in each payment made Communication of updated payment checklist to all user departments.	Updated Payment voucher Checklist	BTO Managers DCFO CFO	Weekly	Ongoing

12		Non-Compliance with the requirements of section 116(2)(b) of the MFMA	Procurement and contract management	N/A	Performance of some contractors was not monitored on a monthly basis as required by section 116(2)(b) of the MFMA. Repeat finding.	Inadequate controls in place to ensure that all contractors are monitored on a monthly basis	Management to ensure that controls are in place to ensure monthly monitoring of projects.	Submission of monthly project monitoring reports Updating of Payments Checklist	Each payment voucher for the project to have monthly reports since the last payment Communication of developed reporting template to all user departments	Monthly Project Reports for all running projects (Capital and Operational)	HODs MANCO Manager: SCM Manager: Expenditure DCFO CFO	Monthly	Outstanding
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N/A	N/A	Evidence to support reported performance is not sufficient	AOPO	N/A	Evidence to support reported performance is not sufficient	Management could not provide portfolio of evidence files for reported performance in the automated PMS System within the stipulated timelines.	Management should: • Review performance reports for the reporting period and agree to the evidence provided, prior to submission to PMS unit. • Put proper and adequate measures in place to ensure that all quarterly performance reports are backed by valid and sufficient evidence.	Management will ensure that relevant and sufficient POE Files are in place.	Review performance reports for the reporting period and agree to the evidence provided, prior to PMS System upload.	Credible POE Files, Project Listings and Performance Report.	HODs & Manager: IDP & PMS		
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H.Revenue Collection Performance by Source

REVENUE COLLECTION BY SOURCE

01/07/2021 - 30/06/2022			
Revenue Source	Billing	Receipts	Collection %
Rates	48 612 759.92	41 615 554.88	86%
Refuse	1 399 188.91	832 767.53	60%
Interest	1 964 630.29	760 992.22	39%
Total	51 976 579.12	43 209 314.63	83%
Other Revenue			
Revenue Source	Budget	Receipts	Collection %
Traffic Fines	6,300,000.00	3,510,193.00	56%
Trading Licences	286,105.00	102,002.00	36%
Drivers & Learners Licenses	1,872,465.00	1,712,878.00	91%
Vehicle Registration	2,202,900.00	2,314,487.00	105%
Hall Rental	190,409.00	63,728.02	33%
Sophia Park	116,863.00	115,763.28	99%
Plant Rental	5,205.00	2,999.14	58%
Interest o Investment	9,119,677.00	4,208,594.00	46%
Interest on Current Account	608,297.00	113,923.00	19%
Advertising	0.00	160,098.00	#
Building Plan Fees	400,244.00	106,948.00	27%
Clearance Certificates	7,644.00	25,282.00	331%
Funeral Plots	20,215.00	29,259.16	145%
LGSeta	110,744.00	188,998.81	171%
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	244.00	0.00	0%
Tender Fees	120,200.00	236,121.96	196%
Vat Claims SARS	20,800,000.00	21,736,546.38	105%
Licenses & Permits	57,695.00	40,653.43	70%
TOTAL	42,597,438.00	35,303,896.24	83%



Umzimvubu Local Municipality
Annual financial statements
for the year ended June 30, 2022

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2022

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

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 Z. Ndevu (Appointed on the 8th of November 2021)

Speaker

Cllr S.K Mnuke (Term ended on the 31st of October 2021)

Chief Whip

Cllr M. H. Ngqasa (Appointed on the 8th of November 2021)

MPAC Chairperson

Cllr N.F Ngonyolo (Term ended on the 31st of October 2021)

Cllr N.F Ngonyolo (Appointed on the 8th of November 2021)

Cllr N.G Mdizinwa (Term ended on the 31st of October 2021)

Cllr M. Mataka (Appointed on the 8th of November 2021)

Cllr S.P Myingwa (Term ended on the 31st of October 2021)

Councillors

Appointed on the 8th of November 2021

W1 - Cllr M. Kiviet

W2 - Cllr N.Hlanekela

W3 - Cllr A. Mkhonto

W4 - Cllr L. Mapala-Bera

W5 - Cllr T. Ngxabi

W6 - Cllr V. P. Gogela

W7 - Cllr N. Xolo

W8 - Cllr D. Ndema

W9 - Cllr A. Jakuja

W10 - Cllr W. Z. Nqakwana

W11 - Cllr N. Gogela

W12 - Cllr P. P. Magujulwa

W13 - Cllr C. L. Nqhakala

W14 - Cllr S. Mathebe

W15 - Cllr M. G. Ngwaqa

W16 - Cllr B. R. Khehle-Salukazana

W17 - Cllr N. Jwara

W18 - Cllr T. E. Sincindi

W19 - Cllr V. B. Sobhayi

W20 - Cllr X. Lungu

W21 - Cllr N. Nomnganga

W22 - Cllr M. Kakaza

W23 - Cllr Z. G. Mampemvini

W24 - Cllr M. B. Jorase

W25 - Cllr N. V. Giwu

W26 - Cllr M. Tuku

W27 Cllr S. Faye

W28 Cllr L. Mveku

Pr Cllr C.N Mnyayiza

Pr Cllr N. Sonyabashi

Pr Cllr N. B. Mphekeqana-Mdingi

Pr Cllr N. Mantshongo

Pr Cllr F. F. Sontsi

Pr Cllr M. Hlanekela

Pr Cllr P. Thingathinga

Pr Cllr M. Sonyabashe

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2022

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

General Information

Pr Cllr T. Ntsalaze
Pr Cllr B. T. Ngqasa
Pr Cllr D. N. Ntshobane
Pr Cllr C. M. Madyibi
Pr Cllr N. P. Nogada
Pr Cllr N. V. Nomnganga
Pr Cllr M. Magobane
Pr Cllr L. Gwentshu
Pr Cllr F. Ntwakumba
Pr Cllr A.N. Garane
Pr Cllr N. Nkula
Pr Cllr X. Jona
Pr Cllr T. Sokhanyile
Pr Cllr I. Nodali
Pr Cllr G.N. Mdzinwa

Term ended on the 31st of October 2021

W1 - Cllr F.J. Hem - passed away on 14 June 2022

W2 - Cllr N. Ntsevu

W3 - Cllr A.P. Mkonto

W4 - Cllr N.V. Nomaqaqa

W5 - Cllr S. Sifolo

W6 - Cllr N.C. Tshayisa

W7 - Cllr M.C. Ntsengwana

W8 - Cllr T. Sokhanyile

W9 - Cllr M. Mqulwane

W10 - Cllr P. Makhinzi

W11 - Cllr N. Gogela

W12 - Cllr G.V. Lugongolo

W13 - Cllr C.L. Noqhakala

W14 - Cllr T.V. Hlazo

W15 - Cllr C.N. Mnyayiza

W16 - Cllr B. Majalamba

W17 - Cllr S. Mankanku

W18 - Cllr T. Sincindi

W19 - Cllr E.N. Ngalonkulu - Lebelo

W20 - Cllr T. Nomkuca

W21 - Cllr V.A. Bulana

W22 - Cllr N. Tshalana

W23 - Cllr N.H. Kolweni

W24 - Cllr M. Jolobe - passed away on 12 May 2021

W25 - Cllr M. Mbuli

W26 - Cllr M. Tuku

W27 - Cllr N.S. Soldat

Pr Cllr F.N. Ngonyolo

Pr Cllr S.K. Mnukwa

Pr Cllr N.G. Mdzinwa

Pr Cllr H.M. Ngqasa

Pr Cllr M. Mataka

Pr Cllr A.N. Garane

Pr Cllr U.G. Makanda

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2022

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

General Information

Pr Cllr T.A Mambi
Pr Cllr P.K Thingathinga
Pr Cllr L.S Maqashalala - passed away on 1st September 2020
Pr Cllr N. Ntshayisa
Pr Cllr L.L Nqatsha
Pr Cllr N.N Gcadinja
Pr Cllr H.N Dandala
Pr Cllr S.A.N Cekeshe
Pr Cllr S.P Myingwa (MPAC Chair)
Pr Cllr X. Jona
Pr Cllr N.A Mantshongo
Pr Cllr F.P Sontsi
Pr Cllr M. Ramabina
Pr Cllr Ntwakumba
Pr Cllr N.V Nomnganga
Pr Cllr T. Ntsalaze
Pr Cllr M. Maliwa
Pr Cllr M. Hlanekelela
Pr Cllr T. Ndara
New Councillors were appointed in November 2021

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

Annual Financial Statements for the year ended June 30, 2022

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 - 100

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
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
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards



Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

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 judgements and estimates.

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

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

I have reviewed the municipality's cash flow forecast for the 12 months to June 30, 2023 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 36 - 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 August 31, 2022 and were signed on its behalf by:

Accounting Officer (G.P.T Nota)
KwaBhaca

Wednesday, August 31, 2022

AUDITOR GENERAL
SOUTH AFRICA

30 NOV 2022

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Financial Position as at June 30, 2022

	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	3	702,809	752,450
Operating lease receivable	4	13,884,681	11,694,611
Receivables from exchange transactions	5	564,039	1,046,159
Receivables from non-exchange transactions	6	15,445,112	8,400,857
VAT receivable	7	6,860,717	5,568,715
Prepayments	8	1,082,117	1,094,194
Cash and cash equivalents	9	102,908,112	126,823,141
		141,447,587	155,380,127
Non-Current Assets			
Investment property	10	21,816,441	18,071,400
Property, plant and equipment	11	946,435,030	958,424,684
Intangible assets	12	816,437	2,493,266
Heritage assets	13	17,719	17,719
		969,085,627	979,007,069
Total Assets		1,110,533,214	1,134,387,196
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	26,909,242	22,741,586
Payables from Non-exchange transactions	15	3,608,066	8,411,653
Consumer deposits	16	144,372	132,471
Unspent conditional grants and receipts	17	2,353,409	6,521,066
Employee benefits obligations	18	11,635,252	10,558,625
		44,650,341	48,365,401
Non-Current Liabilities			
Employee benefits obligations	18	2,107,000	1,998,000
Provisions	19	7,076,782	4,886,339
		9,183,782	6,884,339
Total Liabilities		53,834,123	55,249,740
Net Assets		1,056,699,091	1,079,137,456
Reserves			
Capital replacement reserve	20	31,842,322	30,874,974
Accumulated surplus		1,024,856,769	1,048,262,482
Total Net Assets		1,056,699,091	1,079,137,456

* See Note 64

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Financial Performance

	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods and other services	22	640,484	1,246,761
Service charges	23	1,216,660	1,210,121
Rental of facilities and equipment	24	3,779,118	3,760,204
Interest received	25	4,823,411	4,364,555
Income from Agency services	26	2,314,487	2,231,470
Licences and permits	27	1,712,956	1,913,901
Operational Revenue	28	168,238	86,530
Fair value adjustments	29	3,745,041	3,341,400
Actuarial gains	18	146,000	144,000
Total revenue from exchange transactions		18,546,395	18,298,942
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	48,595,020	17,733,488
Licences and Permits	31	128,961	159,232
Interest received	32	1,490,559	1,533,147
Transfer revenue			
Government grants and subsidies	33	343,484,987	385,456,262
Fines, Penalties and Forfeits	34	4,793,426	3,998,274
Total revenue from non-exchange transactions		398,492,953	408,880,403
Total revenue	21	417,039,348	427,179,345
Expenditure			
Employee related costs	35	(84,546,468)	(80,632,207)
Remuneration of councillors	36	(20,745,017)	(20,077,146)
Depreciation and amortisation	37	(74,477,323)	(110,314,759)
Impairment losses	38	(11,648,718)	(15,918,957)
Finance costs	39	(724,214)	(320,021)
Lease rentals on operating lease	40	(101,903)	(203,849)
Bad debts written off	41	-	(2,216,061)
Inventory Consumed	42	(7,304,566)	(6,134,330)
Contracted services	43	(75,332,404)	(56,271,019)
Transfers and Subsidies Paid	44	(83,621,554)	(1,104,926)
Loss on disposal of assets	45	(2,047,392)	(1,201,173)
Operating costs	46	(78,927,822)	(57,742,501)
Total expenditure		(439,477,381)	(352,136,949)
(Deficit) surplus for the year		(22,438,033)	75,042,396

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2022

* See Note 64

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Changes in Net Assets

	Capital Replacement Reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	29,972,454	973,597,632	1,003,570,086
Adjustments			
Prior year adjustments 64	-	524,974	524,974
Balance at July 1, 2020 as restated*	29,972,454	974,122,606	1,004,095,060
Changes in net assets			
Surplus (Deficit) for the year	-	75,042,396	75,042,396
Transfers to/from reserves	902,520	(902,520)	-
Total changes	902,520	74,139,876	75,042,396
Opening balance as previously reported	30,874,974	1,045,988,339	1,076,863,313
Adjustments			
Prior year adjustments 64	-	2,273,811	2,273,811
Restated* Balance as at 01 July 2021	30,874,974	1,048,262,150	1,079,137,124
Changes in net assets			
Surplus (Deficit) for the year	-	(22,438,033)	(22,438,033)
Transfers to/from reserves	967,348	(967,348)	-
Total changes	967,348	(23,405,381)	(22,438,033)
Balance at June 30, 2022	31,842,322	1,024,856,769	1,056,699,091
Note(s)	20		

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* See Note 64

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Cash Flow Statement

	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Rates and service charges		43,455,762	15,830,397
Sale of goods and services		14,757,362	232,594
Grants		339,317,330	394,109,535
Cash flows of discontinued operations		-	5,897,702
Other receipts		-	7,188,913
		397,530,454	423,259,141
Payments			
Employee costs		(104,155,858)	(80,442,363)
Suppliers		(169,011,796)	(147,897,290)
Finance costs		(724,214)	(320,021)
Other cash item		1,886	(800,791)
		(273,889,982)	(229,460,465)
Net cash flows from operating activities	48	123,640,472	193,798,676
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(148,199,529)	(168,794,251)
Proceeds from sale of property, plant and equipment	11	644,028	523,522
Purchase of other intangible assets	12	-	(157,390)
Net cash flows from investing activities		(147,555,501)	(168,428,119)
Net increase/(decrease) in cash and cash equivalents		(23,915,029)	25,370,557
Cash and cash equivalents at the beginning of the year		126,823,141	101,452,584
Cash and cash equivalents at the end of the year	9	102,908,112	126,823,141

The accounting policies on pages 13 to 40 and the notes on pages 40 to 100 form an integral part of the annual financial statements.



* See Note 64

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

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	587,000	-	587,000	640,484	53,484	
Service charges	1,050,000	-	1,050,000	1,216,660	166,660	N1
Rental of facilities and equipment	3,766,000	-	3,766,000	3,779,118	13,118	N2
Interest received - trading	11,724,000	-	11,724,000	4,823,411	(6,900,589)	N3
Agency services	2,203,000	-	2,203,000	2,314,487	111,487	
Licences and permits (exchange)	2,159,000	-	2,159,000	1,712,956	(446,044)	N4
Other revenue	20,800,000	-	20,800,000	168,238	(20,631,762)	N5
Total revenue from exchange transactions	42,289,000	-	42,289,000	14,655,354	(27,633,646)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	46,247,000	6,170,000	52,417,000	48,595,020	(3,821,980)	
Licences and permits (non-exchange)	-	-	-	128,961	128,961	N6
Interest received	-	-	-	1,490,559	1,490,559	
Transfer revenue						
Government grants and subsidies	372,092,000	-	372,092,000	343,484,987	(28,607,013)	
Fines, penalties and forfeits	6,685,000	-	6,685,000	4,793,426	(1,891,574)	N7
Total revenue from non-exchange transactions	425,024,000	6,170,000	431,194,000	398,492,953	(32,701,047)	
Total revenue	467,313,000	6,170,000	473,483,000	413,148,307	(60,334,693)	
Expenditure						
Employee costs	(93,533,000)	6,957,000	(86,576,000)	(84,546,468)	2,029,532	N8
Remuneration of councillors	(22,426,000)	-	(22,426,000)	(20,745,017)	1,680,983	N9
Depreciation and amortisation	(87,769,000)	-	(87,769,000)	(74,477,323)	13,291,677	
Impairment loss/ Reversal of impairments	(9,700,000)	-	(9,700,000)	(11,648,718)	(1,948,718)	
Inventory consumed	(7,332,000)	(1,027,000)	(8,359,000)	(7,304,566)	1,054,434	N12
Debt impairment	(2,100,000)	-	(2,100,000)	-	2,100,000	
Finance costs	-	-	-	(724,214)	(724,214)	
Lease rentals on operating leases	(1,000,000)	-	(1,000,000)	(101,903)	898,097	N13
Contracted services	(70,440,000)	(9,134,000)	(79,574,000)	(75,332,404)	4,241,596	
Transfers and subsidies	(6,704,000)	(4,733,000)	(11,437,000)	(83,621,554)	(72,184,554)	
General expenses	(67,239,000)	(12,241,000)	(79,480,000)	(78,927,822)	552,178	
Total expenditure	(368,243,000)	(20,178,000)	(388,421,000)	(437,429,989)	(49,008,989)	
Operating deficit	99,070,000	(14,008,000)	85,062,000	(24,281,682)	(109,343,682)	
Loss on disposal of assets and liabilities	-	-	-	(2,047,392)	(2,047,392)	
Fair value adjustments	-	-	-	3,745,041	3,745,041	N11

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

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
Actuarial gains/losses	-	-	-	146,000	146,000	
	-	-	-	1,843,649	1,843,649	
Deficit before taxation	99,070,000	(14,008,000)	85,062,000	(22,438,033)	(107,500,033)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	99,070,000	(14,008,000)	85,062,000	(22,438,033)	(107,500,033)	
AUDIT OF GENERAL AND SPECIAL PURPOSES SOUTH AFRICA 30 NOV 2022						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	20,613,000	(526,000)	20,087,000	702,809	(19,384,191)	N14
Operating lease asset	71,000	-	71,000	13,884,681	13,813,681	
Receivables from exchange transactions	-	-	-	564,039	564,039	
Receivables from non-exchange transactions	96,902,000	415,000	97,317,000	15,445,112	(81,871,888)	N14
VAT receivable	-	-	-	6,860,717	6,860,717	N15
Prepayments	-	-	-	1,082,117	1,082,117	N37
Cash and cash equivalents	301,412,000	(56,202,000)	245,210,000	102,908,112	(142,301,888)	N16
	418,998,000	(56,313,000)	362,685,000	141,447,587	(221,237,413)	
Non-Current Assets						
Investment property	13,640,000	-	13,640,000	21,816,441	8,176,441	N17
Property, plant and equipment	1,204,164,000	43,634,000	1,247,798,000	946,435,030	(301,362,970)	N18
Intangible assets	5,349,000	3,500,000	8,849,000	816,437	(8,032,563)	N19
Heritage assets	18,000	-	18,000	17,719	(281)	
	1,223,171,000	47,134,000	1,270,305,000	969,085,627	(301,219,373)	
Total Assets	1,642,169,000	(9,179,000)	1,632,990,000	1,110,533,214	(522,456,786)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	291,493,000	4,828,000	296,321,000	26,909,240	(269,411,760)	
Taxes and transfers payable (non-exchange)	-	-	-	3,608,066	3,608,066	N20
Consumer deposits	92,000	-	92,000	144,372	52,372	N21
Unspent conditional grants and receipts	-	-	-	2,353,409	2,353,409	N22
Employee benefits obligations	2,830,000	-	2,830,000	11,635,252	8,805,252	
	294,415,000	4,828,000	299,243,000	44,650,339	(254,592,661)	
Non-Current Liabilities						
Employee benefits obligations	-	-	-	2,107,000	2,107,000	N25
Provisions	5,728,000	-	5,728,000	7,076,782	1,348,782	N24
	5,728,000	-	5,728,000	9,183,782	3,455,782	
Total Liabilities	300,143,000	4,828,000	304,971,000	53,834,121	(251,136,879)	
Net Assets	1,342,026,000	(14,007,000)	1,328,019,000	1,056,699,093	(271,319,907)	

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

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	26,017,000	-	26,017,000	31,842,322	5,825,322	N26
Accumulated surplus	1,316,009,000	(14,007,000)	1,302,002,000	1,024,856,771	(277,145,229)	N27
Total Net Assets	1,342,026,000	(14,007,000)	1,328,019,000	1,056,699,093	(271,319,907)	

Cash Flow Statement

Cash flows from operating activities

Receipts						
Rates and services	48,926,000	(3,181,000)	45,745,000	43,455,762	(2,289,238)	N27
Other revenue	22,178,000	8,937,000	31,115,000	14,757,362	(16,357,638)	N29
Grants	372,092,000	-	372,092,000	339,317,330	(32,774,670)	N31
	443,196,000	5,756,000	448,952,000	397,530,454	(51,421,546)	
Payments						
Suppliers and employees	(267,939,000)	(14,659,000)	(282,598,000)	(273,167,654)	9,430,346	N33
Finance costs	-	-	-	(724,214)	(724,214)	
Other cash item	-	-	-	1,886	1,886	
	(267,939,000)	(14,659,000)	(282,598,000)	(273,889,982)	8,708,018	
Net cash flows from operating activities	175,257,000	(8,903,000)	166,354,000	123,640,472	(42,713,528)	

Cash flows from investing activities

Capital assets	(179,778,000)	(47,134,000)	(226,912,000)	(148,199,529)	78,712,471	N34
Loss on sale of property, plant and equipment	-	-	-	644,028	644,028	N35
Net cash flows from investing activities	(179,778,000)	(47,134,000)	(226,912,000)	(147,555,501)	79,356,499	
Net increase/(decrease) in cash and cash equivalents	(4,521,000)	(56,037,000)	(60,558,000)	(23,915,029)	36,642,971	
Cash and cash equivalents at the beginning of the year	285,867,000	-	285,867,000	126,823,141	(159,043,859)	
Cash and cash equivalents at the end of the year	281,346,000	(56,037,000)	225,309,000	102,908,112	(122,400,888)	

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Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

	Note(s)	2022	2021
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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 2022 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.

1.1 Presentation currency

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

1.2 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.

1.3 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.



Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

1.4 Investment property

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

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

The cost of self-constructed Investment Property is the cost at date of completion.

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

- Land held for long term capital appreciation rather than for short-term sale in the ordinary course of operations; Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:
- Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner occupied property or for shortterm sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
- Property that is being constructed or developed for future use as investment property.

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

Equipment or Inventory as appropriate:

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

Subsequent Measurement

Fair value

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

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

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



Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

1.4 Investment property (continued)

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.

1.5 Property, plant and equipment

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

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, its 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.

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

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

1.5 Property, plant and equipment (continued)

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	5 - 20
Specialised Plant and Equipment	Straight-line	2 - 15
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.

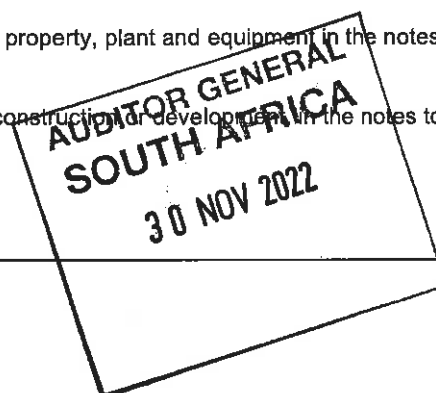
Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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 11).

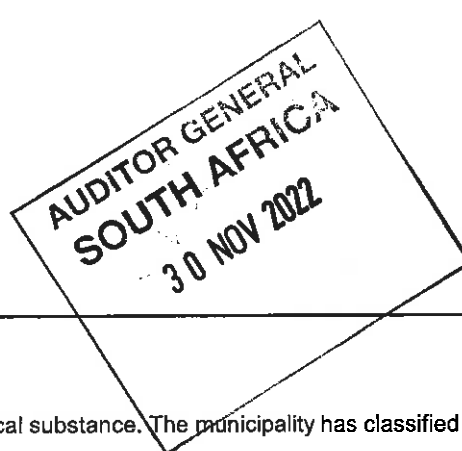
The municipality discloses relevant information relating to assets under construction or development in the notes to the financial statements (see note 11).



Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies



1.6 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.

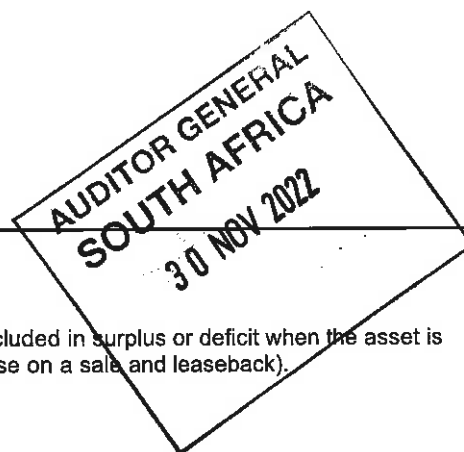
Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

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

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1.6 Intangible assets (continued)

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).

1.7 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.

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.

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1.7 Heritage assets (continued)

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).

1.8 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.

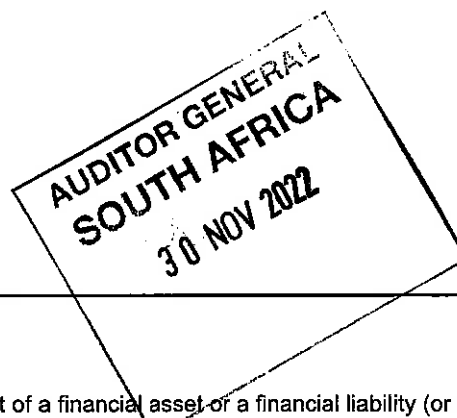
A derivative is a financial instrument or other contract with all three of the following characteristics:

- 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').
- 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.

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1.8 Financial instruments (continued)

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

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1.8 Financial instruments (continued)

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.

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1.8 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

1.9 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.

1.10 Impairment of cash-generating assets

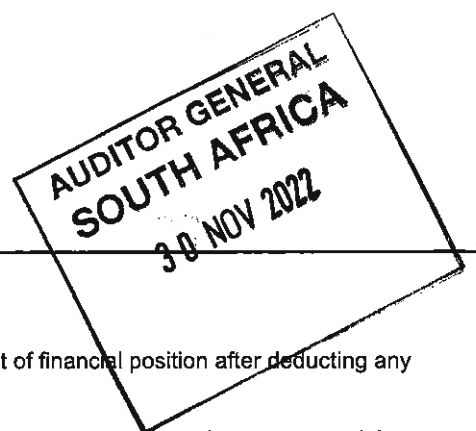
Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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).

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1.10 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.

1.11 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.

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1.11 Provisions and contingencies (continued)

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

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

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 51.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

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1.11 Provisions and contingencies (continued)

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money.

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

Decommissioning, restoration and similar liability

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficit.

1.12 Revenue from exchange transactions

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1.12 Revenue from exchange transactions (continued)

Revenue is derived from a variety of sources which include 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.

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1.13 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.

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1.13 Revenue from non-exchange transactions (continued)

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.

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.

1.14 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:



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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 1.8 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 1.8 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.

Provisions and Contingent Liabilities

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

Budget Information

Deviations between budget and actual amounts are regarded as material difference

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1.14 Significant judgements and sources of estimation uncertainty (continued)

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 R - lower or R - 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 18 - 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.

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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.

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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.

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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.

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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.

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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.

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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-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.21 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.

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1.21 Accounting by principals and agents (continued)

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.

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.

1.22 Insurance fund

The insurance fund is accounted for at net of cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

1.23 Comparative figures

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

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

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1.24 Unauthorised expenditure (continued)

- 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).

1.25 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).

1.26 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.

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).

1.27 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.

1.28 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.

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1.29 Budget information

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

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 2021-07-01 to 2022-06-30.

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

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

1.30 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.

1.31 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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

1.31 Events after reporting date (continued)

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.

1.32 Accumulated Surplus

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

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

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

1.33 Bad Debts written off

Consumer debtors

When the municipality identifies consumer 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 be regarded as irrecoverable.

Once the debt is regarded as irrecoverable during the year it must be grouped with others so that the report is presented to Council to solicit a resolution to write off irrecoverable debts.

Traffic fines

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

Traffic fines infringements that have not been served within a period of 18 months of the date of the alleged offence be withdrawn and/or warrants to the arrest that have not been executed within 2 years after the date of authorisation thereof be returned with the control documents to the relevant Magistrate for cancellation as per the National Prosecuting Authority of South Africa. (UNIFORM NATIONAL INSTRUCTION IN RESPECT OF TRAFFIC INFRINGEMENTS MATTERS ISSUED BY VARIOUS LAW ENFORCEMENT AGENCIES)

Notes to the Annual Financial Statements

2022

2021

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:

Grat 1

- Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards

**Presentation of
Financial Statements**
April 1, 2021

Expected impact:

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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2.3 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 July 1, 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	Not yet determined	Not expected to impact results but may result in additional disclosure
• GRAP 25 (as revised): Employee Benefits	Not yet determined	Not expected to impact results but may result in additional disclosure
• IGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	Not yet determined	Not expected to impact results but may result in additional disclosure
• Guideline: Guideline on the Application of Materiality to Financial Statements	Not yet determined	Not expected to impact results but may result in additional disclosure
• GRAP 104 (as revised): Financial Instruments	April 1, 2025	Not expected to impact results but may result in additional disclosure
• IGRAP 21: The Effect of Past Decisions on Materiality	April 1, 2023	Not expected to impact results but may result in additional disclosure
• GRAP 2020: Improvements to the standards of GRAP 2020	April 1, 2023	Not expected to impact results but may result in additional disclosure
• GRAP 1 (amended): Presentation of Financial Statements	April 1, 2023	Not expected to impact results but may result in additional disclosure

2.4 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 July 1, 2022 or later periods but are not relevant to its operations:

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
3. Inventories		
Finished goods	702,809	752,450
Inventories recognised as an expense during the year	7,304,566	6,134,330
Inventory consumables are held for own use and measured at the lower of cost and current replacement cost. No write downs of inventory to net realisable value were required.		
Inventory pledged as security		
No inventories have been pledged as collateral for the liabilities of the municipality.		
There was no inventory retained as personal protective equipment, by the municipality.		
4. Operating lease asset (liability)		
Current assets	13,884,681	11,694,611
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 (2020/21 - 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:		
Reconciliation		
Opening balances	11,694,610	9,440,012
Effects of straightlining for the year	2,190,071	2,254,598
	13,884,681	11,694,610
Operating Lease Arrangements		
Up to 1 Year	1,023,834	1,414,122
2 to 5 years	1,750,951	1,663,524
More than 5 years	119,788,289	119,788,289
	122,563,074	122,865,935
5. Receivables from exchange transactions		
Consumer debtors - Refuse	539,328	829,858
Consumer debtors - Rentals	24,711	216,301
	564,039	1,046,159

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
5. Receivables from exchange transactions (continued)		
Refuse		
Current (0 - 30 Days)	298,195	151,412
31 - 60 Days	149,009	141,309
61- 90 Days	135,227	137,770
More than 90 days	10,886,754	7,377,895
Impairment	(10,929,857)	(6,978,529)
	539,328	829,857
Rental		
Current (0- 30 Days)	14,124	14,062
31 - 60 Days	43,399	8,662
61- 90 Days	2,662	8,662
More than 90 days	931,440	1,164,495
Impairment	(966,914)	(979,580)
	24,711	216,301
Summary of refuse debtors by customer classification:		
Business / commercial		
Current (0- 30 Days)	57,912	29,481
31 - 60 Days	26,329	26,011
61- 90 Days	25,460	25,086
More than 90 days	3,170,151	1,651,388
Impairment	(3,245,320)	(1,693,302)
	34,532	38,664
Government		
Current (0- 30 Days)	27,664	20,382
31 - 60 Days	13,597	20,247
61- 90 Days	12,163	19,745
More than 90 days	368,416	563,065
	421,840	623,439
Residential		
Current (0- 30 Days)	212,620	101,550
31 - 60 Days	109,083	95,051
61- 90 Days	97,604	92,939
More than 90 days	7,348,187	5,163,442
Impairment	(7,684,537)	(5,285,227)
	82,957	167,755

There are no trade and other receivables pledged as security.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

2022

2021

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.

Fair value of trade and other receivables

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

Trade and other receivables past due but not impaired

Receivables from 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	13,597	20,247
2 months past due	12,163	19,745
3 months past due	368,416	563,065

Trade and other receivables impaired

As of June 30, 2022, trade and other receivables of R 12,460,810 (2021: R 7,808,386) were impaired and provided for.

The amount of the provision was R 11,896,771 as of June 30, 2022 (2021: R 6,978,529).

Reconciliation of provision for impairment of trade and other receivables -

Refuse

Opening balance	6,978,529	6,176,469
Provision for impairment	3,951,328	802,060
	10,929,857	6,978,529

Reconciliation of provision for impairment of trade and other receivables -

Rentals

Opening balance	979,580	503,040
Provision for impairment	-	476,540
Reversal of impairment	(12,666)	-
	966,914	979,580

6. Receivables from non-exchange transactions

Fines	3,804,694	487,668
Consumer debtors - Rates	11,640,418	7,913,189
	15,445,112	8,400,857

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2022

	2022	2021
6. Receivables from non-exchange transactions (continued)		
Assessment Rates		
Current (0- 30 Days)	1,236,302	654,751
31 - 60 Days	540,611	744,318
61 - 90 Days	528,888	527,397
91 - 120 Days	34,922,839	30,662,231
Impairment	(25,588,222)	(24,640,955)
	11,640,418	7,947,742
Traffic fines		
Current (0- 30 Days)	172,110	289,519
31 - 60 Days	95,672	294,955
61 - 90 Days	116,376	282,267
91 - 120 Days	5,575,455	2,330,143
Impairment	(2,154,960)	(2,709,216)
	3,804,653	487,668
Summary of assessment rates debtors by customer classification:		
Residential		
Current (0- 30 Days)	367,579	201,836
31 - 60 Days	169,348	237,372
61 - 90 Days	162,272	176,956
91 - 120 Days	5,360,362	7,251,321
Impairment	(5,845,168)	(7,453,803)
	214,393	413,682
Business / Commercial		
Current (0- 30 Days)	862,394	449,582
31 - 60 Days	368,295	499,498
61 - 90 Days	363,649	347,109
91 - 120 Days	18,852,604	16,658,808
Impairment	(19,743,054)	(17,187,152)
	703,888	767,845
Government		
Current (0- 30 Days)	6,329	3,333
31 - 60 Days	2,968	7,449
61 - 90 Days	2,967	3,333
91 - 120 Days	10,709,874	6,752,102
	10,722,138	6,766,217

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

2022

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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 rates 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.

Statutory receivables impaired

As of June 30, 2022, Statutory receivables of R43,188,253 (2021: R35,785,581) were impaired and provided for.

The amount of the provision was R27,743,182 as of June 30, 2022 (2021: R27,350,171).

Receivables from non-exchange transactions past due but not impaired

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	2,968	7,449
2 months past due	2,667	3,333
3 months past due	10,709,874	6,752,102

Reconciliation of provision for impairment of receivables from non-exchange transactions - Assessment rates

Opening balance	24,640,955	21,740,732
Provision for impairment	947,267	2,900,223
	25,588,222	24,640,955

Reconciliation of provision for impairment of receivables from non-exchange transactions - Traffic fines

Opening balance	2,709,216	33,691,186
Provision for impairment	-	2,709,216
Amounts written off as uncollectible	-	(33,691,186)
Unused amounts reversed	(554,256)	-
	2,154,960	2,709,216

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements



	2022	2021
7. VAT receivable		
VAT	6,860,717	5,568,715

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. Prepayments

SALGA Fees Prepayment	1,082,117	1,094,194
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9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	54,922,010	55,335,007
Current Investments	47,986,102	71,488,134
Net Bank, Cash and Cash Equivalents	102,908,112	126,823,141

Cash and cash equivalents pledged as collateral

Total cash and cash equivalents pledged as collateral for security deposit to ESKOM	161,400	161,400
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The municipality had the following bank accounts

Account number and description	Bank statement balances			Cash book balances		
	June 30, 2022	30 June 2021	30 June 2020	June 30, 2022	30 June 2021	30 June 2020
FNB-Service Delivery Reserve - 620-3325-4723	63,217,351	66,746,777	45,496,534	54,552,329	66,746,777	45,496,533
FNB-Operational Investment - 620-2945-0715	2,967,181	17,509,188	21,374,832	2,967,181	17,509,188	21,374,933
FNB-Municipal Infrastructure Grant(MIG) -620-8603-6714	17,396	2,851,686	593,039	17,396	2,851,686	593,050
FNB-Guarantee Investment-620-6874-2157	317,973	310,891	304,992	3,217,973	310,891	304,991
FNB-Financial Management Grant(FMG)-622-7618-7294	3,160	2,727	24,154	3,160	2,727	24,154
FNB-Electrification Programme - 622-8856-0925	2,352,948	1,131,113	2,400,000	2,352,948	1,131,113	2,400,000
Primary Account FNB a/c No: 620-2218-3727	3,516,063	449,680	840,842	3,516,063	449,680	857,720
FNB-Traffic Fine-627-5889-3905	572,481	557,618	445,737	572,481	557,618	445,737
FNB-Housing Project Fund 628-9151-9971	775,112	6,163,050	-	775,112	6,163,050	-
FNB Solidarity Fund 628-5499-2099	194,150	190,403	-	194,150	190,403	-
FNB Retention 628-6002-9000	165,848	18,046	-	165,848	18,046	-
FNB ENATIS Transactions 629-1034-4837	2,619,920	-	-	2,619,920	-	-
Nedbank - Capital Replacement	31,842,322	30,891,961	29,989,441	31,953,552	30,891,961	29,989,441
Total	108,561,905	126,823,140	101,469,571	102,908,113	126,823,140	101,486,559

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
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10. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	21,816,441	-	21,816,441	18,071,400	-	18,071,400

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	18,071,400	3,745,041	21,816,441

Reconciliation of investment property - 2021

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

Fair value of investment properties	21,816,441	18,701,400
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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

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

2022

2021

10. Investment property (continued)

Amounts recognised in surplus or deficit

Rental revenue from Investment property	3,594,628	3,603,921
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Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Impairment of Investment property

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

Work-in-progress

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

Delayed projects

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

Umzimvubu Local Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

11. Property, plant and equipment

	2022			2021		
	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	435,278,259	(128,480,705)	306,797,554	396,766,930	(118,606,559)	278,160,371
Infrastructure	1,797,310,490	(1,224,557,582)	572,752,908	1,784,189,169	(1,160,077,528)	624,111,641
Computer equipment	12,383,371	(5,651,379)	6,731,992	9,104,878	(6,201,180)	2,903,698
Machinery and Equipment	12,861,528	(7,720,275)	5,141,253	12,143,508	(6,686,549)	5,456,959
Office equipment	12,057,766	(6,649,394)	5,408,372	11,766,557	(7,413,775)	4,352,782
Transport Assets	20,611,213	(7,434,232)	13,176,981	13,732,768	(6,719,505)	7,013,263
Total	2,326,928,597	(1,380,493,567)	946,435,030	2,264,129,780	(1,305,705,096)	958,424,684

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfer Out - Donated Assets	Depreciation	Impairment loss	Total
Land	36,425,970	-	-	-	-	-	36,425,970
Buildings	278,160,371	38,511,329	-	-	(9,782,270)	(91,876)	306,797,554
Infrastructure	624,111,641	92,455,278	(191,000)	(77,440,532)	(58,957,309)	(7,225,170)	572,752,908
Computer equipment	2,903,698	5,316,415	(165,737)	-	(1,322,384)	-	6,731,992
Machinery and Equipment	5,456,959	1,122,679	(36,685)	-	(1,401,700)	-	5,141,253
Office equipment	4,352,782	2,869,907	(823,152)	-	(991,165)	-	5,408,372
Transport Assets	7,013,263	7,976,445	(287,584)	-	(1,525,143)	-	13,176,981
Total	958,424,684	148,252,053	(1,504,158)	(77,440,532)	(73,979,971)	(7,317,046)	946,435,030

Umzimvubu Local Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	36,425,970	-	-	-	-	36,425,970
Buildings	225,621,686	60,500,982	-	(7,962,297)	-	278,160,371
Roads Infrastructure	627,358,687	102,604,576	-	(96,938,995)	(8,912,627)	624,111,641
Computer equipment	2,698,032	1,281,339	(36,887)	(1,036,900)	(1,886)	2,903,698
Machinery and Equipment	5,941,275	1,172,980	(95,574)	(1,464,623)	(97,099)	5,456,959
Office equipment	4,134,756	1,370,031	(156,118)	(976,885)	(19,002)	4,352,782
Transport Assets	7,894,982	2,005,216	(1,436,116)	(1,450,819)	-	7,013,263
	910,075,388	168,935,124	(1,724,695)	(109,830,519)	(9,030,614)	958,424,684

Assets pledged as security

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

Change in estimate

A change in the estimated remaining useful lives of various assets of the Municipality based on their assessment conducted as at 30 June 2022 will result in the following decreases in depreciation for property plant and equipment in the 2022 financial year and an increase in depreciation in the future periods as follows:

	Infrastructure assets	Buildings	Total
The impact on the statement of financial performance (decrease in Depreciation) in the 2022 financial year	(37,582,290)	(75,170)	(37,657,460)
The impact on the statement of financial performance (increase in Depreciation) in the future periods	70,260,672	100,522	70,361,194
	32,678,382	25,352	32,703,734

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021	
11. Property, plant and equipment (continued)			
Reconciliation of Work-in-Progress 2022			
	Included within Infrastructure	Included within Buildings	Total
Opening balance	125,000,641	76,677,042	201,677,683
Additions/capital expenditure	92,455,278	38,511,329	130,966,607
Transfers to other sphere of government	(77,440,532)	-	(77,440,532)
Transferred to completed items	(91,160,404)	(110,083,996)	(201,244,400)
	48,854,983	5,104,375	53,959,358

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	102,604,576	60,500,982	163,105,558
Transferred to completed items	(54,691,203)	(54,537,052)	(109,228,255)
	125,000,641	76,677,042	201,677,683

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in statement of financial performance

Contracted services	9,028,254	8,295,132
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Total Expenditure related to Repairs and Maintenance Projects

Total Expenditure related to Repairs and Maintenance Projects

Maintenance of Buildings and Facilities	2,976,321	1,182,955
Maintenance of Computer Equipment	465,944	1,413,464
Maintenance of Infrastructure assets	1,597,286	2,327,634
Maintenance of Machinery and Equipment	534,125	576,802
Maintenance of Transport assets	3,535,627	2,794,277

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:

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 (2021: 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 is budgeted to be completed in the 22/23 financial year, the appointed service provider surrendered the project due to financial constraints. Expenditure to date is R8 393 986 (2021: R7 685 768).

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

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11. 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. The project is budgeted for implementation in the 2022/23 financial year, and it will be advertised before the end of first quarter of the said financial year. Expenditure to date is R1 167 567 (2021: R1 167 567).

Upgrading of Emaxesibeni Streetlight Along CBD - The installation of streetlights infrastructure was installed, commissioned for functionality however the cables were stolen and some damaged before the project was officially handed over to the municipality. The material for repairing the cables is budgeted for in the 2022/23 financial year for completion and handing over. Expenditure to date is R6 989 977 (2021: R6 989 977).

Umzimvubu Local Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

12. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	150,000	-	150,000	1,181,843	-	1,181,843
Computer software	3,207,707	(2,541,270)	666,437	4,661,609	(3,350,186)	1,311,423
Total	3,357,707	(2,541,270)	816,437	5,843,452	(3,350,186)	2,493,266

Reconciliation of intangible assets - 2022

	Opening balance	Disposals	Amortisation	Total
Municipal Website	1,181,843	(1,031,843)	-	150,000
Computer software	1,311,423	(147,634)	(497,352)	666,437
	2,493,266	(1,179,477)	(497,352)	816,437

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Municipal Website	1,181,843	-	-	1,181,843
Computer software	1,638,273	157,390	(484,240)	1,311,423
	2,820,116	157,390	(484,240)	2,493,266

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

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12. Intangible assets (continued)

Other information

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance see Note 38.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets, but not the Website as it is considered to be constantly maintained and therefore have an indefinite economic useful life and such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Impairment of Intangible Assets

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

Work-in-Progress

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

Delayed Projects

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

Umzimvubu Local Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

13. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	17,719	-	17,719	17,719	-	17,719

Reconciliation of heritage assets 2022

Mayoral chain	Opening balance 17,719	Total 17,719
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Reconciliation of heritage assets 2021

Mayoral chain	Opening balance 17,719	Total 17,719
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Umzimvubu Local Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

13. 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.

14. Payables from exchange transactions

Trade payables	8,996,665	5,847,988
Retentions	1,001,498	1,380,629
Department of Transport	511,069	-
Accruals	16,400,010	15,512,969
	26,909,242	22,741,586

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
15. Payables from Non-Exchange Transactions		
Department of Housing amounts held in trust	387,631	6,160,485
Advance receipts - Taxes	3,220,435	2,251,168
	3,608,066	8,411,653
16. Consumer deposits		
Rental Deposits	144,372	132,471
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Financial Management Grant	462	
Intergrated National Electrification Programme	2,352,948	3,021,066
Extended Public Works Programme - Cleansing Project Peri-Urban		3,500,000
	2,353,410	6,521,066
Movement during the year		
Balance at the beginning of the year	6,521,066	4,028,188
Additions during the year	101,102,331	112,882,474
Income recognition during the year	(105,269,987)	(110,389,596)
	2,353,410	6,521,066

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 33 for reconciliation of grants from National/Provincial Government.

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

Umzimvubu Local Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

18. Employee benefits obligations

Reconciliation of employee benefits obligations - 2022

	Opening Balance	Additions	Utilised during the year	Interest costs	Actuarial (gain) / loss	Total
Bonus accrual	2,217,780	2,366,877	(2,217,779)	-	-	2,366,878
Provision for leave pay	7,740,975	1,618,335	(1,102,209)	-	-	8,257,101
Provision for performance bonus	277,870	689,272	(277,869)	-	-	689,273
Long Service Awards Liability	2,320,000	381,000	(322,000)	196,000	(146,000)	2,429,000
	12,556,625	5,055,484	(3,919,857)	196,000	(146,000)	13,742,252

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

Non-current liabilities	2,107,000	1,998,000
Current liabilities	11,635,252	10,558,625
	13,742,252	12,556,625

Provision for leave pay

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The liability is an estimate of the amount due at the reporting date.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

2022

2021

18. Employee benefits obligations (continued)

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		159	160
Eligible Employees	Female	Male	Total
Number of eligible employees	91	68	159
Average annual earnings	209,250	218,766	213,320
Average age	41.8	42.8	42.2
Average past service	9.0	9.5	9.2
	-	-	-

The earnings disclosed above and used in the valuation include an increase of 4.90% as at 1 July 2022, as per the SALGBC Circular No.: 01/2022.

Unfunded Accrued Liability

Total value of liabilities	2,429,000	2,320,000
Value of assets		
	2,429,000	2,320,000
Expected current portion of liability (due within 12 months)	208,000	322,000
Expected non-current portion of liability (due thereafter)	2,221,000	1,998,000
	2,429,000	2,320,000

Key Actuarial Assumptions used are as follows:

Discount rate	10.98%	9.06%
General Salary Inflation (long-term)	7.33%	5.76%
Net Effective Discount Rate applied to salary-related Long Service	3.4%	3.12%
Average retirement age	62	62

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
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18. Employee benefits obligations (continued)

The next general earnings increase was assumed to take place on 1 July 2023.

Last Valuation

The last valuation was performed in July 2021.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities. The valuation meets the requirements of GRAP 25 as well as those of Advisory Practice Note 301 issued by the Actuarial Society of South Africa. The valuation was prepared by ARCH Actuarial Consulting.

The amounts recognised in the Statement of Financial Performance are:

Employee related costs - Current Service Cost	381,000	347,000
Finance Charges - Interest Cost	196,000	149,000
Actuarial Losses / (Gain)	(146,000)	(144,000)
Expected benefits vesting / paid during the year (N1)	(322,000)	(322,000)
	109,000	30,000

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		2,429,000	
General earnings inflation rate	+1%	2,553,000	5%
	-1%	2,314,000	-5%
Discount rate	+1%	2,308,000	-5%
	-1%	2,562,000	5%
Average retirement age	+2 years	2,531,000	4%
	-2 years	2,288,000	-6%
Withdrawal rates	x2	1,936,000	-20%
	x0,5	2,755,000	13%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2022

Assumption	Change	CurrentSvc. Cost	Interest Cost	Total	% Change
Central assumptions		381,000	196,000	577,000	
General earnings inflation rate	+1%	407,000	207,000	614,000	6%

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

			2022	2021	
18. Employee benefits obligations (continued)					
	-1%	358,000	186,000	544,000	-6%
Discount rate	1%	360,000	206,000	566,000	-2%
	-1%	405,000	185,000	590,000	2%
Average retirement age	+2 years	393,000	204,000	597,000	3%
	-2 years	366,000	185,000	551,000	-5%
Withdrawal rates	x2	276,000	152,000	428,000	-26%
	x0,5	457,000	225,000	682,000	18%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

	Change	CurrentSvc. Cost	Interest Cost	Total	% Change
Central assumptions		410,000	256,000	666,000	
General earnings	+1%	436,000	269,000	705,000	6%
inflation rate	-1%	386,000	243,000	629,000	-6%
Discount rate	+1%	389,000	264,000	653,000	-2%
	-1%	434,000	245,000	679,000	2%
Average retirement age	+2 years	422,000	267,000	689,000	3%
	-2 years	394,000	240,000	634,000	-5%
Withdrawal rates	x2	302,000	201,000	503,000	-24%
	x0.5	487,000	291,000	778,000	17%

19. Provisions

The municipality operates two landfill sites situated at emaXesibeni (Mount Ayliff) and kwaBhaca (Mount Frere). In accordance with legislation and to comply with the Department of Water Affairs (DWA) and Department of Economic Development and Environmental Affairs (DEDEAT) on the landfill waste sites, the municipality raises a provision every year for the estimated cost of rehabilitating the land over which the sites are situated.

Due to uncertainties about the amount or timing of these costs, the provision has been made for this cost based on the construction budget to rehabilitate the landfill site at 30 June 2022 at a rate of 11.05% taking into account price escalation of 7.23% relating to inflation. The estimated years for the rehabilitating these sites are 11 years for at emaXesibeni (Mount Ayliff) and 35.2 years for kwaBhaca (Mount Frere).

A valuation of the rehabilitation was conducted by an independent valuer (One Pangaea Expertise & Solutions) and a liability has been raised. Movements in the provision are recognised in the Statement of Financial Performance. The Provision has been determined on the basis of a recent independent financial requirement and viability.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

		2022	2021	
19. Provisions (continued)				
Reconciliation of provision for environmental rehabilitation				
Current liabilities		7,076,782	4,886,339	
Non-current liabilities		7,076,782	4,886,339	
Reconciliation of provision for environmental rehabilitation				
Opening balance		4,886,339	4,574,445	
Change in discount factor		1,609,705	140,873	
Interest cost		528,214	171,021	
New cell restoration		52,524	-	
		7,076,782	4,886,339	
The amounts recognised in the Statement of Financial Performance are:				
Balance of change in provision of obligations		1,662,229	140,873	
Interest cost		528,214	171,021	
		2,190,443	311,894	
Unfunded Accrued Liability				
Value of obligation		7,076,872	4,886,339	
Value of assets		-	-	
		7,076,872	4,886,339	
Total raw costs for 30 June 2022 for closure and rehabilitation		Mt Ayliff	Mt Frere	Total
Planning for closure		862,288	1,003,272	1,865,560
Rehabilitation and closure		2,914,857	3,854,265	6,769,122
Post-Closure monitoring		2,855,219	3,625,527	6,480,746
New Cell restoration			235,463	235,463
		6,632,364	8,718,527	15,350,891
Key Actuarial Assumptions used are as follows:		2022	2021	2020
Discount rate (D)		11,05%	10,81%	11,28%
Consumer price inflation		7,23%	7,07%	6,61%
Net Discount rate $((1+D)/(1+H)-1)$		3,56%	3,5%	4,38%
Remaining life of site: Mt Frere		35	36	
Remaining life of site : Mt Ayliff		11	12	
Excavatable cover depth	2,5m			
Cover to waste ration	1 to 4			
20. Capital replacement reserve				
Capital replacement reserve		30,874,974	29,972,454	
Transfer into capital replacement reserve		967,348	902,520	
		31,842,322	30,874,974	

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
21. Revenue		
Sale of goods	640,484	1,246,761
Service charges	1,216,660	1,210,121
Rental of facilities and equipment	3,779,118	3,760,204
Interest received - Exchange	4,823,411	4,364,555
Agency services	2,314,487	2,231,470
Licences and permits - Exchange transactions	1,712,956	1,913,901
Actuarial gains	146,000	-
Actuarial gains	-	144,000
Fair value adjustments	3,745,041	3,341,400
Operational Revenue	168,238	86,530
Licences and Permits - non-exchange transactions	128,961	159,233
Property rates	48,595,020	17,733,488
Interest received - Non-exchange	1,490,559	1,533,147
Government grants & subsidies	343,484,987	385,456,262
Fines, Penalties and Forfeits	4,793,426	3,998,274
	417,039,348	427,179,346

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

Sale of goods	640,484	1,246,761
Service charges	1,216,660	1,210,121
Rental of facilities and equipment	3,779,118	3,760,204
Interest received - Exchange	4,823,411	4,364,555
Agency services	2,314,487	2,231,470
Licences and permits	1,712,956	1,913,901
Actuarial gains	146,000	144,000
Operational Revenue	168,238	86,530
Fair value adjustments	3,745,041	3,341,400
	18,546,395	18,298,942

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

Taxation revenue		
Property rates	48,595,020	17,733,488
Licences or permits	128,961	159,232
Interest received - Non-exchange	1,490,559	1,533,147
Transfer revenue		
Government grants & subsidies	343,484,987	385,456,262
Fines, Penalties and Forfeits	4,793,426	3,998,274
	398,492,953	408,880,403

22. Sale of goods and other services

Advertisement	161,206	177,891
Building plans	117,673	429,705
Cemetery and burials	29,259	34,478
Clearance certificate	25,281	13,687
Entrance fees	-	3,325
Special concert	-	548
Application fees for land use	-	1,837
Sale of goods	307,065	585,290
	640,484	1,246,761

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
23. Service charges		
Refuse removal	1,216,660	1,210,121

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	184,490	156,282
Investment property	3,594,628	3,603,922
	3,779,118	3,760,204

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

25. Interest received - Exchange Transactions

Interest received - Exchange transactions

Interest received - debtors	500,894	482,344
Interest received - bank	113,923	128,504
Interest received - investments	4,208,594	3,753,707
	4,823,411	4,364,555

26. Agency services

Vehicle Registration	2,314,487	2,231,470
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Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

2022

2021

26. Agency services (continued)

The municipality is an agent for the Provincial Department of Transport as well as the Eastern Cape Department of Human Settlements.

Department of Transport

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 R12 181 511 (2021: R11 744 579) 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.

Eastern Cape Department of Human Settlements.

The Municipality is acting as an agent to the EC Department of Human Settlement into a principal agent arrangement entered between the municipality and the department. In this agreement is between Human Settlements and the municipality, transactions are done with a third party which is the Contractor building the houses on behalf of the Department.

The amount received from the Department that remained unspent at year end was R387 631 (2021: R6 160 485), and the municipality is expected to use this money during the next 12 months. The department did not transfer any risks to the municipality in this arrangement. A total of R5 772 854 (2021: R0) was spent on behalf of the principal during the financial year.

The municipality does not receive any compensation for acting as an agent from this agreement.

27. Licences and permits

Motor vehicle licences	169,041	213,705
Trading licences	78	-
Driver licence certificate	1,543,837	1,700,196
	1,712,956	1,913,901

28. Operational Revenue

Other income	168,238	86,530
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29. Fair value adjustments

Fair value adjustment for investment properties	3,745,041	3,341,400
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Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
30. Property rates		
Rates received		
Property rates	48,595,020	17,733,488
Property rates billing per customer classification		
Residential	2,269,437	1,727,195
Commercial	4,932,318	4,939,878
State	41,393,265	11,066,415
	48,595,020	17,733,488

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 2021 (Agricultural 0.0017, Residential 0.0058, Business 0.0140, Vacant stands 0.0140, Government properties 0.0186, and Public service Infrastructure 0.0015).

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.

Valuations

Residential	498,746,100	498,746,100
Commercial	352,408,500	352,408,500
State	2,307,400,000	582,171,976
	3,158,554,600	1,433,326,576

31. Licences and permits (non-exchange)

Trading	128,961	159,232
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32. Interest received - Non-Exchange Transactions

Interest received - debtors	1,490,559	1,533,147
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Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
33. Government grants & subsidies		
Operating grants		
Equitable share	238,026,000	274,947,000
Departmental agencies and accounts (SETA)	188,999	119,577
Expanded Public Works Programme (EPWP)	3,413,000	2,700,000
Provincial Arts and Culture grants - Library	749,999	750,584
Finance Management Grant (FMG)	1,719,538	1,700,000
Extended Public Works Programme - Cleansing Project Peri-Urban	3,500,000	-
	247,597,536	280,217,161
Capital grants		
Municipal Infrastructure Grant	48,951,000	55,423,091
Integrated National Electrification Grant	33,668,118	21,711,924
Provincial: Department of Cooperative Government & Traditional Affairs (COGTA)	-	613
Small Town Revitalisation	13,268,333	28,103,473
	95,887,451	105,239,101
	343,484,987	385,456,262
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	87,834,000	113,002,050
Unconditional grants received	288,215,331	274,947,000
	376,049,331	387,949,050
National Governments		
Balance unspent at beginning of year	3,021,066	4,026,990
Current-year receipts	325,110,000	352,776,000
Conditions met - transferred to revenue	(325,777,656)	(353,781,924)
	2,353,410	3,021,066
Provincial governments		
Balance unspent at beginning of year	3,500,000	1,197
Current-year receipts	14,018,331	36,873,050
Conditions met - transferred to revenue	(17,518,331)	(33,374,247)
	-	3,500,000
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Current-year receipts	238,026,000	274,947,000
Conditions met - transferred to revenue	(238,026,000)	(274,947,000)
	-	-
Municipal Infrastructure Grant		
Current-year receipts	48,951,000	55,423,000
Conditions met - transferred to revenue	(48,951,000)	(55,423,000)
	-	-

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
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33. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 17).

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	1,720,000	1,700,000
Conditions met - transferred to revenue	(1,719,538)	(1,700,000)
	462	-

Conditions still to be met - remain liabilities (see note 17).

This grant is allocated for the implementation of financial management reforms required by the MFMA.

Expanded Public Works Programme Grant

Current-year receipts	3,413,000	2,700,000
Conditions met - transferred to revenue	(3,413,000)	(2,700,000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

This grants is implementation of labour intensive programmes and help in creating employment in the community.

Intergrated National Electrification Programme

Balance unspent at beginning of year	3,021,066	4,026,991
Current-year receipts	33,000,000	20,706,000
Conditions met - transferred to revenue	(33,668,118)	(21,711,925)
	2,352,948	3,021,066

Conditions still to be met - remain liabilities (see note 17).

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.

Small Town Revatilization

Current-year receipts	13,268,333	28,103,473
Conditions met - transferred to revenue	(13,268,333)	(28,103,473)
	-	-

Conditions still to be met - remain liabilities (see note 17).

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.

Provincial Arts and Culture grants - Library

Balance unspent at beginning of year	-	584
Current-year receipts	750,000	750,000
Conditions met - transferred to revenue	(750,000)	(750,584)
	-	-

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
33. Government grants & subsidies (continued)		
Conditions still to be met - remain liabilities (see note 17).		
This grants is used for to pay for Kwa-Bhaca and Emaxesibeni Library expenses.		
SETA Grant		
Current-year receipts	188,999	119,577
Conditions met - transferred to revenue	(188,999)	(119,577)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Grant received from SETA and used for employee trainings and development.		
Provincial: Department of Cooperative Government & Traditional Affairs (COGTA)		
Balance unspent at beginning of year	-	613
Conditions met - transferred to revenue	-	(613)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Extended Public Works Programme - Cleansing Project Peri-Urban		
Balance unspent at beginning of year	3,500,000	-
Current-year receipts	-	3,500,000
Conditions met - transferred to revenue	(3,500,000)	-
	-	3,500,000
Conditions still to be met - remain liabilities (see note 17).		
This grant is used to creat job opportunities through the cleaning of rivers and water reticulation sites.		
Changes in level of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act 9 of 2021), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
34. Fines, Penalties and Forfeits		
Law Enforcement Fines	3,510,193	3,371,481
Pound Fees Fines	1,283,233	626,793
	4,793,426	3,998,274

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
35. Employee related costs		
Basic	54,578,604	52,473,102
Bonus	4,841,583	4,587,693
Medical aid - company contributions	4,389,624	4,037,220
UIF	435,376	407,451
WCA	469,398	430,372
SDL	901,442	662,813
Leave pay provision charge	1,541,154	226,523
Defined contribution plans	8,812,205	8,572,447
Travel, motor car, accommodation, subsistence and other allowances	4,524,989	3,576,760
Overtime payments	569,052	1,781,907
Long-service awards	59,001	228,606
Housing benefits and allowances	2,359,771	2,564,031
Bargaining Council Levy	24,268	22,822
Standby Allowance	1,040,001	1,060,460
	84,546,468	80,632,207

36. Remuneration of councillors

Executive Mayor	864,660	905,123
Speaker	675,727	732,530
Chief Whip	611,443	686,437
Executive Committee	6,867,504	4,633,102
Councillors	11,725,683	13,119,954
	20,745,017	20,077,146

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.

37. Depreciation and amortisation

Property, plant and equipment	73,979,971	109,830,519
Intangible assets	497,352	484,240
Total Depreciation and Amortisation	74,477,323	110,314,759

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
38. Impairment loss		
Impairments		
Property, plant and equipment	7,317,045	9,030,634
Receivables from Exchange Transactions	3,951,328	1,278,875
Receivables from Non-exchange Transactions	947,267	5,609,448
	12,215,640	15,918,957
Reversal of impairments		
Receivables from Non-exchange Transactions	(554,256)	-
Receivables from Exchange Transactions	(12,666)	-
	(566,922)	-
Total impairment losses (recognised) reversed	11,648,718	15,918,957
39. Finance costs		
Interest on employee benefits	196,000	149,000
Interest on provision for landfill sites	528,214	171,021
	724,214	320,021
40. Lease rentals on operating lease		
Equipment		
Contractual amounts	101,903	203,849
41. Debt impairment		
Bad debts written off	-	2,216,061
42. Inventory consumed		
Inventory consumed	7,304,566	6,134,330
43. Contracted services		
Outsourced services		
Business and Advisory	129,950	179,920
Catering Services	227,333	134,114
Internal Auditors	901,154	605,283
Personnel and Labour	12,221,944	10,546,163
Professional Staff	-	23,643
Security Services	16,306,215	12,601,803
Traffic Fines Management	511,654	-
Consultants and professional services		
Business and Advisory	14,073,099	12,793,961
Infrastructure and Planning	2,532,511	2,426,949
Legal Cost	4,036,005	3,587,078



Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
43. Contracted services (continued)		
Contractors		
Building	1,011,505	598,384
Catering Services	4,007,225	4,578,327
Employee Wellness	27,840	29,024
Event Promoters	1,008,001	880,673
Graphic Designers	-	225,800
Maintenance of Buildings and Facilities	1,688,942	1,025,955
Maintenance of Equipment	4,516,040	2,713,990
Maintenance of Unspecified Assets	2,904,321	2,327,634
Tracing Agents and Debt Collectors	8,595,750	992,318
Safeguard and Security	267,915	-
Stage and Sound Crew	365,000	-
	75,332,404	56,271,019
44. Transfer and subsidies		
Operational Grants		
Bursaries for scarce skills	1,681,063	368,178
Monetary allocations	745,783	736,748
Transfer of assets to Eskom	77,440,532	-
SMME Development	3,754,176	-
	83,621,554	1,104,926
45. Loss on disposal of assets		
Carrying value of assets disposed off - Property, plant and equipment	1,504,158	1,843,550
Carrying value of assets disposed off - Intangible assets	1,187,262	-
Cash receipts from insurance proceeds	(644,028)	(642,377)
	2,047,392	1,201,173

Facts and circumstances of the disposal

Municipal assets were either damaged, lost or they were found to offer limited service potential and were thus disposed.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
46. Operating costs		
Achievements and awards	1,251,196	823,176
Advertising fees	3,444,904	3,500,650
Auditors fees	4,428,400	4,522,749
Bank charges	333,092	316,231
Bursaries (Employees)	826,374	675,938
Communication	6,098,939	4,644,208
Drivers licences and permits	194,656	169,534
External computer services	1,160,118	855,250
Fines and penalties	895	700
Hire charges	16,922,766	10,118,769
Indigent relief	7,028,154	5,888,387
Insurance underwriting	5,035,649	2,337,417
Learnerships and internships	424,045	2,086,098
Municipal services	6,053,851	1,525,232
Printing publications and books	689,669	680,097
Professional bodies membership and subscriptions	1,658,236	1,523,366
Registration fees	6,202,671	4,166,921
Remuneration to ward committees	2,901,800	3,784,830
Resettlement cost	58,403	-
Seating allowance for traditional leaders	44,000	189,600
Signage	191,250	-
Transport provided as part of departmental activities	2,173,376	1,684,300
Travel agency and visa's	389,325	163,272
Travel and subsistence	6,784,796	3,190,530
Uniform and protective clothing	1,642,521	2,215,068
Vehicle licensing	79,987	70,113
Wet fuel	2,908,749	2,610,065
	78,927,822	57,742,501
47. Auditors' remuneration		
Fees	4,428,400	4,522,749

AUDITOR GENERAL
SOUTH AFRICA
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Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
48. Cash generated from operations		
Surplus for the year	(22,438,033)	75,042,396
Adjustments for:		
Depreciation and amortisation	74,477,323	110,314,759
Losses on Disposal of Property, Plant and Equipment	2,047,392	1,201,173
Fair value adjustments	(3,745,041)	(3,341,400)
Impairment loss	11,648,718	15,918,957
Debt impairment	-	2,216,061
Movements in operating lease assets and accruals	(2,190,071)	(2,273,599)
Transfer of functions to ESKOM	77,440,532	-
Contributions to employee benefit for the year	560,501	118,000
Actuarial gain - Employee benefit	(146,000)	(144,000)
Movement in provision account for above and also in the debtors movement	196,000	320,021
Provision for leave	516,126	(154,706)
Finance costs - Landfill site provision	528,214	245,525
Changes in working capital:		
Inventories	49,641	146,792
Receivables from exchange transactions	(3,456,542)	(4,780,140)
Consumer debtors	(7,437,266)	(2,079,399)
Prepayments	12,077	-
Payables from exchange transactions	4,167,646	(6,684,737)
VAT	(1,292,001)	(800,791)
Taxes and transfers payable (non-exchange)	(4,803,587)	6,014,468
Unspent conditional grants and receipts	(4,167,657)	2,492,878
Increase in Operating lease liability	11,901	26,418
Movement in provisions	(1,630)	-
Movement in provisions for landfill site	1,662,229	-
	123,640,472	193,798,676

49. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Refuse	539,332	539,332
Rentals	24,711	24,711
Property Rates	11,640,418	11,640,418
Fines	3,804,694	3,804,694
Call deposits	47,986,102	47,986,102
Bank balances	54,922,011	54,922,011
	118,917,268	118,917,268

Financial liabilities

	At amortised cost	Total
Trade payables	25,907,744	25,907,744
Retentions	1,001,498	1,001,498
Taxes and transfers payable (non-exchange)	3,608,066	3,608,066
	30,517,308	30,517,308

2021

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
49. Financial instruments disclosure (continued)		
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 deposits	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)	8,411,653	8,411,653
	31,153,247	31,153,247
50. Commitments		
Authorised capital expenditure		
Already contracted and provided for		
• Buildings	23,239,437	37,021,995
• Infrastructure	24,306,975	27,909,560
• Other financial assets	281,000	961,910
	47,827,412	65,893,465
Total capital commitments		
Already contracted and provided for	47,827,412	65,893,465
This Expenditure will be financed as follows:		
Total commitments		
Grant funding	23,997,225	33,535,050
Internal funding	23,830,187	32,358,415
	47,827,412	65,893,465

The commitments presented above are inclusive of VAT.

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
51. Contingencies		
Contingent Assets		
Umzimvubu Local Municipality vs Mbali Rural Developers CC (Arbitration) A claim in favour of the municipality was awarded of R220 601. To enforce the arbitration award, the municipality seeks to attach movables to satisfy the claim. The Writ of execution is with the office's Sheriff of Kokstad for service.	220,601	220,601
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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. Matter has been withdrawn from the roll.	-	812,307
Umzimvubu Local Municipality vs Vuyo Chitha An Application to release Mr Vuyo Chitha's pension fund to ULM where Mr Chitha is liable to pay the Municipality an amount of R 102 000 to ULM. As it stands counsel has been briefed to make an application in court ordering the Pension fund to release the funds to ULM for settlement. The pension fund number and pension fund that Mr Chitha was registered to has been requested from ULM so as to complete application.	350,000	350,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
	570,601	1,382,908
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 has, due to the death of the plaintiff and by agreement between the parties, been finalised and closed.	-	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	200,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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. The two parties are considering out of court engagements through an arbitration.	-	1,500,000

Umzimvubu Local Municipality

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	2022	2021
51. Contingencies (continued)		
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	400,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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.	200,000	50,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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. The municipality have filed their application for leave to appeal and was dismissed with costs the consequence of which the Municipality was bound to settle the Applicants claim in the amount of R508 312.08.	-	908,312
The matter is finalised as the Municipality has paid the judgement debt.		
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
The matter is finalised, and the 1 st respondent has been ordered to vacate the applicants premises. The applicant was also ordered to pay the wasted costs of the Municipality.		
The Municipality shall take the necessary steps to recover its wasted costs per the order		

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
51. Contingencies (continued)		
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.	300,000	200,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Jane Ntombesithathu Nkondlwana vs Umzimvubu Local Municipality ULM is 3rd respondent to the matter and the court has instructed as follows: "that the third respondent if need be, be and is hereby ordered to conduct an investigation into the welfare of respondent no 1 and 2 and provide them with accommodation where necessary as being part of its Constitutional mandate. The matter was finalised on 20 January 2022 and judgement in favour of the applicant.		20,000
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	850,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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
The matter was withdrawn from the roll.		
Umzimvubu Local Municipality vs Cllr Sobane Khulile Mnukwa The Municipality initiated hearing against the Mayor for a motor vehicle accident involving the Mayoral Motor Vehicle.		200,000
The matter has since been finalised and the Cllr Sobane Khulile Mnukwa was found guilty on Counts 1 and 2 as set out in the Charge Sheet.		
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. Municipality has since filed its heads of arguments and awaiting date of hearing.	200,000	200,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		

Umzimvubu Local Municipality

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	2022	2021
51. Contingencies (continued)		
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 and the Municipality called its witnesses. The leading of witness evidence has since concluded. Awaiting delivery of judgement.	80,000	80,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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. Application for rescission of default judgement granted in favour of the Municipality and a plea shall follow. The Municipality is preparing to file its plea.	910,209	910,209
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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	700,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Simphiwe Mhlongo vs Umzimvubu Local Municipality Case No. 91/2014 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 <i>de novo</i> . The new trial is to commence on a date to be agreed between the parties at a pre-trial conference.	400,000	200,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Dumisile Yozi vs Umzimvubu Local Municipality The plaintiff intends to sue the Municipality for damages amounting to R300 000 as a result of unlawful conduct he was subjected to by the Municipality's law enforcement officers. Notice of intention to institute legal proceedings received. Awaiting receipt of summons.	500,000	500,000
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		

Umzimvubu Local Municipality

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	2022	2021
51. Contingencies (continued)		
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. 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).	400,000	-
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Fikile Bhakizulu 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.	-	-
This claim is not financially related and there is no monetary value estimated. It is uncertain whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Zolile Makaula vs Umzimvubu Local Municipality and others Application for eviction of the respondent.	-	-
This claim is not financially related and there is no monetary value estimated. It is uncertain whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Umzimvubu Local Municipality vs Jabulani Hardware Application by the Municipality for declaratory relief as well as interdictory relief arising from land zoning.	-	-
This claim is not financially related and there is no monetary value estimated. It is uncertain whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
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.	-	-
This claim is not financially related and there is no monetary value estimated. It is uncertain whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Ayalneh Mandefra Fantaye vs Umzimvubu Local Municipality 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. Awaiting the service of Summons by the Plaintiff.	440,000	-
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Siti Cargo vs Umzimvubu Local Municipality Damages of R5 861 678 allegedly suffered by the plaintiff in respect of the termination of contract, contract number: UMZ/2018/19/INFRA/MIG/005 for construction of Silindini bridge. Municipal Attorneys are in the process of preparing an advisory memorandum and amending its plea accordingly.	950,000	-
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		

Umzimvubu Local Municipality

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	2022	2021
51. Contingencies (continued)		
Geolocate vs Umzimvubu Local Municipality	623,748	
The plaintiff is claiming an amount of R152 720 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. Summons have since been received and the Municipality has filed its Plea in response and the matter is trial ready.		
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Zilindile Mrhamba and Chief Baphathe Makaula vs Umzimvubu Local Municipality: case number 28/2020	200,000	
Unlawful demarcation of sites on land reserved for development of a Sportsfield in Semeni / Dungu. The Municipal legal representatives have since filed the Municipality's Replying Affidavit per the Court order. Awaiting allocation of date on the opposed roll.		
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
Nodelile H Conjwa & 8 others :case number- 1531/2012	5,000,000	
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. Application for the consolidation of the matters was granted successfully. The matter is now set down for the commencement of the trial under one case number.		
There are uncertainties regarding the timing and the estimated future monetary outflows and whether, or not, the municipality will be liable to pay for the legal fees and the timing of such. Matter is still ongoing.		
	12,553,957	9,658,521

Umzimvubu Local Municipality

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	2022	2021
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52. Related parties

Receivables from related parties

Staff and councilors debt

Cllr Mdzinwa	420	-
Cllr Garane	265	8,032
T Ngcongca-Madotyeni	-	5,105
GPT Nota (Municipal Manager)	827	-
KP Dlamini-Tshazi (Senior Manager - Manager Community Services)	2,291	-

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.

Purchases from Related Parties - GRAP 20 disclosure

The municipality bought goods from the following companies, which are considered to be Related Parties:

Glenhope Trading	2,536,051	4,907,587
Related person: Qaba Zembe		
Company Capacity: Owner (wife)		
Municipal Capacity: Snr Manager		
2nd World Guest House	7,000	6,600
Related person: Mr Mdzinwa		
Company Capacity: Owner (husband)		
Municipal Capacity: Chief Whip.		
Brotherly Love Trading & Projects	-	138,800
Related person: Qaba Zembe		
Company Capacity: Owner (wife)		
Municipal Capacity: Snr Manager		
	2,543,051	5,052,987

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.

Key management information

Mayor	Mayor	1
Councillors	Councillors	55
Municipal Managers	Municipal Managers	1
Senior management	Senior management	5

Remuneration of management

Umzimvubu Local Municipality

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2022

2021

52. Related parties (continued)

Management class: Councillors

2022

Name	Basic salary	Allowances	Contributions to funds	Total
Executive Mayor - Cnl Z Ndevu (Appointed on 9 November 2021)	255,385	216,961	72,621	544,967
Executive Mayor - Cnl SK Mnu kwa (Term ended on 30 October 2021)	171,028	129,614	41,414	342,056
Speaker - Cnl HM Ngqasa (Appointed on 9 November 2021)	206,490	197,247	41,915	445,652
Speaker Cnl FN Ngonyolo (Term ended on 30 October 2021)	136,823	100,870	35,953	273,646
Chief whip -Cnl FN Ngonyolo (Appointed on 9 November 2021)	194,266	177,854	50,238	422,358
Chief whip - Cnl NG Mdzinwa (Term ended on 30 October 2021)	128,272	109,031	19,241	256,544
Executive committee Councillors	2,280,237 5,977,442	2,120,387 6,495,459	432,626 1,153,643	4,833,250 13,626,544
	9,349,943	9,547,423	1,847,651	20,745,017

2021

Name	Basic salary	Allowances	Contributions to funds	Total
Executive Mayor - Cnl SK Mnu kwa	430,430	371,305	109,172	910,907
Speaker - Cnl FN Ngonyolo	344,344	298,538	95,387	738,269
Chief whip - Cnl NG Mdzinwa	322,823	315,191	52,808	690,822
Executive committee Councillors	2,154,391 5,736,658	2,083,131 6,115,192	426,676 1,221,100	4,664,198 13,072,950
	8,988,646	9,183,357	1,905,143	20,077,146

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.

Management class: Executive management

2022

Name	Basic salary	Car and other allowances	Annual Bonus	Performance bonus	Contributions to Funds	Total
Remuneration of Municipal Manager - GPT Nota	886,716	517,251	73,893	-	2,249	1,480,109
Remuneration of the Chief Financial Officer - FT Fundira	649,164	378,679	54,097	-	2,249	1,084,189
Remuneration of the Manager Local Economic Development - SC Ntinzi	649,164	378,679	54,097	-	2,249	1,084,189

**AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2022**

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

					2022	2021
52. Related parties (continued)						
Remuneration of the Manager Infrastructure and Planning - LJ Moleko	649,164	378,679	54,097	-	2,249	1,084,189
Remuneration of the Manager Chief Operations Officer - N Zembe	715,793	417,546	59,650	76,351	2,249	1,271,589
Remuneration of the Manager Corporate Services - TT Madotyeni-Ngcongca	649,164	378,679	54,097	47,850	2,249	1,132,039
Remuneration of the Manager Community Services - KP Dlamini-Tshazi	649,164	378,679	54,097	-	2,249	1,084,189
	4,848,329	2,828,192	404,028	124,201	15,743	8,220,493

2021

Name	Basic salary	Car and other allowances	Annual Bonus	Performance bonus	Other benefits received	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 Ntlnzi	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

53. 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.

Umzimvubu Local Municipality

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53. Risk management (continued)

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.

Market risk

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.

Umzimvubu Local Municipality

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54. Segment reporting

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 nonfinancial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. There are no differences in measurement of these reportable segments' surplus/deficit and that of the entity's surplus/deficit nor are there any differences in measurement of assets and liabilities.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the nonfinancial service performance information.

The municipality operates within 27 community wards, the municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

Management assesses that the measurement principles of the accrual basis are most consistent with those used in measuring the corresponding amounts in the entity's financial statements. The accrual measure of surplus or deficit and assets or liabilities is therefore used in the segment report. There are no differences in the measurements between segments..

Segment surplus or deficit

Umzimvubu Local Municipality
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	Municipal Governance & Administration	Finance & Administration	Economic & Environmental Services	Roads & Infrastructure	Community Services	Public Safety	Total
Revenue							
Service charges	-	-	-	-	1,216,660	-	1,216,660
Rental of facilities and equipment	-	629,490	2,965,138	2,999	181,491	-	3,779,118
Interest earned on outstanding debtors	-	4,823,411	-	-	-	-	4,823,411
Income from agency services	-	-	-	-	-	2,314,487	2,314,487
Licences and permits	-	-	-	-	-	1,712,956	1,712,956
Other income	-	54,540	-	585,944	-	-	640,484
Operational revenue	-	168,238	-	-	-	-	168,238
Actuarial gains	-	146,000	-	-	-	-	146,000
Fair value adjustment	-	3,745,041	-	-	-	-	3,745,041
Revenue from non exchange transactions							
Property rates	-	48,595,020	-	-	-	-	48,595,020
Government grants and subsidies	-	239,934,537	-	95,887,451	7,662,999	-	343,484,987
Interest received	-	1,490,559	-	-	-	-	1,490,559
Fines	-	1,283,233	-	-	-	3,510,193	4,793,426
Licences and permits	-	-	-	-	-	128,961	128,961
Total segment revenue	-	300,870,069	2,965,138	96,476,394	9,061,150	7,666,597	417,039,348
Municipality's revenue							417,039,348

Umzimvubu Local Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	Municipal Governance & Administration	Finance & Administration	Economic & Environmental Services	Roads & Infrastructure	Community Services	Public Safety	Total
Expenditure							
Employee costs	(1,620,753)	(63,429,883)	(6,622,850)	(111,095)	(8,712,093)	(4,049,794)	(84,546,468)
Remuneration of councillors	(20,745,017)	-	-	-	-	-	(20,745,017)
Depreciation and amortisation	-	(3,227,935)	-	-	(71,249,388)	-	(74,477,323)
Impairment losses	-	(9,688,596)	-	(1,960,122)	-	-	(11,648,718)
Finance costs	-	-	-	-	(724,214)	-	(724,214)
Operating lease rentals	-	(101,903)	-	-	-	-	(101,903)
Inventory consumed	-	-	-	-	(7,304,566)	-	(7,304,566)
Contracted services	(1,075,413)	(2,536,987)	(35,213,650)	(15,245,896)	(14,236,981)	(7,023,477)	(75,332,404)
Transfers and subsidies	-	(988,905)	(3,754,176)	(77,440,532)	(1,437,941)	-	(83,621,554)
Operational costs	(6,949,079)	(41,765,465)	(3,828,040)	(8,414,926)	(2,908,749)	(15,061,563)	(78,927,822)
Loss on disposal of assets	-	-	-	(2,047,392)	-	-	(2,047,392)
Total segment expenditure	(30,390,262)	(121,739,674)	(49,418,716)	(105,219,963)	(106,573,932)	(26,134,834)	(439,477,381)
Total segmental surplus/(deficit)	(30,390,262)	179,130,395	(46,453,578)	(8,743,569)	(97,512,782)	(18,468,237)	(22,438,033)
Assets							
Segment assets	(28,557,549)	(1,830,092,504)	(11,593,172)	1,780,950,494	1,174,091,038	25,734,907	1,110,533,214
Segment liabilities	(1,436,892)	253,481,268	(84,905,109)	105,995,282	(3,033,767)	(323,934,905)	(53,834,123)
Segment net assets	(29,994,441)	(1,576,611,236)	(96,498,281)	1,886,945,776	1,171,057,271	(298,199,998)	1,056,699,091
Total net assets as per Statement of financial Position							1,056,699,091

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

2021

	Municipal Governance & Administration	Finance & Administration	Roads & Infrastructure	Community Services	Public Safety	Total
Revenue						
Service charges	-	-	-	1,210,121	-	1,210,121
Rental of facilities and equipment	-	3,603,921	9,476	146,806	-	3,760,203
Interest earned on outstanding debtors	-	2,015,491	-	-	-	2,015,491
Agency services	-	-	-	-	2,231,470	2,231,470
Other income	-	918,805	414,486	-	2	1,333,293
Interest received	-	3,882,210	-	-	-	3,882,210
Actuarial gains	-	144,000	-	-	-	144,000
Licences and permits	-	-	-	-	1,913,901	1,913,901
Fair value adjustments	-	3,341,400	-	-	-	3,341,400
Revenue from non exchange transactions						
Property rates	-	17,733,488	-	-	-	17,733,488
Government grants and subsidies	-	276,766,936	103,620,016	5,069,310	-	385,456,262
Licences and permits	-	-	159,232	-	-	159,232
Fines	-	626,329	3,371,945	-	-	3,998,274
Total segment revenue	-	309,032,580	107,575,155	6,426,237	4,145,373	427,179,345
Municipality's revenue						427,179,345
Expenditure						
Employee costs	(4,349,487)	(32,923,253)	(15,165,665)	(12,860,869)	(15,332,933)	(80,632,207)
Remuneration of councillors	(20,077,147)	-	-	-	-	(20,077,147)
Depreciation and amortisation	-	(44,902,876)	-	(65,411,883)	-	(110,314,759)
Impairment losses	-	(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)
Finance costs	-	-	-	(320,021)	-	(320,021)
Inventory consumed	(592)	(3,265,004)	(359,598)	(2,016,025)	(493,111)	(6,134,330)
Contracted services	(6,327,793)	(20,063,433)	(9,146,304)	(7,426,782)	(13,306,707)	(56,271,019)
Transfers and subsidies	-	(1,104,926)	-	-	-	(1,104,926)
Operational costs	(8,565,103)	(35,315,150)	(11,070,039)	(1,637,816)	(1,154,393)	(57,742,501)
Loss on disposal of assets	-	(1,201,172)	-	-	-	(1,201,172)
Total segment expenditure	(39,320,122)	(148,084,047)	(35,741,606)	(98,704,030)	(30,287,144)	(352,136,949)
Total segmental surplus/(deficit)	(39,320,122)	160,948,533	71,833,549	(92,277,793)	(26,141,771)	75,042,396
Segment Assets and Liabilities						
Segment assets	121,066	34,176,199	1,092,899,441	46,834	7,143,656	1,134,387,196
Segment Liabilities	-	(49,805,598)	-	(4,490,750)	(953,392)	(55,249,740)
Net assets /(liabilities) of the segments	121,066	(15,629,399)	1,092,899,441	(4,443,916)	6,190,264	1,079,137,456
Total assets as per Statement of financial Position						1,079,137,456

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

55. Fruitless and wasteful expenditure

Opening balance as previously reported	871,710	812,367
Add: Expenditure identified - current	-	61,343
Less: Amounts recovered - current	(7,668)	(2,000)
Closing balance	864,042	871,710

Fruitless and wasteful expenditure is presented inclusive of VAT

The case relates to 3 officials that were formally placed at the E-Natis officials and the result of Disciplinary proceedings led to the recovery that is in progress at reporting date.

56. 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
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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
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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.

Government Printing Works - Printing	-	22,087
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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.)

Government Printing Works - Printing	-	3,026
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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.

	-	141,103
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Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

57. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA

Current year subscription / fee	1,094,194	901,820
Amount paid - current year	(1,094,194)	(901,820)
	-	-

Audit fees

Opening balance	2,944	-
Current year subscription / fee	5,092,660	5,201,161
Amount paid - current year	(5,095,604)	(5,198,217)
	-	2,944

PAYE and UIF

Current year subscription / fee	18,541,438	18,129,742
Amount paid - current year	(18,541,438)	(18,129,742)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	18,488,533	18,186,309
Amount paid - current year	(18,488,533)	(18,186,309)
	-	-

Councillors' arrear consumer accounts

Refer to the related party disclosure note 52

June 30, 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor A. N. Garane	177	-	177
Councillor Mdzinwa	2,866	-	2,866
	3,043	-	3,043

June 30, 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor A. N. Garane	1,367	6,666	8,033

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

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

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

58. 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:

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

58. SCM regulation 45 disclosures (continued)

MPI Attorneys	-	962,052
Related person: L. Madlanga		
Company Capacity: Owner (brother)		
Municipal Capacity: Official		
Sips and Zozo Trading	24,200	24,260
Related person: Dikwayo Siphokazi		
Company Capacity: Owner (brother)		
Municipal Capacity: Official		
Misestozz Trading	120,770	39,000
Related person: Mygirl Ntshengulana		
Company Capacity: Owner (husband)		
Municipal Capacity: Official		
Litto Trading	-	794,000
Related person: Canca Nokwazi		
Company Capacity: Owner (husband)		
Municipal Capacity: Official		
Njola Mhle Construction	96,000	43,500
Related person: N. Xashimba		
Company Capacity: Owner (brother)		
Municipal Capacity: Official		
Myoza-Myoza Trading	4,354,502	1,389,365
Related person: B. Jokazi		
Company Capacity: Owner (wife)		
Municipal Capacity: Official		
Madstoff	-	366,438
Related person: A. Jojo		
Company Capacity: Owner (husband)		
Municipal Capacity: Official		
MNP Daughters	257,018	119,490
Related person: A. Mdledle		
Company Capacity: Owner (mother)		
Municipal Capacity: Official		
Siya and Aya Engineering	4,683,196	6,027,742
Related person: A. Tandwa		
Company Capacity: Owner (Wife)		
Government official: Department of Health Official		
Zimomo Trading	13,665	-
Related person: A. Fikeni		
Company Capacity: Owner (Child)		
Municipal Capacity: Official		
Tolta Development Projects	5,390	-
Related person: N. Ndongeni		
Company Capacity: Owner (Sister)		
Municipal Capacity: Official		

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

59. 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.

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 2022 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 2022 is R106 800 (2021: R955 447).

60. Operational revenue

Other income - (rollup)	168,238	86,530
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61. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Operating lease charges

Equipment		
• Contractual amounts	101,903	203,849

62. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

63. Unauthorised expenditure

Add: Unauthorised expenditure - current	77,440,532	-
Less: Amount authorised - current	(77,440,532)	-
Closing balance	-	-

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

63. Unauthorised expenditure (continued)

During the year, assets worth R77 440 532 which relate to the electrification network of rural areas that are funded by INEP Grant were transferred to ESKOM. These asset are budgeted for under Capital Expenditure during the time they are constructed. There is no additional budget raised for the accounting entry of the transfer when the assets are completed as this would result in budgeting for the same expenditure twice. The effect of the transfer of functions and subsequent recognition of the transfer in the statement of financial performance leads to Unauthorised Expenditure.

This was presented to Council on the 24 June 2022 for authorisation.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	77,440,532	-
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Analysed as follows: non-cash

Transfer of functions to Eskom	77,440,532	-
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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: Being adjustment to PPE to capitalise the increase in provision for landfill site restaoration with acturial calculations and the related accumulated depreciation

N2: Reclassification Prepayments that were previously classified as receivables from exchange transaction.

N3: Being reclassification of Department of Housing liability from Unspent Conditional liability to Payables from non-exchange transactions.

N4: Being recognition of the unspent grant from Office of the Premier at time of receipt.

N5: The effects of the changes to the accumulated surplus

Statement of financial position

2020

	Note	As previously reported	Correction of error	Restated
Property, plant and equipment N1		909,550,414	524,974	910,075,388
Accumulated surplus N1		(973,597,627)	(524,974)	(974,122,601)
		(64,047,213)	-	(64,047,213)

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Prepayments N2		-	-	1,094,194	1,094,194
Property, plant and equipment N1		957,769,345	655,339	-	958,424,684
Trade and other Receivables from Exchange Transactions N2		2,140,354	-	(1,094,194)	1,046,160
Payables from Non-exchange transactions N3		(2,251,168)	-	(6,160,485)	(8,411,653)
Unspent conditional grants and receipts N4		(14,300,023)	1,618,472	6,160,485	(6,521,066)
Accumulated surplus N5		(1,045,988,665)	(2,273,811)	-	(1,048,262,476)
		(102,630,157)	-	-	(102,630,157)

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

64. Prior-year adjustments (continued)

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Restated
Revenue from non-exchange transactions - Government grants and subsidies N4		383,837,790	1,618,472	385,456,262
Revenue from exchange transactions - Fair value adjustments N1		3,200,527	140,873	3,341,400
Depreciation and amortisation N1		(110,304,251)	(10,508)	(110,314,759)
Adjustment to surplus for the year N5		(73,293,558)	(1,748,837)	(75,042,395)
Surplus for the year		203,440,508	-	203,440,508

65. 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.

N1: The variance is as a result of over collection against the budget

N2 : The cause of the variance is poor collection from rentals although there are measures in place to improve collection

N3: Variance is as a result of over budgeting and the impact of interest rate fluctuations due to economy still recovering from covid 19

N4: collection targets could not be met since hawkers are still recovering from the effects of lockdown

N5: Vat receivable is budgeted as revenue however on receipts it goes to vat receivables under current assets

N6: the variance for licences and forfeits- non exchange were not budgeted for

N7: Variance caused by grace period the given by national department of transport

N8: Cost containment regulation is a contributing factor towards cutting travelling costs

N9: the variance identified is as a result of over budgeting

N11: Variance is as result of fair value adjustment to investment property

N12: There was over budgeting on inventory due the factor for every inventory consumed segment the was a need of budgeting for acquisition of inventory

N13: The identified difference is caused by under-budgeting on operating lease

N14: the variance identified is as a result of over budgeting

N15: the variance is caused by receivables budgeted under revenue

N16: The identified variance is caused by over budgeting on Cash and cash equivalents

N17: The identified difference is called by acquiring new assets

N18: The anticipated acquisition of PPE could not be met

N19: The anticipated acquisition of Intangible assets could not be met

N20: The identified variance is as a result of taxes and transfers not budgeted for

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

65. Budget differences (continued)

N21: The variance is as a result of untraceable deposits

N21: The variance is as a result of unspent grants not being budgeted for

N22: The variance is as a result provisions being under budgeted for

N23: The variance is as a result provisions being under budgeted for

N24: The variance is as a result provisions being under budgeted for

N26: The identified difference is as a result of under budgeting on NDR

N27: The variance is as a result of poor revenue collection

N27: The difference is due to under collection on rates due to COVID 19 constraint encountered by residents

N28: The difference is due to under collection on service charge due to COVID 19 constraint encountered by residents

N29: The variance is due to budgeting of vat refunds which is accounted for separately

N31: Some the grants we anticipated to receive were never full received e.g OTP grant and Human settlement grant

N30: The identified difference is due to increase in repo rate

N33: the variance is caused by implementation of cost containment regulation

N32: the variance is caused by confusion caused by constitutional court judgement on SCM regulations, municipality had to stop the procurement of capital assets

N35: There was no budget allocated for the disposal of Assets

N36: There was no budget allocated for the disposal of Assets

N37: Prepayments are not budgeted for. The municipality took advantage of discounts offered by SALGA hence the prepayment was made.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

65. Budget differences (continued)

66. 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.

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 should be populated:-

Chapter: Organisational Transformation and Institutional Development –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	237	229	95,9%	Resignations
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	7	7	100%	None
3	Percentage of Section 57 Managers including Municipal	7	7	100%	None

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	Managers who attended at least 1 skill development training course within the FY				
4	Percentage of Managers in Technical Services with a professional qualification	7	7	100%	None
5	Level of PMS effectiveness in the DM – (DM to report)	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	155	64%	64%	None
8	Percentage of councillors who attended a skill development training within the current 5 year term	54	100%	100%	None
9	Percentage of staff complement with disability	4%	1%	1%	Be improved by conducting disability campaigns

	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
10	Percentage of female employees	54%	54%	54%	None
11	Percentage of employees that are aged 35 or younger	19%	19%	19%	None
12	Adoption and implementation of a HRD including Workplace Skills Plan	155	64%	64%	None

Chapter: Basic Service delivery performance highlights (KPA 2)

Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	N/A	N/A	N/A	N/A	N/A
2	Percentage of indigent households with access to free basic potable water	N/A	N/A	N/A	N/A	N/A

Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	9400	9400	1375	541	39%
2	Percentage of indigent households with access to basic electricity services	1234	1234	1122	1136	101 %
3	Percentage of indigent households with access to	SOLAR = 2020 Paraffin = 2200	2022 1750	1822 1750	2014 2200	110% 125 %s

	free alternative energy sources					
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Annual performance as per key performance indicators in sanitation services (DISTRICT FUNCTION)

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	N/A	N/A	N/A	N/A	N/A
2	Percentage of indigent households with access to free basic sanitation services	N/A	N/A	N/A	N/A	N/A

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 KMs)	Kms achieved during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	1254 (84%)	246 (16%)	33.7km	33.7km	100%
2	Percentage of road infrastructure requiring upgrade	30%	42km	1.6km	1.6km	100%
3	Percentage of planned new road infrastructure actually constructed	3% (33.7km)	246km	33.7km	33.7km	100%

4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	R20.3mil				100%
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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	46 467	3000	3000	4.3%
2	Existence of 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	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
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			(Actual numbers)			
1	Percentage of households living in informal settlements	2000 Houses	1799	1799	None	None
2	Percentage of informal settlements that have been provided with basic services	None	2 Informal settlements (Chithwa & Silver City)	2 Informal Settlements	None	None
3	Existence of an effective indigent policy	The Municipality has an indigent Policy in Place				
4	Existence of an approved SDF	The municipality has an approved SDF in 2015 and it is currently under review.				
5	Existence of Land Use Management System (LUMS)	The municipality has approved LUMS in 2016 and it is currently under review.				

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	N/A	There is an LED Unit within the ULM, Staffed and with budget allocated annually for the implementation of LED projects.	N/A
2	Percentage of LED Budget spent on LED related activities.	100%		
3	Existence of LED strategy	There is an LED Strategy for 2020 – 2025 that was approved by Council and is being implemented.		
4	Number of LED stakeholder forum meetings held	16	100%	100%
5	Plans to stimulate second economy	NA	SMME Sector Plan is in place, but there is no actual target stipulated.	N/A
6	Percentage of SMME that have benefited from a SMME support program	6	100%	100%
7	Number of job opportunities created through EPWP			
8	Number of job opportunities created through PPP			

Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability

	Indicator name			
1	Status of the audit outcome	Unqualified audit opinion		
2	Submission of AFS after the end of financial year	Financial statements were submitted on 31st august 2022		
		Target set for Capital Budget (R000)	Achievement level during the year R(000)Amount spent against capital budget (R000)	Percentage spent on capital budget during the year vs the actual revenue
3	Percentage of expenditure of capital budget	100%	67%	36%
		Operational budget R000 for the year under review	Amount spent on employee related costs & councillor remuneration (expenditure on salaries budget) against operational budget	Achievement percentage during the year
4	Percentage of salary budget as of the total operational budget	40%	29%	28%
		Target set for the year (own revenue) R(000)	Achievement level Trade creditors during the year R(000)	Achievement percentage during the year
5	Total municipal trade creditors			

		Target set (actual total budget) in the year under review	Achievement level (own revenue) in the year under review	Achievement percentage during the year
6	Total municipal own revenue as a percentage of the total actual budget	21%	R72 328 190	17%
		Indicate previous financial year's municipal debtors	Indicate municipal debtors for the year under review	Achievement percentage (reduction rate)
7	Rate of municipal consumer debtors' reduction	R8 743 047	R12 179 746	39%(Increase)
		Indicate MIG budget for the year under review	Indicate actual expenditure on MIG budget	Achievement percentage
8	Percentage of MIG budget appropriately spent	R48 951 000	R48 951 000	100%
9	Municipalities with functional Audit Committee	functional		

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		

