



UMZIMVUBU
LOCAL MUNICIPALITY

**UMZIMVUBU LOCAL
MUNICIPALITY – EC 442**

**ANNUAL REPORT FOR
2022/2023 FINANCIAL YEAR**

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UMZIMVUBU MAYORS FOREWORD

Herworship – Cllr Zukiswa Ndevu | Financial Year: 2022/2023

It is with great pleasure and pride that I present the Municipality's Annual Report for the 2022/2023 Financial Year. As the Mayor of this vibrant and dynamic community, I am honoured to share with you the progress, achievements, and vision outlined in this comprehensive document.

The Annual Report serves as a roadmap that guides our municipality's development over the coming years. It reflects the collective aspirations and needs of our residents, businesses, and stakeholders, and it embodies our commitment to building a sustainable, inclusive, and prosperous future for all.

Throughout the pages of this report, you will find a detailed account of the initiatives, projects, and strategies that have shaped our municipality's growth and transformation. From infrastructure improvements to social development programs, from environmental sustainability to economic empowerment, every aspect of our community's well-being is addressed within these pages.

The presentation of this report is done as a legislative requirement in line with section 121 of the Local Government Municipal Finance Management Act, 2003. Our specific mandate is drawn from the IDP road shows that we embark upon, which is our guiding document in our performance. Our resolve is based on servicing our communities and improving the status quo of our Municipality.

This further provides us with an ideal opportunity to reflect on the impact of our interventions in pursuing our strategic objectives that are captured 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.

Furthermore, this report highlights the collaborative efforts of our dedicated municipal officials, staff, and stakeholders, as well as the invaluable input and support from our engaged citizens. Together, we have worked tirelessly to address challenges, seize opportunities, and make meaningful strides toward our shared objectives.

As we contemplate on the progress made, it should be acknowledged that Umzimvubu Local Municipality has attained yet another unqualified audit opinion for the 2022/2023 Financial Year. This outcome is significant, and I can only be proud of all the officials that were involved in ensuring that we indeed achieve these results. We will continue in our concerted efforts to manage our cash flow and generate cash backed surpluses to fund future capital expenditure.

Whilst there is still much to improve on, the Council will continue to exercise its oversight role by monitoring the implementation of the audit turnaround strategy by ensuring that progress reports on the strategy implementation are tabled to Council and the Municipal Public Accounts Committee (MPAC).

We further welcome the reviewed Provincial Growth and Development Strategy (PGDS), which continues to guide the operational framework of this municipality. We have aligned our municipal priorities to that of the PGDS as well

as the National development plan. As we develop and review our Integrated Development Plan (IDP), we are very aware of our roles and responsibility to our residents as well as to future generations.

I encourage all members of our community to engage with this report, to provide feedback, and to actively participate in the ongoing dialogue about our municipality's future. Your input is essential as we strive to ensure that our development efforts align with the ever-evolving needs and aspirations of our diverse community.

In closing, I extend my sincere gratitude to all those who have contributed to the development of this report, and I reaffirm our municipality's unwavering dedication to creating a prosperous, inclusive, and sustainable community for generations to come.

Thank you for your continued support, and I look forward to our collective journey towards an even brighter future for our municipality.

Component B: Executive Summary

Municipal Manager's Foreword

The 2022/2023 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 2023 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 2022/2023 I can mention a few projects: Badibanise Community Hall-Completed at R 2750 000, Ntshakeni Community Hall-Completed- at R 2750 000 and Saphukanduku Community Hall-Completed at R 2750 000.

The municipality has the Indigent support programme which in the past financial year subsidised a tune of 5 356 Indigent beneficiaries (1 136 (50KHW electricity tokens), 2 020 (Solar) and 2 200 (paraffin). In terms of rates, the municipality reached 90% collection.

The Municipality in its IGR platform constantly engages Sector departments to present planned projects/programmes with the aim to align services planned for the community of Umzimvubu, and to avoid duplication of services. In the year under review, the municipality 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

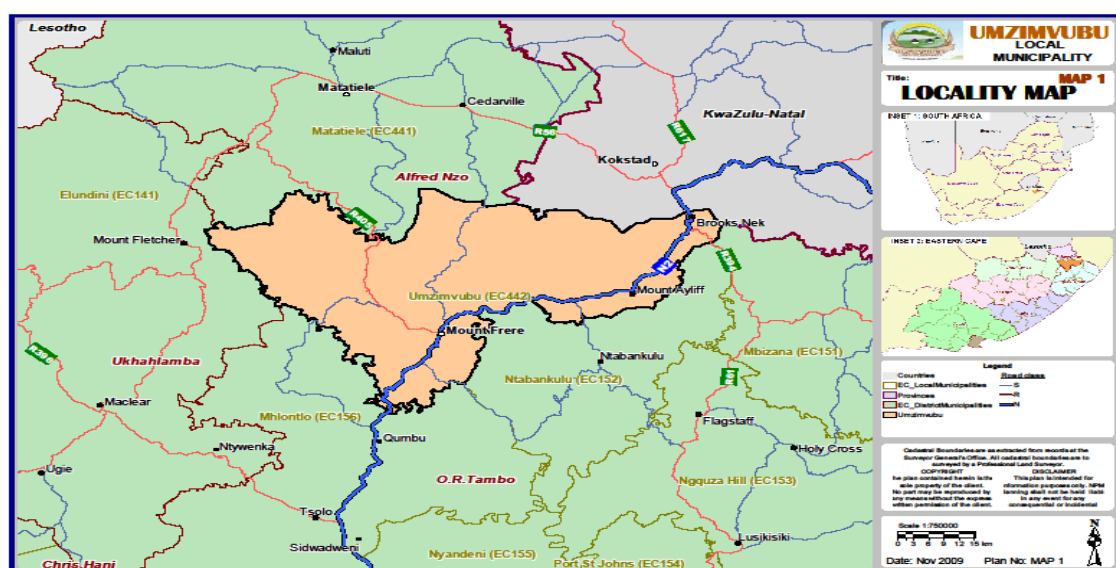
1.2. Municipal Functions and population Overview

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 Matatiela 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 214 477 within an area covering 2 506 km² with an estimated household average of 4, 1 persons per household (Census: 2022). 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 number of households, average household size and type of dwelling per municipality within the district.

Province, district and local municipality	MIF CATEGORY	Government transfers and subsidies as a % of total revenue	Households				Type of main dwelling							
			2011		2022		2011				2022			
			Total households	Average household size	Total households	Average household size	Formal dwelling	Traditional dwelling	Informal dwelling	Other	Formal dwelling	Traditional dwelling	Informal dwelling	Other
Alfred Nzo	C2	94,7%	169 258	4,7	198 300	4,7	69 462	93 611	2 008	4 177	140 236	55 483	1 538	1 043
EC441 : Matatiele	B3	74,2%	49 527	4,1	55 757	4,0	24 594	21 410	697	2 826	42 281	12 892	401	183
EC442 : Umzimvubu	B4	82,8%	46 931	4,1	51 698	4,1	17 681	27 940	721	589	38 000	13 329	187	183
EC443 : Winnie Madikizela-	B4	80,1%	48 446	5,8	62 479	5,6	21 173	26 216	476	581	44 007	17 171	714	587
EC444 : Ntabankulu	B4	88,0%	24 355	5,1	28 365	5,2	6 014	18 045	115	181	15 948	12 092	236	89

StatsSA: 2022 Census

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

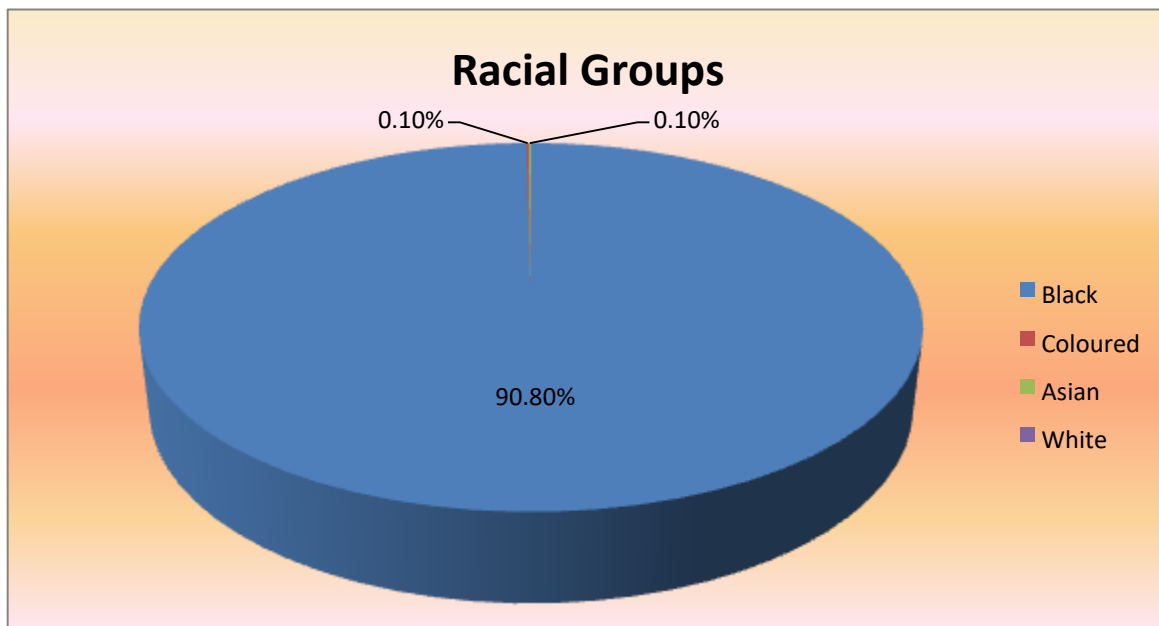


Figure3.3.3 Racial Groups

Population by gender

Province, district and local municipality	Government transfers and subsidies as a % of total revenue	CENSUS 2011					CENSUS 2022					Growth Rate
		Total population			School attendance (5-24 years)	Sex Ratio	Total population			School attendance (5-24 years)	Sex Ratio	
		Male	Female	Total			Male	Female	Total			
Alfred Nzo	94,7%	366 488	434 857	801 344	308 115	84,3	439 455	497 006	936 462	308	88,4	1,5
EC441 : Matatiele	74,2%	93 675	110 168	203 843	74 310	85,0	105 977	119 585	225 562	69	88,6	1,0
EC442 : Umzimvubu	82,8%	88 013	103 762	191 775	69 889	84,8	100 626	113 850	214 477	65	88,4	1,1
EC443 : Winnie	80,1%	128 332	153 573	281 905	115 157	83,6	163 889	186 111	350 000	124	88,1	2,1
EC444 : Ntabankulu	88,0%	56 467	67 354	123 821	48 759	83,8	68 964	77 459	146 423	48	89,0	1,6

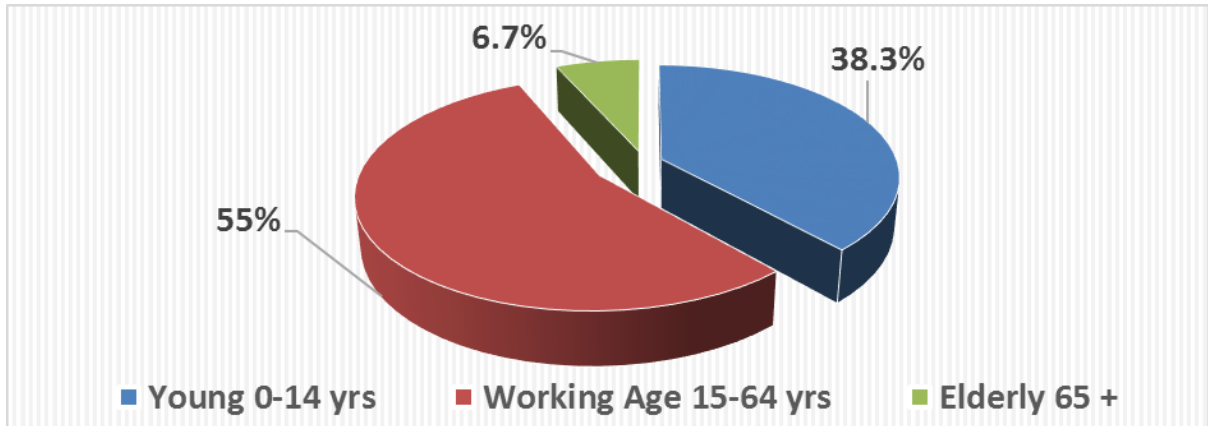
POPULATION BY GENDER

Umzimvubu Local Municipality's male/female split in population was 87.8 males per 100 females in 2022. The Umzimvubu Local Municipality has significantly more females (53.26%) than males, when compared to a typical stable population. This is most probably an area with high male out migration to look for work elsewhere. In total there were 110 000 (53.26%) females and 96 700 (46.74%) males. This is different from the Alfred Nzo District Municipality as a whole where the female population counted 488 000 which constitutes 53.75% of the total population of 936 462

Population by population group, gender and age

In 2022, the Umzimvubu Local Municipality's population consisted of 99.27% African (205 000), 0.14% White (290), 0.39% Coloured (811) and 0.19% Asian (403) people.

The largest share of population is within the babies and kids (0-14 years) age category with a total number of 71 500 or 34.6% of the total population. The age category with the second largest number of people is the young working age (25-44 years) age category with a total share of 28.4%, followed by the teenagers and youth (15-24 years) age category with 39 400 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 14 200 people, as reflected in the population pyramids below.



StatsSA: 2016 Community Survey

Working age population in Umzimvubu

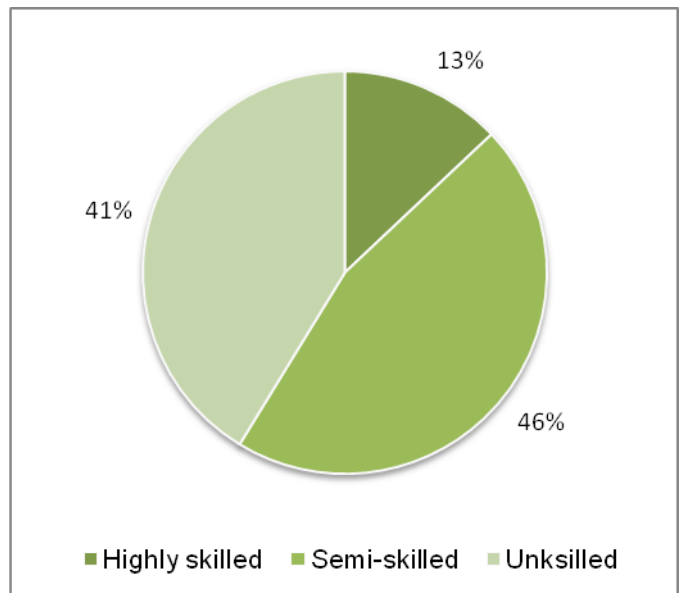
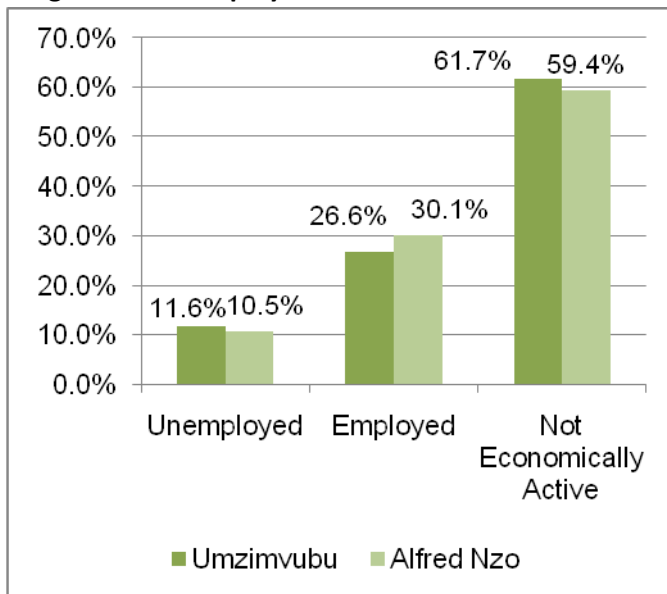
- The working age population in Umzimvubu in 2022 was 121 000, increasing at an average annual rate of 0.87% since 2012. For the same period the working age population for Alfred Nzo District Municipality increased at 1.12% annually, while that of Eastern Cape Province increased at 1.18% annually. South Africa's working age population has increased annually by 1.51% from 34.5 million in 2012 to 40 million in 2022.
- Breaking down the total population of Umzimvubu Local Municipality (**207 000**) into working age and non-working age, the number of people that are of working age is about **121 000**. As per definition, those that are of age 0 - 19 (youth) or age 65 and up (pensioners) are part of the non-working age population. Out of the working age group, **46.5%** are participating in the labour force, meaning **56 400 residents** of the local municipality forms currently part of the economically active population (EAP). Comparing this with the non-economically active population (NEAP) of the local municipality: fulltime students at tertiary institutions, disabled people, and those choosing not to work, sum to **64 700 people**. Out of the economically active population, there are **30 800** that are unemployed, or when expressed as a percentage, an unemployment rate of **54.5%**.

	Umzimvubu		Alfred Nzo		Eastern Cape		National Total	
	2012	2022	2012	2022	2012	2022	2012	2022

15-19	24,800	22,700	109,000	106,000	744,000	699,000	5,010,000	5,100,000
20-24	22,200	16,700	90,300	70,400	761,000	591,000	5,410,000	4,580,000
25-29	16,400	17,200	66,600	72,300	634,000	672,000	5,220,000	5,210,000
30-34	11,200	18,400	43,300	71,700	441,000	690,000	4,220,000	5,600,000
35-39	7,350	14,300	28,600	56,200	315,000	577,000	3,470,000	5,220,000

40-44	5,850	8,780	23,200	34,800	273,000	404,000	2,950,000	4,060,000
45-49	5,850	5,830	23,600	25,000	268,000	288,000	2,590,000	3,240,000
50-54	6,150	4,890	24,400	20,800	269,000	249,000	2,240,000	2,710,000
55-59	5,870	5,320	21,700	20,400	234,000	242,000	1,850,000	2,340,000
60-64	5,410	6,950	20,300	25,700	195,000	237,000	1,490,000	1,970,000
Total	111,000	121,000	451,000	504,000	4,130,000	4,650,000	34,500,000	40,000,000

Figure 3.4.2: Employment Levels



StatsSA: 2016 Community Survey

Education

	Umzimvubu	Alfred Nzo	Eastern Cape	National Total	Umzimvubu as % of district municipality	Umzimvubu as % of province	Umzimvubu as % of national
No schooling	2,860	22,400	184,000	1,420,000	12.8%	1.55%	0.20%
Grade 0-2	2,260	11,300	82,700	415,000	20.1%	2.73%	0.55%
Grade 3-6	15,500	67,400	453,000	2,510,000	23.0%	3.42%	0.62%
Grade 7-9	32,000	120,000	969,000	5,790,000	26.8%	3.30%	0.55%
Grade 10-11	30,700	119,000	1,240,000	9,890,000	25.7%	2.49%	0.31%
Certificate / diploma without matric	216	1,210	11,800	140,000	17.8%	1.83%	0.15%
Matric only	19,200	76,800	1,110,000	13,400,000	25.0%	1.73%	0.14%
Matric certificate / diploma	5,060	18,100	249,000	2,690,000	27.9%	2.03%	0.19%
Matric Bachelors degree	2,240	8,940	136,000	1,790,000	25.1%	1.64%	0.12%
Matric Postgrad	770	2,960	53,600	909,000	26.0%	1.44%	0.08%

degree

EDUCATION

The number of people without any schooling in Umzimvubu Local Municipality accounts for 12.76% of the number of people without schooling in the district municipality, 1.55% of the province and 0.20% of the national. In 2022, the number of people in Umzimvubu Local Municipality with a matric only was 19,200 which is a share of 25.04% of the district municipality's total number of people that has obtained a matric. The number of people with a matric and a Postgrad degree constitutes 25.07% of the district municipality, 1.64% of the province and 0.12% of the national.

Distribution of Households by Income

	Umzimvubu	Alfred Nzo	Eastern Cape	National Total	Umzimvubu as % of district municipality	Umzimvubu as % of province	Umzimvubu as % of national
0-2400	4	15	128	1,140	24.3%	2.8%	0.31%
2400-6000	57	224	2,050	16,700	25.5%	2.8%	0.34%
6000-12000	464	1,800	15,900	122,000	25.8%	2.9%	0.38%
12000-18000	992	3,830	33,600	253,000	25.9%	3.0%	0.39%
18000-30000	4,300	16,400	137,000	991,000	26.3%	3.1%	0.43%
30000-42000	5,980	22,800	191,000	1,340,000	26.2%	3.1%	0.45%
42000-54000	5,940	22,500	187,000	1,310,000	26.5%	3.2%	0.45%
54000-72000	7,680	28,900	254,000	1,840,000	26.6%	3.0%	0.42%
72000-96000	6,870	25,500	237,000	1,840,000	26.9%	2.9%	0.37%
96000-132000	5,910	21,700	217,000	1,850,000	27.3%	2.7%	0.32%
132000-192000	5,100	18,600	204,000	1,860,000	27.5%	2.5%	0.27%
192000-360000	4,630	16,700	219,000	2,260,000	27.8%	2.1%	0.20%
360000-600000	2,170	7,900	132,000	1,550,000	27.5%	1.6%	0.14%
600000-1200000	1,010	3,780	92,300	1,240,000	26.8%	1.1%	0.08%
1200000-2400000	342	1,240	42,400	596,000	27.5%	0.8%	0.06%
2400000+	25	107	7,740	116,000	23.3%	0.3%	0.02%
Total	51,500	192,000	1,970,000	17,200,000	26.8%	2.6%	0.30%

Households by income category

In 2022 11.31% of all the households in the Umzimvubu Local Municipality, were living on R30,000 or less per annum. In comparison with 2012's 31.74%, the number is more than half. The 54000-72000 income category has the highest number of households with a total number of 7 680, followed by the 72000-96000 income category with 6 870 households. Only 3.6 households fall within the 0-2400 income category.

1.2. Service Delivery Overview

In the 2021/2022 financial year the municipality received. A MIG Allocation of R52 785 996. A total of 1,5 km of new access road was constructed in Manxiweni to the tune of R1 398 888,37. An amount of R 12 749616,25 was spent on the maintenance of 40,4 km's of access roads. A further R5 792 728.54 was spent towards the completion of Phepheni sport facility Phase Two. A tune of R19 324 105 was spent on the construction of Butsheni and Mpemba Bridges. A further amount of R2 000 000,00 was spent towards the construction completion of Silindini bridge. During 2022/2023 financial year, we further saw the construction and Completion of three community halls in Ntshakeni and Badibanise at a cost of R 8 250 000,00.

The municipality further received an Integrated National Electrification Programme (INEP) Grant of about R2 300 000.00 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 261 households in Dinana and is awaiting outage from Eskom for energization. The municipality further constructed through the Human Settlements Grant 56 housing units in both Nkungwini and Dundee villages.

1.3. Financial Health Overview

The municipality's financial state not as good as it is supposed to be. Based on the pre-audited financial statements, even though it had a positive financial ratio, the municipal cash flows have decreased by R23,803 million which is 23% decrease as compared to prior year and the cash coverage is now only 3 months. 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.

1.4 Revenue Trends of the Municipality

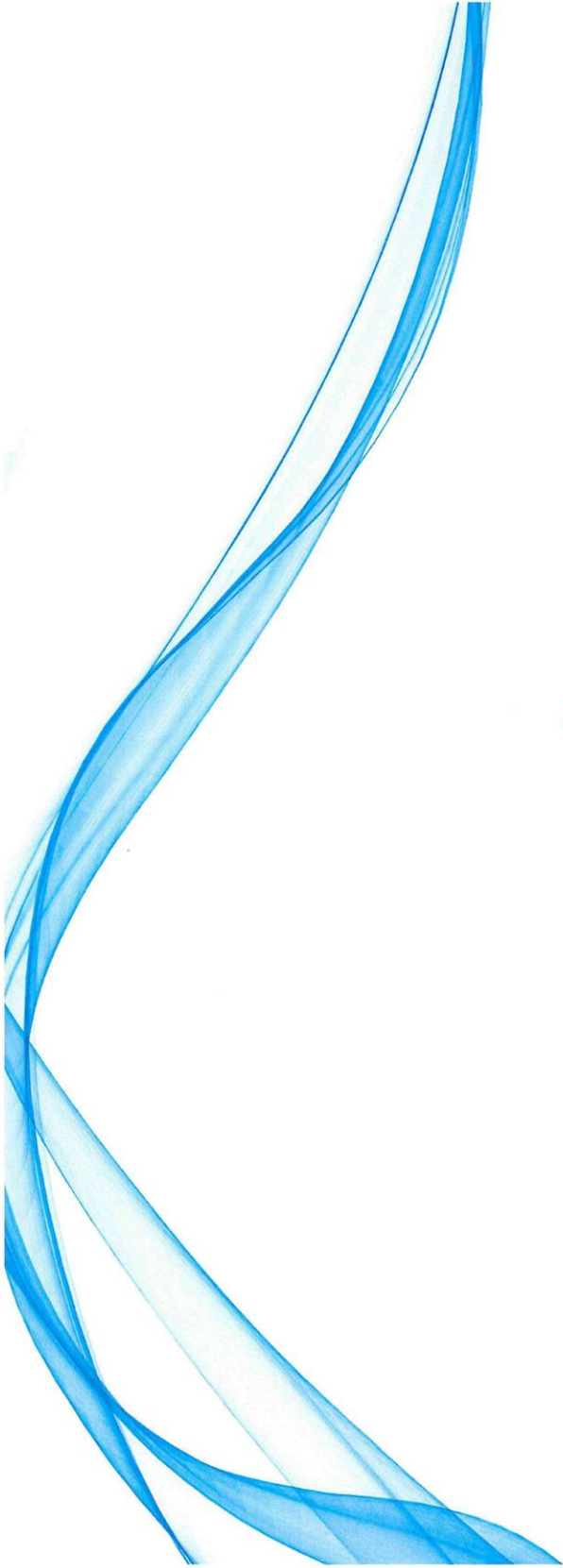
The municipality has shown a decline of 4% in its current year billing collection with 76% compared to 83% in the previous year (2021-2022).

REVENUE COLLECTION BY SOURCE

01/07/2022 - 30/06/2023			
Revenue Source	Billing	Receipts	Collection %

Rates		47,151,194.87	41,874,688.32	89%
Refuse		1,262,598.13	540,312.87	43%
Interest		2,628,719.68	446,907.61	17%
Total		51,042,512.68	42,861,908.80	84%
Other Revenue				
Revenue Source		Budget	Receipts	Collection %
Traffic Fines		6,500,004.00	605,108.20	9%
Trading Licences		297,552.00	107,629.39	36%
Drivers & Learners Licenses		1,523,808.00	1,638,112.00	108%
Vehicle Registration		2,665,644.00	2,065,525.78	77%
Vehicle Testing Station		152,892.00	121,803.00	80%
Hall Rental		-	47,725.20	0%
Sophia Park		-	127,740.87	0%
Plant Rental		-	8,810.41	0%
Interest on Investment		9,484,646.00	8,912,431.74	94%
Interest on Current Account		632,628.00	329,897.22	52%
Advertising		-	118,982.69	0%
Building Plan Fees		416,004.00	563,540.64	135%
Clearance Certificates		6,324.00	15,300.17	242%
Funeral Plots		-	23,488.18	0%
LGSeta		500,000.00	699,449.59	140%
Parks		-	7,532.95	0%
Pound Fees		390,000.00	511,611.50	131%
Rezoning Application		7,584.00	10,747.83	142%
Rezoning Certificate		1,620.00	13,020.90	804%
SG Diagrams		252.00	-	0%
Tender Fees		-	289,666.27	0%
Vat Claims SARS		20,800,000.00	16,678,362.93	80%
Licences and permits		62,880.00	90,753.67	144%
TOTAL		43,441,838.00	32,987,241.13	76%

1.5 Auditor General's Report.



**UMZIMVUBU LOCAL
MUNICIPALITY**

Audit Report

For the year ended 30 June 2023



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Report of the auditor-general to the Eastern Cape Provincial Legislature 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 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2022 (Act no. 5 of 2022 (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 responsibilities of the auditor-general 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 matter

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

Impairment of receivables

7. As disclosed in notes 5 and 6 to the financial statements, trade and other receivables stated at R13, 3 million were impaired by R13, 1 million and statutory receivables stated at R39, 6 million were impaired by R31, 9 million respectively.

Irregular expenditure

8. As disclosed in note 63 to the financial statements, irregular expenditure of R26, 8 million was incurred, as a proper supply chain management process was not followed.

Other matter

Unaudited disclosure notes (MFMA125)

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

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the MFMA; 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.
11. 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.

Responsibilities of the auditor-general for the audit of the financial statements

12. 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

15. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Strategic objective
Basic service delivery and infrastructure	XX	To provide access to improved, sustainable and modernised infrastructure to the community

16. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information for the selected key performance area.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual reports

27. 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 property, plant and equipment, revenue disclosure, operating lease arrangements disclosure, cash flow statements and statement of comparison of budget and actual identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

28. 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 reported in the prior year

Other information in the annual report

29. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
30. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
31. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

Internal control deficiencies

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

35. Management did not implement adequate monitoring over procurement and contract management to prevent instances of non-compliance with procurement and contract management, as material instances of non-compliance were identified.

Auditor General

East London

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>"Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure,</p> <p>Section 1 - Definition: service delivery and budget implementation plan,</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1),</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b),</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i),</p> <p>Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b),</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e),</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1),</p> <p>Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii),</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170,</p> <p>Sections 171(4)(a), 171(4)(b)"</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	"Regulations 71(1), 71(2), 72"
MFMA: Municipal Investment Regulations, 2005	"Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)"
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>"Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a),</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a),</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b),</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c),</p> <p>Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43,</p> <p>Regulations 44, 46(2)(e), 46(2)(f)"</p>
Municipal Systems Act 32 of 2000	"Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b),




Legislation	Sections or regulations
	Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)





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


Name of Councillor	Portfolio	Committee
 <p data-bbox="94 451 324 483">Councillor N.L Nkula</p>	Chairperson	Budget and Treasury
 <p data-bbox="94 819 349 850">Councillor N.A Garane</p>	Chairperson	Infrastructure and Planning
 <p data-bbox="94 1186 324 1218">Councillor X.G Jona</p>	Chairperson	Local Economic Development
 <p data-bbox="94 1554 316 1585">Councillor I. Nodali</p>	Chairperson	Corporate Services

Name of Councillor	Portfolio	Committee
 Councillor N.G Mdzinwa	Chairperson	Citizens & Community Services
 Councillor T. Sokhanyile	Chairperson	Special Programmes & Communications
 Councillor M. Magobane		Executive Committee Member
 Councillor N.C Mnyayiza		Executive Committee Member

Name of Councillor	Portfolio	Committee
 <p data-bbox="94 573 402 604">Councillor N.V Nomnganga</p>		Executive Committee Member

2.2. Administrative Governance

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

Heads of Departments including Municipal Manager	
 <p data-bbox="94 1419 500 1451">Municipal Manager: Mr. G.P.T. Nota</p>	<p>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;</p> <p>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;</p> <p>Implementation of the Municipality's Integrated Development Plan and monitoring the progress with regard to implementing the plan;</p> <p>Administering and implementing the Municipality's by-laws and other legislation;</p> <p>Advising the political structure and political office bearers of the Municipality;</p> <p>Rendering support to the office of the Mayor, Speaker and the Office of the Chief Whip.</p>



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 and information technology 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.

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2022 TO 30 JUNE 2023

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 2022 to 30 June 2023.

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

1. MEETINGS/ACTIVITIES

Below is the summary of cumulative meetings for the Audit Committee during the financial year:

QUARTE	DATE	NATURE	KEY RESOLUTIONS/ DELIBERATIONS
1	19 Aug 22	General	<ul style="list-style-type: none"> • Adopted Internal Audit Reports on: <ul style="list-style-type: none"> - Individual Performance Management Process, - Annual Financial Statement, - Annual Performance Report, and - Implementation of AAP. • Adopted Risk Management governance documents:
	29 Aug 22	Special	<ul style="list-style-type: none"> • Recommended documents for Council approval: <ul style="list-style-type: none"> - Annual Financial Statement, and
2	18 Nov 22	General	<ul style="list-style-type: none"> • Adopted Internal Audit Reports on: <ul style="list-style-type: none"> - IT General Controls, - Q1 PMS Report, - LED programs, - Implementation of AAP, - IA Plan implementation • Recommendation to Council:

3	14 Feb 23	General	<ul style="list-style-type: none"> • Adopted Internal Audit Reports on: <ul style="list-style-type: none"> - Mid Term PMS, - MSCOA Compliance, - Cyber Audit, - Adjusted SDBIP Mid Term review, - Draft Annual Report, - Implementation of AAP, - IA Plan implementation
4	12 May 23	General	<ul style="list-style-type: none"> • Recommendation to Council: • Adopted Internal Audit Reports on:

QUARTER DATE		NATURE	KEY RESOLUTIONS/ DELIBERATIONS
			<ul style="list-style-type: none"> - Q3 PMS Report, - Revenue Management, - Cyber Project Management, - Interim Annual Financial Statements, - Budget Process, - Asset Management, - Supply Chain Management, - Annual Performance Bonus review, - Implementation of AAP, - IA Plan implementation
	28 Jun 23	Special	<ul style="list-style-type: none"> • Adopted Internal Audit Reports on: <ul style="list-style-type: none"> - Accounts Payables & Expenditure Management, - Draft SDBIP, - Conditional Grants, - Human Resource Management, - IT Disaster Recovery Plan, - IA Plan implementation • Adopted Governance documents:

Below is the **attendance schedule** of the committee members

MEETINGS DATE	PROMISE	LUNGELWA	SIYABONGA
19 Aug 22	✓	✓	✓
29 Aug 22	✓	✓	✓
18 Nov 22	✓	✓	✓
14 Feb 23	✓	✓	✓
12 May 23	✓	✓	✓
28 Jun 23	✓	✓	✓
TOTALS	6/6	6/6	6/6

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.

2. INTERNAL AUDIT PLAN

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 29th June 2022 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

#	AUDIT PROJECTS	ADEQUACY	EFFECTIVENESS
1	Information Technology General Controls (Incl. Performance Management systems)	Inadequate	Partially effective
2	MSCOA	Adequate	Partially effective
3	Review of Service Delivery & Budget Implementation Plan (SDBIP)	Adequate	Effective
4	Review of Individual Performance Management	Inadequate	Partially effective
5	Accounts Payables (Expenditure)	Adequate	Partially effective
6	Supply Chain Management	Adequate	Partially effective
7	Cyber Security: Internal & External Vulnerability Assessment	Inadequate	Partially effective
8	Interim Financial Statements (2022/23)	N/A	N/A
9	Asset Management Audit	Inadequate	Ineffective
10	Budget Management Process	Adequate	Partially effective
11	Revenue Management	Inadequate	Ineffective
12	Local Economic Development Programs Review	Inadequate	Ineffective
13	Project Management	Inadequate	Ineffective
14	Human Resources	Inadequate	Ineffective
15	Performance Management System	Adequate	Partially effective
	- Mid Term Review	Adequate	Effective
16	Annual Financial Statements Review	N/A	N/A
17	Annual Performance Information	Adequate	Partially effective
18	Annual Report Review	Adequate	Effective
19	Division of Revenue (Grants audit)	Adequate	Effective
20	Internal Audit Follow-up and	N/A	N/A
21	Auditor General Action Plan	N/A	N/A
	GENERAL MANAGEMENT OF INTERNAL AUDIT FUNCTION	N/A	N/A
22	Risk Assessment process facilitation	N/A	N/A
	Review of Audit Committee and Internal Audit Charters (Risk & Control Identification &	N/A	N/A
	Development of Annual Internal Audit Plan	N/A	N/A
	Preparing For and attending Audit Committee meetings	N/A	N/A

All planned assurance projects as per the Approved 2022/2023 Risk-based Internal Audit plan were conducted and reports were tabled to Audit Committee for approval and adopted. The Audit Committee adopted all the reports of the internal audit with recommendations to be implemented by management.

INTERNAL AUDIT FUNCTION

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

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

3. 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 several reasons including inadequate policies and lack of implementation of designed internal controls.

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

4. 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.

5. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Audit Committee reviewed both interim financial statements and annual financial statements that were submitted to Auditor-General for audit. The audit is about to commence from the 1st September 2023 and committee is optimistic on the audit opinion improvement.

6. 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 2022-23 and the annual performance report was approved for submission to the Auditor-General.

7. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Audit Committee is concerned with the IT General Controls and vulnerability of the Municipality from external hacking.

8. 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.

9. 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.

10. 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.

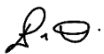
The municipality had Financial Misconduct Board in place that was established in terms of the MFMA regulations, and this board provides guidance to the municipality on the steps to be taken regarding financial misconduct cases. The board has Audit Committee representative in line with the MFMA regulations.

11. 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.

Prepared by:

A handwritten signature in black ink, appearing to be 'A. O.', is located below the 'Prepared by:' text.

Component C: Public Accountability and Participation

2.5. Public Meetings

IDP & BUDGET ROAD SHOWS

Outreach Date	War d No.	Service Delivery Challenges Raised	Responsible Sector Department / Parastatal
Day 1 - 18th April 2023	1	Khona-Lovu Access road is in bad condition, it needs to be fixed as soon as possible, Electricity infills.	ULM
	2	Mnambithi water reticulation, Update on when will Sidakeni Community Hall be constructed, Ngwegweni Access Road is in bad state and should be maintained beyond 10kms	ANDM & ULM
	3	The community needs an update regarding Dundee to Botomane Access Road, Bera to Nqoko slab is in bad condition and this has affected the scholar transport	ULM
	4	Electricity infills in Sigidini and bad state of access roads due to recent floods. Ad Hoc Plant left Ngonyameni Access Road still in bad condition. Clarity sought as to why community members from would be left out in the employment of community members towards the construction of N2 from KwaBhaca to Ngcweleni.	ESKOM, ULM & SANRAL
	5	Incomplete rural housing in Ndzongiseni. Sirhoqobeni/Thanga concrete slab that was damaged in 2014 still not fixed. Molwani bridge has damaged gabbions. Mqhekezweni Access Road damaged by recent floods. Incomplete electrification project in Marwaqa.	ULM & Human Settlements
	6	Ndarhala water reticulation and poor state of access roads & bridges. Sifolweni Clinic that was promised to be constructed in 2008 but has not been delivered. Sanitation (toilets). Mqhokweni Bridge badly damaged by recent floods. Water reticulation in Ngxakaxha village. Sisulwini water reticulation. Tebe-Tebe bridge still in bad condition.	ULM, ANDM & Dept of Health

Outreach Date	Ward No.	Service Delivery Challenges Raised	Responsible Sector Department / Parastatal
	7	Nyathini bridge left in bad condition by recent floods. Santombe electrification to be expedited. Santombe school toilets to be fast tracked. Land degradation in Esikhumbeni. Majalumani donga rehabilitation left incomplete. Lubhalasi stormwater drainage flows straight into people's houses. Lubhalasi scholar transport not yet availed.	ULM, ANDM, Dept of Education & Dept of Health
Day 2 19th April 2023	8	Gudlintaba electricity infills. RDP Houses. Disaster affected households not provided with shelter. Zakhele JSS to be converted into a high school.	ANDM, ULM & Human Settlements
	9	Electrification of Qingqi and Siphundu. Incomplete rural housing. Dysfunctional Solar Panels. Mobile clinic in Luxwesa. Access Roads in Sugarbush badly damaged by recent floods. Destitute family awaiting a temporal structure	ULM / ESKOM, Human Settlements & KES
	10	Ntsimangweni Access Road in bad state due to recent floods. Gubhuzi school damaged by recent floods.	ULM & ESKOM
	11	Water(Nyosini), Electrification(Mtshikawusi), Construction of roads(Msarhweni). Rhode water reticulation is dysfunctional. Delays in the handing over of Voveni Access Road for 2022/2023FY.	ANDM, ULM & ESKOM
	12	250 Destitute housing Exhameni, Network Pole, Maintenance of Pre-Schools that were built by ULM, Incomplete Tyeni sports field, DoH to provide answers regarding the clinic, Housing in Mgodini/ Sinyaqa, Surfacing of T17 road, Maintenance of AR(to increase budget& liaise with DRPW). Electrification of Xhameni & Msongonyana. Nguse Rural housing is still incomplete. Msongonyane & Mtsila water reticulation is dysfunctional. Electricity outages not attended to by Eskom. Ntibane & Xhameni electrification projects left some beneficiaries with meters that have no keypads.	Human Settlements, ANDM, ULM, Department of Health, Network Service Providers(Vodacom, MTN, etc.) & ESKOM
	13	Water reticulation(NYOSINI). Manqilweni bridge damaged by heavy rains. Mgungundlovu Internal streets damaged by heavy rains. Network towers scarcity leading to poor network connectivity, Gubuzi Access Road has affected the scholar transport as it was not properly maintained.	Network Providers (Vodacom, MTN, Cell C & Telkom), ULM & ANDM

Outreach Date	Ward No.	Service Delivery Challenges Raised	Responsible Sector Department / Parastatal
	14	Water reticulation in Niona done in 2015 but still dysfunctional. Speed humps in Ngwetsheni. Rural housing incomplete and houses collapsed due to recent floods. Nqalweni access road in bad condition. Water scarcity in Sithane and Mpungulelweni. Maintenance of Huku Community Hall that was severely damaged by floods few years back.	ULM, ANDM, SANRAL & Human Settlements
	15	Housing, Speed Humps(Mhlokwana-Zwelitsha- Buffalonek), Type 2 Electricity infills, Network Pole(Mhlokwana). Water reticulation. Thwa Access Roads is a bad condition and needs urgent attention.	Human Settlements, SANRAL, ANDM, ULM, Network service providers
Day 3 20th April 2023	16	Houses destroyed by recent floods. Rural Housing. Slow progress of electrification. Papanana Access Road not yet handed over for maintenance. Bad state of Ward access roads due to recent floods. Extension 7 speedhumps.	Human Settlements , ANDM Disaster, ULM, Social Development & ESKOM
	17	Water reticulation , Rural Housing and houses that fell due to heavy rains. Bad state of access roads due to recent floods. A new electricity transformer requested for eMabhaceni. Nqantosi access road needs urgent attention. Sogoni Access Road was supposed to be done this financial year but nothing has happened and the community members will not attend the IDP Roadshow if the contractor is not on site or appointed before the IDP.	Human Settlements, Eskom, ULM & ANDM

	18	Street lights (Badibanise) Middle Income Housing in Sophia. Water reticulation in Badibanise. Speedhumps next to Home Affairs. Ablution facilities in town. Installation of streetlights in town.	ULM, Human Settlements, ANDM & SANRAL
	19	Semeni electricity infills left incomplete. Ward 19 Community Hall roof was damaged and needs urgent attention.	Eskom & ULM
	20	Sports Fields (mahamane and Ngxabaxha) & electricity infills. Ngxabaxha bridge needs urgent attention. Majuba/Magcakini water reticulation. Tholeni housing delays.	ULM, Human Settlements & ESKOM
	28	Provision of permanent dwelling structures in Magogogweni. Potholes in Internal streets and dysfunctional streetlights.	ULM & Human Settlements
Day 4 - 21st April 2023	21	Sanitation (Dangwana Toilets). Disaster affected access roads left incomplete. Electricity Infills to be stretched beyond 50 metres. Water reticulation in Qumrha and Baghdad. Nkungwini electrification delays	ANDM, ESKOM & ULM
	22	Nkandla to Mazietyeni bridge has a cracked pillar and poses a threat to human lives. Water reticulation. Bad state of access roads due to recent floods. T-road maintenance. Slow progress of Sivumela/Magontsini Phase Two electrification. Xhokonxa water scheme that was installed in 2022 currently not working. Water tanks taken by ANDM. Mthonjeni via Khalakhulu Access Road is in a bad condition.	ULM, ANDM, ESKOM & Dept of Transport/Public Works
	23	Dysfunctional Water Pump, Sanitation. Nkungwini AR Maintenance, Network Pole (Qwidlana, Mlenze). Slow progress of electrification projects. Bridge blocked by logs due to recent floods. 2019 Mpondomise electrification left beneficiaries without metre boxes. Gxaku water scheme not working.	ANDM, ULM, Network service providers & ESKOM
	24	Sivumela Phase II not yet energised. Slow progress in site for Magontsini electrification. Ncome-Tshisane water project from 2011 still not working. Mnyamane	ULM, Human Settlements, ESKOM & ANDM

		Access Road badly damaged by floods. Lwagcibeni bridge in Mvumelwano needs urgent attention.	
	25	Mnxekazi electrification to be expedited. Type II electricity infills left incomplete in Mntwana	ULM & Eskom
	26	Zinkawini to Goba bridge is in bad state and it has affected the scholar transport, Mvalweni Access Road is in bad state, Cabazana Water Project is not properly functioning.	ULM & ANDM
	27	Bad state of access roads for the entire ward, Ad Hoc Plant to be urgently provided to assist. Provision of scholar transport	DOT, ULM & ESKOM

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 managementser 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

The Municipal Website is administered under the Communication and Public Relations unit. A new operating system was recently installed to constrict back-end security measures that affect the overall functionality of the Municipal Website.

(a) Municipal Website Compliance

In terms of the compliance status, the Municipal Website is licensed and fully certified in terms of the government norms and standards. All documents are uploaded within 48hrs upon receipt from user departments.

(b) Web Content Management

The Content is managed by the Communication and Public Relations unit in terms of monitoring and uploading. All documents are uploaded within 48hrs upon receipt from user departments. Content is managed daily in line with the government programme of action.

(c) Relevant Legislations

- The Constitution of the Republic of South Africa, Act 108 of 1996.
- Promotion of Access to Information, Act 2 of 2000.
- Municipality Systems Act of 2000.
- Municipal Structures Act 117 of 1998

(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.

2.10. Supply Chain Management

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

STRUCTURE OF APPROVAL		
GOODS/SERVICE VALUE	PROCUREMENT METHOD MINIMUM	APPROVAL AUTHORITY
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 year.
- 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 nine (9) councillors including the chairperson represented by each political party.

ROLES AND RESPONSIBILITIES OF THE MPAC

a) MPAC has no executive powers;

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

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

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

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

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

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

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

Recommendations on Annual Report 2022-2023

The Oversight Committee recommends the following:

Municipal Public Accounts Committee/ Oversight Committee Members	22 AUGUST 2022	TOTAL NUMBER OF MEETINGS	21 FEBRUARY 2023	22 FEBRUARY 2023	16 MARCH 2023	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGES OF MEETINGS ATTENDED
Cllr M Mataka	1	1	1	1	1	5	5	0	100%
Cllr A Jakuja	1	1	1	1	NA	5	4	1	85%
Cllr X Lungu	A	1	N/A	1	1	5	3	2	75%
Cllr N Hlanekelela	A	1	N/A	1	1	5	3	2	75%
Cllr A P Mkhonto	1	1	N/A	1	1	5	4	1	85%
Cllr P K Thingathinga	1	1	1	1	1	5	5	0	100%
Cllr B Mdingi	A	1	N/A	1	1	5	3	2	75%
Cllr L Mapala	A	1	N/A	1	NA	5	2	3	60%
Cllr B Ngqasa	1	1	N/A	1	NA	5	3	2	75%

(a) Office of the Municipal Manager

Employees :Office of the Municipal Manager					
Level	2022-2023	2022-2023			
	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 T. Moeketsi				
	Mr S. Tshekela				
	1 Vacant post				
Total					

(c) Legal Service

2.7. Risk Management

(Provide a narrative)

2.8. Anti-Corruption and Fraud Management

(Provide a narrative)

Case Load for 2022-2023 Financial year

Item	Parties	Legal Firm	Brief Description of the matter	Status
1.	Dumisile Yozi	Fikile Ntayiya & Associates	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. The municipal attorneys wrote a letter in replying to their letter of demand in October 2021. STATUS – DORMANT
2.	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. The matter is on for trial stage. STATUS – ONGOING
3.	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 which belong to Umzimvubu Municipality without consent, ERF 351 KwaBhaca.	The matter was before court on the 10th February 2022, it was removed from the roll for Municipality (applicant) was ordered to cure some defects on the papers STATUS – ONGOING
4.	Jane Ntombesithathu Nkondlwana / ULM: Case no. 2841/2019	P. Conjwa & Associates	Unlawful occupation of ERF 308 KwaBhaca.	ULM is 3rd respondent in the matter and the court has instructed as follows: "that the third respondent, if need be, be and is hereby ordered to conduct an investigation into the welfare of

				<p>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. Judgement in favour of the applicant. It is anticipated that the first respondent is to file an application for leave to appeal 21 February 2022. Respondents have since launched appeal proceedings at the SCA.</p> <p>STATUS - ONGOING</p>
5.	Rawutini Yicokise Gawulana and others//ULM: case number 1554/2019	P Conjwa & Associates	Land Invasion on ERF 188 in MaXesibeni	<p>Application for leave to appeal is to be heard by the Supreme Court of appeal in 2023.</p> <p>STATUS – PENDING DECISION ON SCA PETITION</p>
6.	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 Market building that belongs to ULM.	<p>The matters is pending before the high court</p> <p>STATUS - ONGOING</p>
7.	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 applicants are challenging their eviction from RDP Houses.	<p>The matter was postponed sine die for further hearing of evidence and to allow for the availability of the witnesses. The matter is trial ready.</p> <p>STATUS – ONGOING</p>

8.	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 court on 24 November 2020 and the order was granted, however the respondents are refusing to vacate the premises. The case is still proceeding, no trail date yet. STATUS - ONGOING
9.	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. The matter is trial ready and is to set down for a date in 2023. STATUS - ONGOING
10.	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.	The municipality obtained costs against Mbali Rural Developers cc and the sheriff has been trying to establish the whereabouts of Mbali Rural Developers without success. The file is closed. STATUS - ONGOING
11.	Zilindile Mrhamba and Chief Baphathe Makaula//ULM: case number 28/2020	P Conywa & Associates	Unlawful demarcation of sites on land reserved for development of a Sportsfield in Semeni / Dungu	Chief Baphathe has since passed away and there is no notice or application of substitution that has been filed thus far. Both the Headman and Nkosi Makaula are opposed to the demarcation of sites in this land. In light of the fact that Chief Baphathe

				is no more, and his predecessor is opposed to what he stood for, the matter dies its natural death. STATUS – ONGOING
12.	GEOILOCATE//ULM: Case no. 839/2022	Mdlele Incorporated	The plaintiff is claiming an amount of R152 720, 00 allegedly due by ULM in respect of services rendered.	Summons have since been received and the Municipality has filed its Plea in response. The matter is defended, and a pre-trial conference will be convened. STATUS – ONGOING
13.	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.	Application for rescission of default judgement granted in favour of the Municipality. STATUS - ONGOING
14.	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 Magistrate Busakwe 21 April 2023. The municipality is liable to pay 50% of the damages arising from the collision that occurred. Both 1st and 2nd defendant ordered to bear the costs of the suite. STATUS - FINALISED
15.	Siti Cargo//ULM: Case no. 4348/2021	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.	The Plaintiff has since filed summons the matter is defended Municipal attorneys are to conduct an inspection in loco of the Silindini bridge. STATUS - ONGOING

16.	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
17.	Economic Freedom Fighters (EFF)//ULM: case number 983/2021	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.	The parties will file heads of argument to set the matter down for hearing. STATUS - ONGOING
18.	Ayalneh Mandefra Fantaye//ULM	Madlanga & Partners Incorporated	The plaintiff demands an amount of R150 000.00 as a result of vehicle collision that involves the municipal truck in January 2021.	A letter responding to the letter of demand was issues denying liability on the part of the municipality. Summons not yet served by the plaintiff. STATUS - DORMANT
19.	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.	Municipality has since filed its heads of arguments and awaiting date of hearing. STATUS - ONGOING

20.	Simpihiwe Mhlongo // ULM & Vatiswa Patience Ndudane	Fikile Ntayiya 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 trial on 17 February 2023, however, the plaintiff's legal representative had a problem so the matter was removed from the roll, date to be arranged. STATUS - ONGOING
21.	Norman Ndongeni // Thembisa Ndongeni & ULM – Case no. 4779/2021	Fikile Ntayiya 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, legal representation is necessary as the Court may <i>mero motu</i> require the Municipality to intervene.	The matter was set down for hearing in the opposed roll of 28 April 2022, and the application dismissed with costs. 19 October 2022 – Applicant has filed an application for leave to appeal and the leave to appeal was granted. STATUS - ONGOING
22.	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	The parties have been engaging in settlement negotiations and applicants (ULM) attorneys are awaiting a response from Jabulani Hardware's attorneys. In the meantime, Counsel is finalizing the application papers. STATUS - ONGOING

23.	Fikile Bhekizulu // ULM and others	Mdledle Inc.	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.	The matter is still pending before the High Court and is opposed, awaiting a hearing date. STATUS - ONGOING
24.	Zolile Makaula // ULM and others	Mdledle Inc.	Application for the eviction of the respondent in terms of the Prevention of illegal evictions and unlawful occupation act,	This eviction matter was settled in the sense that the person to whom the property was sold needs to bring a separate action in the high court to sue for ownership. STATUS - ONGOING
25.	My Pride Smile Africa & Another // ULM – Case no. 2313/2022	Mdledle Inc.	The matter relates to an application brought by the applicants in terms whereof they seek to declare the decision of the Municipality to make available its tender documentation for an amount of R451 as unlawful and inconsistent with section 217 of the Constitution.	The matter was before court on 19 January 2023 in the Grahamstown High Court where lengthy arguments were presented to the Presiding Judge Bloem. Judgment in respect of this matter was handed down in opposed motion court on the 06th of April 2023 by Justice Norman. The rule nisi issued on 23 August 2022 was discharged and the application dismissed with the Applicants to pay, jointly and severally the Respondent's (ULM) costs. STATUS - FINALISED
26.	AM Engineering (Pty) Ltd // ULM – Case no. 6030/2022	Madlanga & Partners Incorporated	The matter relates to a contractual dispute between the Plaintiff and the Municipality. The Plaintiff alleges that the Municipality unlawfully repudiated the contract between the parties without any just cause. The plaintiff now sues the	A notice of intention to defend the matter has since been filed by the Municipal attorneys, and both parties have filed their discovery affidavits, pleadings are closed, and the matter is ready for trial.

			Municipality for outstanding invoices and loss of profits.	STATUS - ONGOING
27.	Bulelani Mvundlela // ULM case no: 3559/2022	Fikile Ntayiya & Associates	The applicant demands that the municipality should construct a stormwater drainage for the water flowing from Badibanise Sports field to his property causing damage to the property	The matter was before Judge Brooks on 23 March 2023 and the judgement was granted in favour of the applicant (Mvundlela) with costs. The municipality is in the process of implementing the court order. STATUS - FINALISED
28.	NC Canca // ULM & Others Case no:5981/2022	Mdledle Incorporated	The Applicant Mrs. NC Canca seeks an order declaring the decision of the Municipality to approve the building plans of Erf 242 (KwaBhaca Mall) as unlawful, illegal and irregular and stands to be reviewed and set aside as such decision is in contravention of the Municipality's SPLUMA By-laws.	The Municipality has opposed the main application and has filed a counter application which has also been opposed. STATUS - ONGOING
29.	Makalala Mbulawa // ULM case no: 1420/2023	P Conjwa & Associates	The applicant claims damages which amount to R900 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni.	Summons have been served and attorneys were instructed to oppose the matter in court. The matter is still pending before the High Court. STATUS - ONGOING
30.	Bhekinkosi Makhasana // ULM case no: 1441/2023	P Conjwa & Associates	The applicant claims damages which amount to R1000 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni.	Summons have been served and attorneys were instructed to oppose the matter in court. The matter is still pending before the High Court. STATUS - ONGOING

31.	Ngubela Malibala // ULM case no: 1419/2023	P Conjwa & Associates	The applicant claims damages which amount to R1200 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni.	Summons were served and attorneys were instructed to oppose the matter in court. The matter is still pending before the High Court. STATUS - ONGOING
32.	Nelisiwe Nkalitshana // ULM case no: 1442/2023	P Conjwa & Associates	The applicant claims damages which amount to R1100 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni.	Summons were served and attorneys were instructed to oppose the matter in court. The matter is still pending before the High Court. STATUS - ONGOING
33.	Sibusiso Bonakele & Others//ULM case no: 1443/2023	P Conjwa & Associates	The applicant claims damages which amount to R450 000 per individual and a total of R22 950 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni.	Summons have been served and attorneys were instructed to oppose the matter in court. The matter is still pending before the High Court. STATUS - ONGOING
34.	Lizalise Zihle // ULM case no:	Mdledle Incorporated	The plaintiff claims a sum of R7 500 000 as a result of injuries sustained during an accident during working hours.	A letter of demand has been served and attorneys were instructed to oppose the matter in court. STATUS - ONGOING
35.	Nduku Mbonisi // ULM case no:	Madlanga & Partners Incorporated	Yandu Consulting Engineers are claiming fees owed by the municipality under contract number: UMZ/2014/-15/INFRA/MIG/035, designing of Mandileni Cluster Sports Facility. Amount claimed is R266 868.09	A letter of demand has been served and attorneys were instructed to oppose the matter in court. STATUS - ONGOING

36.	Luthando Garane//ULM case no: 64/2023	P Conjwa & Associates	Umzimvubu Local Municipality is cited as the 3 rd respondent on the alleged unlawful occupation of ERF 81 KwaBhaca. It is required for ULM to get involved and assist the 1 st respondent with alternative accommodation if they cannot make their own arrangements.	Notice of withdrawal dated 16 May 2023 was received by the municipality. STATUS - ONGOING
37.	Nonyamezela Khwebulana and others case no: 1767/2023	Mdlele Incorporated	The applicants seek temporary accommodation as a result of houses that were demolished on the 04 th of April 2023 on the municipal land, ERF 188 eMaXesibeni.	The matter was before Judge Zilwa on an urgent basis on 02 May 2023, and the matter postponed to 30 May 2023. The matter has become opposed by the municipality, and we have filed an Answering affidavit. STATUS - ONGOING
38.	Silindile Mhlwana and others case no 5213/2021	Fikile Ntayiya Attorneys	The plaintiffs are suing the municipality for damages arising from unlawful demolition of their respective properties (Papanana).	The matter shall go on trial, still waiting for pre-trial minutes from plaintiffs' attorney.
39.	Nomagalati Dyanti vs Umzimvubu Local Municipal and another case no: 163/2022	Fikile Ntayiya & Associates	Applicant is seeking an order for the eviction of the second respondents from the residential homestead no 41 at Badibanise administrative area Mount Frere	The matter was before court on 29 July 2022, it was removed from the roll. There has been no progress from the applicant's attorneys since then. STATUS - ONGOING
40.	Umzimvubu Local Municipality vs Nontuthuzelo Shazi SALGA-Case no ECD082207	Mdlele Incorporated	Referral to the South Africa Local Government Bargaining council for an unfair dismissal dispute	The matter is at Arbitration stage. STATUS - ONGOING

41.	Umzimvubu Local Municipality v Phumeza Mbasane NO & Another High Court Case No 48/2023	Mdledle Incorporated	The municipality is suing for monies not accounted for at KwaBhaca Registering Authority	The applicant's (ULM) attorneys have filed a request for a default judgment. STATUS - ONGOING
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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 identified in the Municipal IDP priorities, which is reviewed on an annual basis. Municipality did not receive the INEP grant for 2022/23 FY, however the rollover amount of R2 300 000.00 for Dinana Electrification was approved by Treasury

Financial Performance Year 2022/2023: Electricity Services					
Details	2021/2022	2022/2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any

Total Operational Budget	R33 000 000.00	R0.00	R2 300 000	R2 300 000.00	
Expenditure	R30 700 000.00		R2 300 000	R2 300 000.00	
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Capital Expenditure Year 2022/2023: Electricity Services					
Capital Project	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Dinana Electrification	R2 300 000.00	R0.00	R2 300 000.00		R2 300 000.00

3.2. Waste Management and Refuse Removal

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

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

The Municipality operates and manages two GCB- waste facilities, they are both permitted. Currently, the Municipality is working extending the Mount Ayliff landfill site. 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. The municipality also has a waste transfer station in Pakade, which is serviced twice in a week.

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

1. Coordinating a door-to-door visit campaign to increase knowledge and change attitudes of citizens pertaining solid waste management at source, including waste separation, reduce open burning, littering and the dumping of waste and increase recycling.
2. 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.

3. 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.
4. Organizing community group visits. The group visits increased know-how, changed attitudes concerning waste, encouraged improved waste management practices and motivated individuals and groups to keep their environment clean, and to educate others

Clean up campaigns:

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

Waste Recycling Initiatives: for environmental and economic benefit

1. Clean up campaigns:

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

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2. 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.
3. 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.

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

Clean up campaigns:

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

2. Waste Recycling Initiatives: for environmental and economic benefit

There are two established material recycling facilities (MRFs) and recycling co-operatives in the municipality, which also function as buy back centres; The Xesi Recycling Primary Co-Operative operating at the Mount Ayliff landfill site, and the Mount Frere Recycling Co-Operative operating at the Mount Frere landfill site. ULM equipped both MRFs with balers, but the Mount Ayliff baler was burnt during the riots in Sigidini. The recycling companies that collect materials from the facilities are based in Mount Frere and Durban. 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	2020/2021	2021/2022	2022/2023	Original Budget No	Adjusted No	Actual No
	Actual No	Actual No	Actual No			
Solid Waste Removal:						
Removed Once a week	-	-	-			
Removed More than once a week	771	835	835			
Total Number of House holds	771	835	835			

Employees: Waste Management and Refuse Removal services					
Level	2021/2022		2022/2023		
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	44	42	44	2	
4-6	4	4	4	-	
7-9	-				
10-12	6	6	6	-	
13-15					
Total	54	54	54	2	
Details	2021-2022		2022/2023		

	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget	R8,879,658.99	R5,450,000.00	R9,650,004.00	R10,964,597.51	R(1,314,593.51)
Expenditure					
Employees	R13,031,016.10	R11,986,356.00	R14,286,356.00	13,272,569.09	R1,013,786.91
Repairs and Maintenance	R1,270,959.05	R3,477,912.00	R4,889,508.00	R4,216,976.34	R672,531.66
Other	R97,541,440.39	R20,031,048.00	R89,849,927.00	R94,710,871.66	R(4,860,944.66)
Total Operating Expenditure	R111,843,415.54	R35,495,316.00	R109,025,791.00	R112,200,417.09	R(3,174,626.09)
Net Operational Expenditure	R102,963,756.55	30,045,316.00	R99,375,787.00	101,235,819.58	R(1,860,032.58)

Capital Expenditure Year 2022/2023: Waste Management and Refuse Removal					
Capital Project	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Landfill site	R0	R180,000.00	154,671.20	R25,328.80	
Plant and equipment	R6,700,000.00	R4,074,999.00	R3,969,124.63	R105,874.37	

Financial Performance Year 2022/2023: Waste Management and Refuse Removal

Details	2021-2022		2022-2023		
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
	Total Operational Budget	R8 879 658.99	R8713000.00	R8713000.00	R8879658.99
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

Component E: Environmental management and Signage Control

2.12. Pollution control, Biodiversity, Landscape and Coastal Protection

(Provide a narrative and populate all tables below)

Capital Expenditure Year 2022/2023: Environmental Management and Biodiversity					
Capital Projects	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
N/A					

Financial Performance Year 2022/2023: Environmental Management and Biodiversity					
Details	2021-2022	2022/2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
	Total Operational Revenue	N/A			
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Employees : Environmental Management and Biodiversity					
Level	2021/2022	2022/2023			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3					

4-6					
7-9					
10-12					
13-15					
Total					

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 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).

Employees :Housing					
Level	2021-2022	2022/2023			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6					
7-9					
10-12					
13-15					
Total					

Financial Performance Year 2022/2023: Housing

Details	2021/2022	2022/2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance if any
Total Operational Budget					
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Capital Expenditure Year 2022/2023 Housing					
Capital Project	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Nkungwini housing	R0.00	R0.00			R0.00
Dundee housing		R3 000 000.00	R3 000 000.00		R3 000 000.00
4 Vulnerable group housing	R600 000	R200 000	R800 000.00	R200 000	R800 000.00

Below is the project budget from the department of human settlements

KEY PERFORMANCE INDICATOR	ANNUAL TARGETS FOR 2022/2023
DESTITUTE AND VULNERABLE	4 houses for vulnerable group were built by the Municipality
UNITS	56 housing units were built by Municipality
FULL SERVICES	
PARTIAL SERVICES	
RECTIFICATION	

BUDGET	R3 800 000.00
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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 5 239 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	%
2022/2023	5 239	1 582	1 582	30%	0	0

Financial Performance 2022/2023: Cost to the Municipality Free Basic Services Delivered					
Services Delivered	2021/2022	2022/2023			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Free Basic electricity and free Basic Alternative Energy	R6,715,525.52	R6,975,996.00	R6,945,996.00	R6,011,866.95	R934,129.05
Indigent Burial Support	N/A				
Rates	N/A				

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

- Eskom taking long to register our indigents households.
- Eskom numbers are declining due to tempering with meters.

Component B: Roads

3.5. Roads and Storm Water Drainage

During 2022/23 FY, Umzimvubu LM has set aside a budget of over R28m for maintenance of access road, 109 km's of access roads have been maintained and 3.2 km's of new road was constructed. The backlog in terms of road maintenance is still high. All villages in Umzimvubu area are accessible, however the challenge is the maintenance part of these roads.

Gravel Road Infrastructure: Kilometres				
Years	Total gravel Roads (Km)	New Gravel Roads Constructed	Gravel Roads Upgraded to Tar	Gravel Roads Maintained

2020-2021		12 kms	3.5 kms	73.3 kms
2021-2022		35.5	3.7 kms	126 kms
2022-2023	112.2 kms	3.2 Kms		109 kms

Cost of Construction and Maintenance : Rand Per KM				
Year	Gravel Roads		Tarred Roads	
	New gravel road	Maintained Road	New	Maintained
2020-2021	R750 000.00	R250 000.00	R5 500 000.00	R250 000
2021-2022	R820 000.00	R350 000.00	R5 500 000.00	R700 000
2022-2023	R820 000.00	R350 000.00	R6 200 000.00	R850 000

Financial Performance Year 2022/2023: Roads		
Details	2021-2022	2022-2023

	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue					
Expenditure					
Employees					
Maintenance					
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 2022-2023: Roads (PMU)						
Capital Projects	2022-2023					
	STATUS	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Manxiweni AR	Complete	1 472 514,05		R1 472 514,05		R1 472 514,05
Butsheni AR and Bridge	Complete	R11 579 722.20		R11 579 722.20		R11 579 722.20
Mpemba AR and Bridge	Construction	R13 700 000.00		R11 729 674.90		R11 729 674.90

Capital Expenditure Year 2022-2023: Maintenance

Capital Projects	2022-2023					
	Status	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Ngcwayi to Lower Brooksnek AR (5.6km)	Construction	R1 416 081,25		R908 488.50		R908 488.50
Lokwe AR (8.4km)	Construction	R1 750 000,00		R1 186 495.11		R1 186 495.11
Lubaleko to Nkanji AR (5km)	Complete	R1 359 156,25		R1 359 156,25		R1 359 156,25
Betshwana Bijintaba AR (5,2km)	Complete	R1 600 000.00		R1 600 000.00		R1 600 000.00
Lugelweni AR (4,8km)	Construction	R1 700 000.00		R1 700 000.00		R1 700 000.00
Sifolweni to Nomkholokotho AR (11.3km)	Complete	R2 308 850.64		R2 308 851.00		R2 308 851.00
Ntibane AR (5.8km)	Complete	R1 900 000,00		R1 900 000,00		R1 900 000,00
Ndindindi AR (5.2km)	Snag	R1 400 000,00		R1 400 000,00		R1 400 000,00
Centule to Ntshongweni AR (5km)	Snag	R1 350 000,00		R781 002.95		R781 002.95

Papanana AR (3,5km)	Completed	R1 750 000,00		R1 750 000,00		R1 750 000,00
Sogoni AR (5km)	Completed	R1 400 000,00		R1 400 000,00		R1 400 000,00
Bumbeni AR (5,5km)	Completed	R1 400 000,00		R1 400 000,00		R1 400 000,00
Sodladla to Tabankulu AR (5km)	Completed	R1 500 000,00		R1 500 000,00		R1 500 000,00
Nkungwini to Nompilwana AR (5.8km)	Completed	R1 800 000,00		R1 800 000,00		R1 800 000,00
Umdini to Magontsini AR (5km)	Completed	R1 500 000,00		R1 500 000,00		R1 500 000,00
Sithinteni AR (5.6km)	Completed	R1 046 334,98		R1 046 334,98		R1 046 334,98
Nkungwini AR (9.8km)	Completed	R2 250 000.00		R2 250 000.00		R2 250 000.00
Maphakama AR (5.8 km)	Completed	R1 500 000,00		R1 500 000,00		R1 500 000,00
Voveni AR (5km)	Construction	R1 236 980.25		R896 518.38		R896 518.38
Majojweni AR (11km)	Completed	R5 668 280.00		R5 668 280.00		R5 668 280.00
Semeni AR (5km)	Construction	R1 446 539.00		R1 017 968.50		R1 017 968.50

Completion of Silindini AR(4km)	Completed	R2 000 000.00		R2 000 000.00		R2 000 000.00
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Employees: Maintenance					
Level	2021-2022	2022-2023			
	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. Planning

Component C: Planning and Development

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

2.5. 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 gazette 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, Mount Frere, and Mount Ayliff. The information gathered assisted the municipality in terms of identifying land that is viable for development, land that is owned by the municipality must be utilised accordingly by providing social facilities that lack in certain areas of the municipality.

The uMzimvubu Local Municipality has appointed 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

	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023
Subdivisions	0	5	0	0	0	2	0	0	3	3
Consolidations	0	0	0	0	0	0	0	0	1	0
Rezoning	8	9	7	1	0	1	0	0	1	7
Applications relating to land restrictions	0	2	0	0	0	0	0	0	0	2
Special consents	0	2	0	1	0	0	0	0	0	1
Township Establishment	0	0	0	0	0	0	0	0	0	0
Other application must be mentioned	1	2	0	1	0	0	0	0	1	1

Financial Year Performance 2022/2023: Planning and Land use, Building Control					
Details	2021/2022	2022/2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R2 000 000	R2 000 000		R2 000 000	
Expenditure	R2 000 000	R2 000 000		R2 000 000	
Employees					
Repairs and Maintenance					
Other					
Total Operating Expenditure					
Net Operational Expenditure					

3.7. Local Economic Development And Tourism

The mandate of the department is to:

- to promote local economic development
- to promote and enforce proper environmental practices;
- to promote SMME development (entrepreneurship);
- to promote tourism initiatives;
- to promote forestry development;
- to promote Agrarian Reform.

Umzimvubu Municipality's Local Economic Development Department's function will be a facilitator and conduit for required resources and identified socio-economic community needs with a clear development focus on the creation of a growing local economy. The Umzimvubu Municipality's LED Department is committed to promote quality economic development facilitation and coordination services to its communities by:

- Facilitating opportunities for SMME's;
- Supporting poverty alleviation projects;
- Facilitating agriculture, value-adding and market access opportunities;
- Developing an investment attraction and marketing strategy for our area;
- Facilitating finance, funds and resources from non-governmental, private and donor sectors;
- Monitoring the creation of jobs/business opportunities created by Umzimvubu Local Municipality.

2022/ 2023 CROPPING SEASON:

The 2022/2023 Maize Ploughing Programme included the ploughing of 420 ha of land which was divided into 15ha per Ward. The sites that were ploughed and planted, were identified during the IDP Out-Reach Programme conducted by municipality for all Wards.

The programme of ploughing 15ha was divided into 10ha for Poverty Alleviation and 5ha for Farmer Production Support Programme (FPSU), which are cooperatives in each Ward.

The Umzimvubu Local Municipality advertised for Measuring of fields, Ploughing of 10ha and 5ha respectively and Supply/Delivery of Agricultural Inputs for each Ward.

About 120 SMME's were appointed to conduct the afore-mentioned services, thus providing them with opportunity to conduct business with municipality.

The overall budget that was allocated for this project was R 6 999 999.00.

ANALYSIS OF THE CROPPING AND HARVEST REPORT

During Post-Project Impact Analysis of the programme, the following were findings:

- The most sites have done very well, and the minimum yield estimates recorded were 3Tons per hectare which was contributed by the favourable climatic conditions and sense of ownership by beneficiaries to ensure that planted fields are not destroyed by stray animals.

Some of the challenges that were identified include the following:

- Insufficient budget leading on procurement of affordable inputs who are not too effective to weeds, fertilization and maize germination.
- Knowledge and experience of the service providers to calibrate their planters.
- Late spraying due rainfalls to some areas during the operations.

Below tables indicates the Ward Number and Village Names where this project was implemented.

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Brookneks	Brooknek	01	23	10ha	10ha	19- 23 December 2022
Phepheni	Masitye- sonke		10	5ha	5ha	28 December 2022
Sidakeni	Sidakeni	02	33	10ha	10ha	21 December 2022
Lubhaleko	Luthabembeko cooperative		5	05ha	05ha	12 December 2022
Marhwaqa		03	45	10ha	10ha	9 December 2022
Dundee	Sondle cooperative		9	05ha	05ha	20 December 2022
Mnqwane	Mnqwane	04	10	05ha	05ha	06 December 2022
Mombheni	Mombheni		14	05ha	05ha	06 December 2022
Singeni	Meshace cooperative		15	05ha	05ha	06 December 2022
Marwaqa	Marwaqa	05	15	10ha	10ha	04 December 2022
Bonga	Mafusini cooperative		10	05ha	05ha	16 December 2022
Ndakeni	Ndakeni	06	46	10ha	10ha	09 December 2022
Mqhokweni	Mqhokweni cooperative		04	05ha	05ha	19 December 2022
Mkhemane	Mkhemane	07	14	05ha	05ha	05 December 2022

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Lubhalasi	Lubhalasi		14	05ha	05ha	05 December 2022
Skhemane	Masikhanyise cooperative		9	05ha	05ha	02 January 2023
Mzintlava	Mzimntlava	08	38	10ha	10ha	24 December 2022
Lugelweni	Ngqubbusini projects cooperative		10	05ha	05ha	08 January 2023
Sugarbush	Sugarbush	09	9	3.3ha	3.3ha	11 November 2022
Goso	Goso		10	3.3ha	3.3ha	11 November 2022
Luxwesa	Luxwesa		10	3.3ha	3.3ha	11 November 2022
Saphukanduku	The dream services cooperative		7	05ha	05ha	28 December 2022
Nomkoloto	Nomkoloto	10	46	10ha	10ha	12 December 2022
Ngqumane	Ngqumane cooperative		15	05ha	05ha	23 December 2022
Magontsi	Magontsini	11	29	10ha	10ha	22 November 2022
Nyosini	Tusanang cooperative		6	05ha	05ha	15 December 2022
Lutatani	Lutatani	12	22	10ha	10ha	11 November 2022

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Tyeni	Vuka uzendzele Agric cooperative		10	05ha	05ha	05 January 2023
Mpungutyana	Mpungutana	13	12	05ha	05ha	22 November 2022
Mxhinweni	Mxhinweni		8	05ha	05ha	22 November 2022
Maxhinweni	Matshiya cooperative		15	05ha	05ha	15 December 2022
Nqalweni	Nqalweni	14	34	10ha	10ha	15 December 2022
Nqalweni	Ziselani cooperative		10	05ha	05ha	25 November 2022
Lugangeni	Lugangeni	15	23	10ha	10ha	28 November 2022
Njijini	Usokulungisa cooperative		8	05ha	05ha	28 November 2022
Phaphanani	Snonozana	16	05	05ha	05ha	16 December 2022
Mabhaceni	Mabhaceni,	17	12	3.3ha	3.3ha	15 December 2022
Cwalinkungu	Cwalinkungu		11	3.3ha	3.3ha	15 December 2022
Sdiki- diki 01&02	Sdiki-diki 01&02		9	3.3ha	3.3ha	15 December 2022
Sakhukhanyo cooperative	Sakhukhanyo cooperative		15	05ha	05ha	11 January 2023

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Badibanise	Badibanise cooperative	18	8	05ha	05ha	17 December 2022
Dungu	Dungu	19	14	05ha	05ha	02 December 2022
Mtshazi	Mtshazi		11	05ha	05ha	02 December 2022
Mtshazi	Stoney field cooperative		3	05ha	05ha	28 December 2022
Mpembha	Mpembha	20	14	3.3ha	3.3ha	02 December 2022
Lwandlana	Lwandlana		13	3.3ha	3.3ha	02 December 2022
Ngxabangxa	Ngxabangxa		9	3.3ha	3.3ha	02 December 2022
Cabane	HoHAHA cooperative		4+	5ha	5ha	09 January 2023
Bislan	Bislan	21	15	05ha	05ha	25 November 2022
Mpindweni	Mpindweni		14	05ha	05ha	25 November 2022
Toleni / Kwahala	Xolo cooperative		7	5ha	5ha	12 December 2022
Ngqwara	Ngqwara	22	37	05ha	05ha	28 November 2022

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Sodladla	Maxoweni cooperative		6	5ha	5ha	22 January 2023
Nxokotyeni	Nxokotyeni	23	17	05ha	05ha	05 December 2022
Nkuswini	Nkuswini		11	05ha	05ha	05 December 2022
Matyamhlophe	Hlokoloza cooperative		13	5ha	5ha	07 January 2023
Ncome	Ncome	24	31	10ha	10ha	01 December 2022
Sivumele	Lisakhasa cooperative		9	5ha	5ha	01 January 2023
Nkompolweni	Nkompolweni	25	36	10ha	10ha	28 November 2022
Khangela	Sakha isizwe cooperative		12	5ha	5ha	12 December 2022
Nyuswa	Nyuswa	26	9	3.3ha	3.3ha	27- 28 November 2022
Mrholweni	Mrholweni		14	3.3ha	3.3ha	27- 28 November 2022
Mangweni	Mangweni		22	3.3ha	3.3ha	27- 28 November 2022
Cabazana	Someleze cooperative		7	5ha	5ha	28 December 2022
Nkanini	Nkanini	27	21	5ha	5ha	30 November 2022

Primary Co-op Name	Location	WARD	NO. OF MEMBERS	PLOUGHED LAND (Ha)	PLANTED LAND (Ha)	PLANTING DATE
Mangweni	Mangweni		23	5ha	5ha	30 November 2022
Mbodleni	Qubani cooperative		5	5ha	5ha	23 January 2023
Lubhalasi	Cithwa & Mt Ayliff stand Cooperative	28	14	5ha	5ha	23 December 2022

The following table show the progress on 10ha ploughed wards.

Ward	Village name	Cooperative name	Status - qou
01	Brooknek	Brooknek	The plant population is at 89%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4 tons of maize as it is dry land.
02	Sidakeni	Sidakeni	The plant population is at 76%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.1 tons of maize as it is dry land.
03	Marhwaqa	Marhwaqa	The plant population is at 84.4%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.6 tons of maize as it is dry land.
04	Sigidini	Sigidini	The plant population is at 84.4%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4 tons of maize as it is dry land.
	Mnqwane	Mnqwane	
	Mombheni	Mombheni	
05	Marwaqa	Marwaqa	The plant population is at 74%. The maize plant carries 1 cobs per plant in a ha. It is estimated that per ha they will harvest 3.6 tons of maize as it is dry land. Therefore, which means a number of 76 x 50kg bags will be harvested.
06	Ndakeni	Ndakeni	The plant population is at 82%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.9 tons of maize as it is dry land. Therefore, which means a number of 73 x 50kg bags will be harvested. The challenge on late spraying was noted to this project the spray as the tractor tramped over the growth maize.
07	Mkhemane	Mkhemane	The plant population is at 90%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4 tons of maize as it is dry land. Therefore, which means a number of 80 x 50kg bags will be harvested. The gardens performed very well.
	Lubhalasi	Lubhalasi	

Ward	Village name	Cooperative name	Status - qou
08	Mzimntlava	Mzimntlava	The plant population is at 91%.The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4.1 tons of maize as it is dry land. Therefore, which means a number of 82 x 50kg bags will be harvested.
09	Sugarbush	Sugarbush	The plant population is at 84.4%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.9 tons of maize as it is dry land. Therefore, which means a number of 76 x 50kg bags will be harvested.
	Goso	Goso	
	Luxwesa	Luxwesa	
10	Ntsimangweni	Ntsimangweni	The plant population is at 89%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.9 tons of maize as it is dry land. Therefore, which means several 38.1 x 50kg bags will be harvested.
11	Magontsini	Magontsini	The plant population is at 91%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4.6 tons of maize as it is dry land. Therefore, which means several 88 x 50kg will be harvested per ha.
12	Lutateni	Lutateni	The plant population is at 78%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.2 tons of maize as it is dry land. Therefore, which means a number of 78 x 50kg bags will be harvested per ha.
13	Mpungutana	Mpungutana	The plant population is at 89%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4.3 tons of maize as it is dry land. Therefore, which means a number of 87 x 50kg bags will be harvested per ha.
	Ngcozana	Ngcozana	

Ward	Village name	Cooperative name	Status - qou
14	Nqalweni	Nqalweni	The plant population is at 98%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 5 tons of maize as it is dry land. Therefore, which means a number of 100 x 50kg bags will be harvested per ha.
15	Lugangeni	Lugangeni	The plant population is at 96%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4.8 tons of maize as it is dry land. Therefore, which means a number of 99 x 50kg bags will be harvested per ha.
16	Delivery and distribution of vegetable seedlings to all beneficiaries. There was no service provider appointed for mechanization.		
17	Mabhaceni,	Mabhaceni,	The plant population is at 78%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3 tons of maize as it is dry land. Therefore, which means a number of 76 x 50kg bags will be harvested per ha.
	Cwalinkungu	Cwalinkungu	
	Sdiki-diki 01&02	Sdiki-diki 01&02	
18	Delivery of seedlings. There was no service provider appointed for mechanization.		
19	Dungu	Dungu	The plant population is at 89%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4.1 tons of maize as it is dry land. Therefore, which means a number of 84x 50kg bags will be harvested per ha.
	Mtshazi	Mtshazi	
20	Mpembha	Mpembha	The plant population is at 74%.. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.4 tons of maize as it is dry land. Therefore, which means a number of 73 x 50kg bags will be harvested per ha.
	Lwandlana	Lwandlana	
	Ngxabangxa	Ngxabangxa	

Ward	Village name	Cooperative name	Status - qou
21	Bislan	Bislan	The plant population is at 99%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 4 tons of maize as it is dry land. Therefore, which means a number of 95 x 50kg will be harvested per ha.
	Mpindweni	Mpindweni	
22	Ngqwara	Ngqwara	The plant population is at 84.4%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.9 tons of maize as it is dry land. Therefore, which means a number of 76 x 50kg will be harvested per ha.
23	Nxokotyeni	Nxokotyeni	The plant population is at 84.4%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.9 tons of maize as it is dry land. Therefore, which means a number of 76 x 50kg will be harvested per ha.
	Nkuswini	Nkuswini	
24	Ncome	Ncome	The plant population is at 60%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 2.8tons of maize as it is dry land. Therefore, which means a number of 61 x 50kg will be harvested per ha. The contractor could calibrate as results the plants are over populated by space.
25	Nkopolweni	Nkopolweni	The plant population is at 78%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.7 tons of maize as it is dry land. Therefore, which means a number of 78 x 50kg bags will be harvested per ha.
26	Nyuswa	Nyuswa	The plant population is at 84.4%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.9 tons of maize as it is dry land. Therefore, which means a number of 76 x 50kg will be harvested per ha.
	Mrholweni	Mrholweni	
	Mangweni	Mangweni	

Ward	Village name	Cooperative name	Status - quo
27	Nkanini	Nkanini	The plant population is at 75%. The maize plant carries 2 cobs per plant in a ha. It is estimated that per ha they will harvest 3.7 tons of maize as it is dry land. Therefore, which means a number of 67 x 50kg bags will be harvested per ha.
	Mangweni	Mangweni	
28	Delivery of seedlings. There was no service provider appointed for mechanization.		

Table 2: Progress report on 05ha FPSU (Farmer Production Support Units)

Ward No	Village Name	Cooperative name	Project status – quo
01	Phepheni	Masitye- sonke	The plant population is at 43%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.1 tons of maize as it is dry land. Therefore, which means a number of 34 x 50kg bags will be harvested per ha.
02	Lubhaleko	Luthabembeko cooperative	The plant population is at 54%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.6 tons of maize as it is dry land. Therefore, which means a number of 41 x 50kg bags will be harvested per ha.
03	Dundee	Sondle cooperative	The plant population is at 40%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.2 tons of maize as it is dry land. Therefore, which means a number of 29 x 50kg bags will be harvested per ha.
04	Singeni	Meshace cooperative	The plant population is at 43%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.1 tons of maize as it is dry land. Therefore, which means a number of 34 x 50kg bags will be harvested per ha.

Ward No	Village Name	Cooperative name	Project status – quo
05	Bonga	Mafusini cooperative	The plant population is at 28%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1.9 tons of maize as it is dry land. Therefore, which means a number of 22 x 50kg bags will be harvested per ha.
06	Mqhokweni	Mqhokweni cooperative	The plant population is at 24%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 0.8 tons of maize as it is dry land. Therefore, which means a number of 16 x 50kg bags will be harvested per ha.
07	Skhemane	Masikhanyise cooperative	The plant population is at 32%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1 ton of maize as it is dry land. Therefore, which means a number of 21 x 50kg bags will be harvested per ha.
08	Lugelweni	Ngqubbusini projects cooperative	The plant population is at 43%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.1 tons of maize as it is dry land. Therefore, which means a number of 34 x 50kg bags will be harvested per ha.
09	Saphukanduku	The dream services cooperative	The plant population is at 68%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 3 tons of maize as it is dry land. Therefore, which means a number of 60 x 50kg bags will be harvested per ha.
10	Ngqumane	Ngqume Sithegcu cooperative	The plant population is at 47%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.8 tons of maize as it is dry land. Therefore, which means a number of 48 x 50kg bags will be harvested per ha.
11	Nyosini	Tusanang cooperative	The plant population is at 23%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1.9 tons of maize as it is dry land. Therefore, which means a number of 19 x 50kg bags will be harvested per ha.
12	Tyeni	Vuka uzendzele Agric cooperative	The plant population is at 44 %. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.2 tons of maize as it is dry land. Therefore, which means a number of 36 x 50kg bags will be harvested per ha.

Ward No	Village Name	Cooperative name	Project status – quo
13	Maxhinweni	Matshiya cooperative	The plant population is at 47%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.5 tons of maize as it is dry land. Therefore, which means a number of 37 x 50kg bags will be harvested per ha.
14	Nqalweni	Ziseleni cooperative	The plant population is at 49%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.9 tons of maize as it is dry land. Therefore, which means a number of 49 x 50kg bags will be harvested per ha.
15	Njijini	Usokulungisa cooperative	The plant population is at 38%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.4 tons of maize as it is dry land. Therefore, which means a number of 41 x 50kg bags will be harvested per ha.
16	Papanani	Rose 5 cooperative	The plant population is at 43%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.6 tons of maize as it is dry land. Therefore, which means a number of 4.1 x 50kg bags will be harvested per ha.
17	Lubhacweni	Sakhukhanyo cooperative	The plant population is at 33%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1.5 tons of maize as it is dry land. Therefore, which means a number of 25 x 50kg bags will be harvested per ha.
18	Badibanise	Badibanise cooperative	The plant population is at 43%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.1 tons of maize as it is dry land. Therefore, which means a number of 34 x 50kg bags will be harvested per ha.
19	Mtshazi	Thuthukani cooperative	The plant population is at 21%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 07 tons of maize as it is dry land. Therefore, which means a number of 14 x 50kg bags will be harvested per ha.
20	Cabane	HoHAHA ,cooperative	The plant population is at 37%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1.6 tons of maize as it is dry land. Therefore, which means a number of 29 x 50kg bags will be harvested per ha.

Ward No	Village Name	Cooperative name	Project status – quo
21	TOLENI / KWAHALA	Xolo cooperative	The plant population is at 35%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1.9 tons of maize as it is dry land. Therefore, which means a number of 38 x 50kg bags will be harvested per ha.
22	Sodladla	Maxoweni cooperative	The plant population is at 43%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.1 tons of maize as it is dry land. Therefore, which means a number of 34 x 50kg bags will be harvested per ha.
23	Matyamhlophe	Hlokoloza cooperative	The plant population is at 32%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1.7 tons of maize as it is dry land. Therefore, which means a number of 23 x 50kg bags will be harvested per ha.
24	Sivumele	Lisakhasa cooperative	The plant population is at 48%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 2.9 tons of maize as it is dry land. Therefore, which means a number of 44 x 50kg bags will be harvested per ha.
25	Khangela	Sakha isizwe cooperative	The plant population is at 51%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 3.4 tons of maize as it is dry land. Therefore, which means a number of 62 x 50kg bags will be harvested per ha.
26	Cabazana	Someleze cooperative	The plant population is at 36%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 1.3 tons of maize as it is dry land. Therefore, which means a number of 21 x 50kg bags will be harvested per ha.
27	Mbodleni	Qubani cooperative	The plant population is at 78%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 3.8 tons of maize as it is dry land. Therefore, which means a number of 74 x 50kg bags will be harvested per ha.
28	Lubhalasi	Cithwa & Mt Ayliff stand Cooperative	The plant population is at 11%. The maize plant carries 1 cob per plant in a ha. It is estimated that per ha they will harvest 0.6 tons of maize as it is dry land. Therefore, which means a number of 12 x 50kg bags will be harvested per ha.

CONTRACTOR DEVELOPMENT PROGRAM

INFORMAL TRADING: MARKET PLACE

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

There were 8 stalls at EmaXesibeni that were demolished during the mall development. Currently there land that was identified for the construction of new hawker stalls. 24 hawker stalls & 60 sheltered stands, Automotive stands , kiosks , storage facility, public have been constructed at EmaXesibeni

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

TOURISM

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

CHALLENGES:

- There is no Infrastructure to the attractions (Roads).
- There is no funding to develop these attractions.

SUCSESSES:

The municipality is hosting annual events (Annual Fashion Show, Annual Agricultural Show, Annual Tourism Celebrations) these events assist to attract people to visit the area to spend a day or two and spend their money. Ntsizwa hiking trail though it has not developed yet but there are people that visit for hiking with the assistance of the co-operative members (NtombeXesibe Co-op) and they pay hiking fee to them.

Table 16: Attractions planned for Umzimvubu LM

Attraction	Description	Future Developments
Ntsizwa Mountains	<ul style="list-style-type: none"> Battlefield monument 	<ul style="list-style-type: none"> Hiking trails Chalets/cabins have been proposed Old coal mine
Ntenetyana Dam	<ul style="list-style-type: none"> Trout Fishing 	<ul style="list-style-type: none"> Proper management of the trout fishing Accommodation facilities Watersports
Mzimvubu River	<ul style="list-style-type: none"> River rafting 	<ul style="list-style-type: none"> Proper management of the Watersports Fishing
Goxe	<ul style="list-style-type: none"> Failed cut flower project 	<ul style="list-style-type: none"> There is proposed conservation of indigenous flora and fauna and some of the animal species found in the area
Methodist Church	<ul style="list-style-type: none"> One of the oldest churches 	<ul style="list-style-type: none"> Religious route
Craft	<ul style="list-style-type: none"> There are many craft centres dotted throughout the municipality 	<ul style="list-style-type: none"> 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

SUCCESSSES:

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				
Year (Top 3 Initiatives)	No of jobs created	Jobs lost/ displaced by other initiative	Net Total jobs created in a year	
2019/2020	06			
2020/2021	9			
2021/2022	15			
2022/2023				
Jobs created by EPWP projects				
Year	No of EPWP projects		No of Jobs created	
2022/2023				
	Jobs created by CWP Programme			
Year	No of CWP Project		No of Jobs created	
2022/2023	All 28 Wards		2 199	

Financial Performance Year 2022-2023: LED and Tourism					
Details	2021-2022	2022- 2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R 30 988 188	R 30 988 188	R 1 500 000	R 30 988 188	R 22 350 900
Expenditure	R 22 350 900				
Employees					
Repairs and Maintenance					
Other					
Total Operating Expenditure					
Net Operational Expenditure					

Employees : Local Economic Development and Tourism					
Level	2021-2022	2022-2023			
		Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	N/A	N/A	N/A	N/A	0%
4-6	N/A	01	N/A	01	0%
7-9	01	01	01	N/A	
10-12	03	04	03	01	75%
13-15	02	02	02	N/A	100%
Total	06	02	02	02	75%

Capital Expenditure Year 2022-2023: Local economic Development

Capital Projects	2022-2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Anchor Project					
SMME & Cooperative Support Fund					

Component D: Community and Social Services

3.8. Libraries and Community Facilities

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

3.9. Cemeteries:

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

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

3.14 Fire and Disaster Management

Umzimvubu Local Municipality has Disaster Management unit only. No Fire management unit exists. Disaster Management falls under Community Safety Section. Disaster incidents are accepted and followed by assessments. Assessments on major disaster incidents are done in conjunction with district municipality disaster department.

Functions of the disaster management unit are as follows:

- Reduce, or avoid, losses from hazards,

- Assure prompt assistance to victims,
- Achieve rapid and effective recovery.
- Disaster awareness campaigns,

Disaster Management Forum held once in a quarter

3.11. Special Programmes

Special Programmes is a unit under SP & Communications which its mandate is to focus on mayoral operations and coordinate all the special groups that falls under the office of the mayor.

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, Eldelry forums and their proper functioning.
- Development of procurement plan for all Special group’s programmes and calendar events.

Elderly

The municipality does have elderly forum which from time to time meets for elderly programs to be implemented and identify elderly led projects to be supported.

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
1.	Elderly Christmas	18 & 28/ Kwa Bhaca and EmaXesibeni	At about 40 elderly People from all wards benefit from the programme

PWD

The municipality does have a structure People with Disabilities, the structure holds the meetings. The structure exists to champion the interests of people living with disability

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
1.	Support Disability led project	EemaXesibeni and Kwa Bhaca	To be confirmed

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

The municipality annually conduct a programme which support children with a material needed in that particular identified institution of children

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
1.	Support Children	18/ Siyakhana Children's Home	To be confirmed in a meeting

Youth

Youth Forum hold a mandate to champion interests of young people within the jurisdiction of Umzimvubu. So far working with the District Youth Forum, the municipality is in the process of reviving the youth structure as there is o structure in place that is championing youth interests.

- **Initiation**

Umzimvubu Initiation Forum is mandated to conduct an oversight during the initiation season at a local level (KwaBhaca and EmaXesibeni) and it is reporting directly to the District Initiation Forum. The forum is made up of the following stakeholders: Department of Health, Traditional Leaders, two Councillors from Umzimvubu Local Municipality, members of South African Police Services, COGTA, Department of Education, Social Development and NGO's dealing with the issues related to circumcision. During 2022/23 financial year, the Initiation Forum conducted awareness campaigns and visits for both Initiation Seasons. These campaigns were an effort made to ensure safety of Initiates during the initiation process.

Career Exhibition

The municipality annually conduct career exhibition program, the program is held under corporate services division.

DATE	VENUE	NO. OF SCHOOLS	TIME

Women

The municipality does have a women's caucus which focuses on women's interests. The caucus does hold its regular meetings and monitor cases that are gender based

Project to be Implemented	Program	Ward /Venue	Number / name of beneficiaries
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1	Support women led project	14/ Mandileni	To be confirmed

Jobs created by EPWP projects		
Year	No of EPWP projects	No of Jobs created
2022/2023	11	570

Component E: Environmental management and Signage Control

2.13. Pollution control, Biodiversity, Landscape and Coastal Protection

Capital Expenditure Year 2022/2023: Environmental Management and Biodiversity					
Capital Projects	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
NONE					

Financial Performance Year 2022/2023: Environmental Management and Biodiversity					
Details	2021-2022	2022/2023			
	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	2022/2023			
	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 services don't fall under Community Safety though we give support whenever necessary on reported and expected dangerous situations.

TRAFFIC SECTION:

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

ACTIVITIES:

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

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

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

- *One automatic number plate recognition (ANPR) system fitted in one of the patrol vehicles,*
- *One pro-laser 3 speed camera*
- *One prolaser 4 speed camera,*
- *8 alcohol breathalysers testing machines,*
- *Back office traffic notices management system (for the administration traffic notices)*

CHALLENGES:

Shortage of manpower is still a problem

Political interference is also a big challenge as law enforcement needs to work independently without the negative influence.

RECOMMENDATIONS:

To increase number of law enforcement to a minimum of 16 permanent law enforcement officers compared to the current 8 law enforcement officers.

DRIVING LICENCE TESTING CENTRE:

One DLTC for Umzimvubu Municipality, which is based in EmaXesibenif.

Functions are as follows:

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

- Appointment for Learners and Driving Licenses tests.
- Go for an eye test.
- Application and issuing of temporary driving licenses.
- Application and issuing of learners' licenses.
- Application and issuing of duplicate learners' licenses.
- Renewal of driving licenses.

- Application of Professional Driving Permits (PrDPs).
- Driving license card collection.

REGISTERING AUTHORITY:

Umzimvubu Municipality has two Registering Authorities (RA), one in KwaBhaca and another in EmaXesibeni. The one in KwaBhaca is temporary closed due to maintenance services done in the old municipal building in the town of KwaBhaca.

Functions:

Motor Vehicle Registering Authority (MVRA)

- Renewal of motor vehicle licenses.
- Registration and licensing of motor vehicles.
- Issuing of Duplicate Registration Certificates.
- De-registration of motor vehicles.
- Issuing of Permits.

SECURITY:

Preventing security issues is one of the most important goals of the security because they play a defensive role rather than offensive role when it comes to securing the property of the municipality and maintaining safety of the employees and public visiting municipal premises. Currently, security matters is outsourced to Phiko Security Services for both KwaBhaca and EmaXesibeni municipal sites.

Secures premises and personnel by patrolling the properties of the municipality, monitoring surveillance equipment, inspecting buildings, equipment and access points, permitting entry to the municipal premises by order. Get assistance by means of sounding alarms in key places like firearms strong rooms. Prevents losses and damage by reporting irregularities, informing about violators of policy and procedures, restraining trespassers

NUMBER OF TECHNOLOGICAL MACHINES AVAILABLE

Each approved site has at least one portable two-way communication radio. Metal detectors are available in each site and are used in the searching of people entering our premises.

PROGRESS:

Control traffic by directing drivers at the entrances. 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 to all people entering our premises. Adhere to all institution services and operating standards, respond to emergencies to provide necessary assistance to employees and customers. Protect the institution's assets relative to theft, assault, fire and other safety issues. Follow procedures for various initiatives, including fire prevention, property protection etc.

CHALLENGES:

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

POUND:

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

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

Traffic Police Service data					
Details	2021-2022	2022/2023		2023/2024	
	Actual Number	Estimated Number	Actual Number	Estimated Number	
Number of road traffic accidents during the year	154	198	76	88	
Number of by-law infringements attended	28	26	24	24	
Number of traffic officers on the field on an average day	27	20	20	20	
Number of officers on duty on an average day	27	20	20	20	
Employees : Protection Services including security services					
Level	2021/2022	2022/2023			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	26	26	22	4	15 %
4-6	58	117	117	0	100%
7-9	0	0	0	0	0
10-12	10	10	10	0	100%

13-15	0	0	0	0	0
Total	94	153	153	4	85%

Capital Expenditure Year 2022/2023: Protection Services					
Capital Projects	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Shooting Range	R9 999 994.00	R4 000 000.00	R915 953.47	R5 084 040.53	R8 432 193.39
Motor vehicles	R3 500 000.00	R0.00	0.00	None	R3 500 000.00
Tools & equipment (Firearms)	R104 100.00	R70 000.00	R173 000.00	+R70 000.00	R173 000.00
Traffic Equipment (VTS Testing Machinery)	R312 300.00	R0.00	R185 000.00	R127 300.00	R185 000.00
Security Equipment (safes and strongroom alarm)	R104 100.00	R0.00	R85 339.99	R18 660.01	R85 339.99
Financial Performance Year 2022/2023					
Details	2021-2022	2022/2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R7 536 881.65	R11 232 348.00	R11 232 348.00	R6 651 240.78	R4 581 107.22
Expenditure					

Employees	R16 860 089.43	R12 696 468.00	R12 696 468.00	R19 032 276.30	R56 335 808.30
Repairs and Maintenance	R441 453.62	R983 448.00	R983 448.00	R794 351.82	R189 096.18
Other	R17 586 350.80	R22 683 036.00	R22 249 449.00	R20 748 233.30	R1 741 215.70
Total Operating Expenditure	R35 797 993.85	R36 362 952.00	R36 169 365.00	R40 574 861.42	R4 405 496.42
Net Operational Expenditure	R28 261 112.20	R25 130 604.00	R24 937 017.00	R33 923 620.00	-

3.16. Driver's Licensing and Testing Centre

Driving Licence Testing Centre (DLTC) functions; which are rendered at Mount Ayliff DLTC are:

- 1. Appointments for Learners and driving licenses tests,*
- 2. Eye testing,*
- 3. issuing temporary driving licences,*
- 4. issuing learners' licences,*
- 5. issuing duplicate learners'licences,*
- 6. issuing of new driving licences*
- 7. renewal of driving licences,*
- 8. renewal of professional driving permit.*

NB: At Umzimvubu Municipality, DLTC is situated at Mount Ayliff municipality main offices where all the tasks related to licensing are done.

ACTIVITIES

The key function of the DLTC are follows:

- 1. test people for Learners' licences,*
- 2. Driving licences,*
- 3. eye testing,*
- 4. issue temporary driving licence,*
- 5. issue card licences,*
- 6. issue duplicate driving licences*
- 7. 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

Mount Ayliff DLTC is having the following technological machines available:

1. 2 x eye testing machines
2. 10 x learners licence testing tablets

SUCSESSES

2022/2023 FY = 2115 people tested for learners' licences

2022/2023 FY = 2582 people tested for driving 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	2021-2022	2022/2023
	Actuals	Actuals
Total Number of learner's licences processed	1918	389
Total Number of driver's licences processed	1195	872
Average turnaround time –leaners licence	1 Hour	1 Hour
Average turnaround time –Drivers- licence	1 Hour 5 Min	1 Hour 5 Min

Employees : DLTC		
Level	2022/2023	

	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	01	01	01	01	100%
4-6	04	04	04	04	100%
7-9	05	05	05	05	100%
10-12	02	02	02	02	100%
13-15	None	N/A	N/A	N/A	N/A
Total	12	12	12	12	48

Capital Expenditure Year 2022/2023: DLTC					
Capital Projects	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
None	N/A	N/A	N/A	N/A	N/A
Financial Performance Year 2022/2023: DLTC					
Details	2021-2022	2022/2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	N/A	N/A			
Expenditure	N/A	N/A			
Employees	N/A	N/A			
Repairs and Maintenance	N/A	N/A			
Other	N/A	N/A			
Total Operating Expenditure	N/A	N/A			
Net Operational Expenditure	N/A	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

LICENCING SERVICES

Registering Authority (RA) is where all vehicles are registered and licenced.

In terms of the provisions of the National Road Traffic Act (Act 93 of 1996), all motor vehicles which are operated on South Africa's public roads must be registered and licenced, and all drivers should be in possession of a valid driving licence. Regulation 32A of the National Road Traffic Regulations requires all persons who wish to transact with the Licencing Authority (RA) on the eNaTIS system to provide proof of residence

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 licenced, 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.

SUCSESSES

Licensing and Registering of all vehicles in Umzimvubu Municipality jurisdiction are done at Mount Frere and Mount Ayliff Registering Authorities. Every owner that comes to licence his vehicles are helped if all papers are in order. Currently we are maintaining 14400 number of vehicles to be registered and licenced per annum at Mount Frere and Mount Ayliff RAs.

CHALLENGES

Network connection is still a big challenge in our area.

INTRODUCTION

Registering Authority Data		
Details	2021-2022	2022/2023
	Actuals	Actuals
Total amount collected for the Department of transport (DOT)	R10 573 162.16	R9 621 883.51
Total amount collected for	R2 870 025.17	R2 533 805.54

the municipality		
Total for Registration and Penalties	N/A	N/A
Total for transaction fees (RTMC)	R783 648.00	R709 920.00

Employees : Registering Authority					
Level	2021/2022	2022/2023			
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts)
0-3	05	05	05	05	100%
4-6	03	03	03	03	100%
7-9	01	01	01	01	100%
10-12	NIL	NIL	NIL	NIL	NIL

13-15	NIL	NIL	NIL	NIL	NIL
Total	09	09	09	09	100%

Capital Expenditure Year 2022/2023: Registering Authority						
Capital Projects	2022/2023					
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value	
None	N/A	N/A	N/A	N/A	N/A	
Financial Performance Year 2022/2023: Registering Authority						
Details	2021/2022	2022/2023				
	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				

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 2021/2022 financial year was R509 025.00 and for 2022/2023 financial year was R333 228.70.

CHALLENGES

none

Pound Data		
Details	2021-2022	2022/2023
	Actuals	Actual
Total Number of animals impounded	R509 025.00	R333 228.70

Employees : Pound					
Level	2022/2023				
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3	10	10	10	10	100%
4-6	09	10	09	10	90%
7-9	0	0	0	0	0%
10-12	2	2	2	2	100%
13-15	0	0	0	0	0%
Total	21	22	21	22	90%

Capital Expenditure Year 2022/2023: Pound					
Capital Projects	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Upgrading of KwaBhaca Pound	R1 800.00	None	R704 898.00	R1 106 219.00	R1 794 242.73

Financial Performance Year 2022/2023: Pound					
Details	2021-2022	2022/2023			
	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

3.16. Sport Development

The Municipality has conducted Youth Development programmes in a form of Mayoral Tournament. All 28 wards participated in the tournament. The Mayoral Tournament benefited both young men and women who are participate in sport as it accommodates Soccer and Netball.

CUSTOMER CARE

Petitions and complaints management

Systems Act 32 of 2000, section 17(2) (a) stipulates that a municipality must establish appropriate mechanisms, processes and procedures to enable the local community to participate in its affairs, and to this end make provision for the receipt, processing and consideration of petitions and complaints lodged by members of the local community. The municipality is guided by the petitions policy on how to manage the complaints and petitions.

Presidential Hotline Complaints

The unit checks the complaints on the presidential hotline system on daily basis and responds to them within 48 hours. The unit also have the responsibility to route the complaints to the relevant departments. This function is being done well and the municipality is currently sitting at 100 % performance as per the OTP report.

Employees : SPU & Communications					
Level	2021/2022		2022/2023		
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					

4-6					
7-9					
10-12					
13-15					
Total					

Component H: Corporate Policy Offices and Other Services

Career Exhibition

The municipality annually conduct career exhibition program, the program is held under corporate services division.

DATE	VENUE	NO. OF SCHOOLS	TIME

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 2022 successfully. 34 schools attended, with a total of 4500 learners from Umzimvubu Juristically area attended. And was graced with the presence of 21 exhibitors

3.18. Financial Services

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

It is expected that municipal revenues will be come under pressure in the coming years due to high unemployment rate and rate payers' affordability. 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.

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	Vacant
2.	Personal Assistant	Filled
3.	DCFO	Filled

4.	M : Supply Chain Management	Filled
5.	M : Expenditure	Filled
6.	M : Revenue	Filled
7.	M : Budgeting, Reporting	Filled
8.	M : Asset Management	Filled
9.	Asset Management Officer-Movable	Filled
10.	Asset Management Officer- Immovable	Filled
11.	Accountant: Asset Management	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
26.	Acquisitions Officer	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 and 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	2020-2021		2021-2022		2022/2023	
	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	17 733 488	89%	48 595 020	89%	47 151 195	89%
Refuse removal	1 210 121	19%	1 216 660	100%	1 262 598	100%
Other						

Employees: Budget and Treasury					
Level	2021-2022		2022/2023		
	Employees No	Posts No	Employees No	Vacancies	Vacancies %(As a %of total posts
0-3					
4-6					

7-9					
10-12					
13-15					
Total					

Financial Performance Year 2022/2023: Budget and Treasury					
Details	2021-22	2022/2023			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to the Budget
Total Operational Revenue	R299,221,411.86	R396,832,768.00	R359,332,419.00	R338,630,213.70	R20,702,205.30
Expenditure					
Employees	R13,400,949.87	R13,278,432.00	R15,478,431.00	R14,142,768.17	R1,335,662.83
Repairs and Maintenance	R2,299,145.01	R888,864.00	R2,226,464.00	R2,201,561.93	R24,902.07
Other	R46,488,216.44	R122,088,360.00	R72,301,146.00	R49,538,126.14	R22,763,019.86
Total Operating Expenditure	R62,188,311.32	R136,255,656.00	R90,006,041.00	R65,882,456.24	R24,123,584.76
Net Operational Expenditure	R237,033,100.50	R260,577,112.00	R269,326,378.00	R272,747,757.46	R (3,421,379.46)

3.19. 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: 149

Filled positions: 144

Vacant Positions filled during 2022/2023: 5

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. Capacity Building and Training for Councillors Policy.

3.20. Information and Communication Technology Services

Printing Solutions

Umzimvubu local municipality has a centralised printing solution which is a leased contract with a service provider by Corporate Services department under Sound Governance section for the whole municipality including Kwa Bhaca and Emaxesibeni offices. All the officials of the municipality are linked to the municipal network and can print directly to the machine and release the document using the pin code. Currently the municipality has four machines, the other machine is installed at eMaxesibe office, the other 3 machine Kwa Bhaca offices.

3.20. 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 Monthly as per SLAs

PROCUREMENT OF HARDWARE

Procurement of hardware is per ICT strategy and is approved at MANCO with is a total of R3,8 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

Umzimvubu Local Municipality has 55 Councillors serving in the Council after the local government elections, the municipality established the municipal council as stipulated in the Structures Act 117 of 1998. The municipal Council has 28 ward Councillors and 28 proportional representative councillors. The political parties are represented as follows in the Council:

ANC has 42 Councillors

EFF has 06 Councillor

DA has 02 Councillors

UDM has 02 Councillors

ATM has 02 Councillors

AIC has 1 Councillor

There are two traditional leaders who have been deployed to serve in the ULM council which is Chief. B Nota and Chief B Makaula. The Umzimvubu Municipal Council has established an Executive Committee which is served by 10 PR Councillors and is chaired by the Hon. Mayor and reports directly to the municipal Council. The municipality have 06 standing portfolio committees that are commonly known as section 80 committees which are chaired by Executive Committee members, and they report to the Executive Committee through their chairpersons. In terms of sitting the Standing portfolio committees sit monthly to process the departmental reports which are tabled by the Departmental Senior managers. Council has established Section 79 committees namely: Municipal Public Accounts Committee, Petitions Committee, Rules and Ethics Committee, remuneration Committee, Audit and Performance Committee. All Section 79 Committees report directly to Council. The municipality has a Management Committee which is chaired by the municipal manager, and the committee process all the reports coming from department before they are tabled to any standing committees. The Management Committee has its sub-committee called Interdepartmental Committee where all sectional managers sit, and it is chaired by the Deputy CFO. The interdepartmental processes issues that are cutting across the departments and policies that will eventually be tabled in the Management Committee for approval and or processing. All the municipal committees Council committees have their terms of reference and others are also guided by the delegation of powers document which gives effect to the separation of roles and responsibilities for committees and management offices and office bearers for the municipality. All the municipal committees are functional as per below report during the 2022-2023 financial year:

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /		MEMBERS OF COUNCILLOR	DESIGNATION	MEETINGS													TOTAL NUMBER OF MEETINGS IN 2022/2023 FY			TOTAL NUMBER OF MEETINGS ATTENDED		TOTAL NUMBER OF MEETINGS ABSENT		PERCENTAGE OF MEETING ATTENDANCE	
1	2			3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20				
				ORDINARY COUNCIL 29 JULY 2022	SPECIAL COUNCIL	03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COUNCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	03 APRIL 2023	ORDINARY COUNCIL 31 MAY 2023								
1	Cllr. Z. Ndevu	Mayor	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%				
2	Cllr Z. H. M. Ngqasa	Speaker	1	1	1	1	1	1	N/A	N/A	NA	NA	NA	NA	NA	NA	NA	13	8	5	63%				
3	Cllr N.F Ngonyolo	Chief Whip	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%				

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /	MEMBERS OF COUNCILLOR	DESIGNATION	ORDINARY COUNCIL 29 JULY 2022	SPECIAL COUNCIL	03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023	TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
4	Cllr. N. G. Mdzinwa	Portfolio Head: Citizen and Community Services	1	1	1	1	1	1	1	1	1	1	NA	1	A	13	12	1	92%
5	Cllr. A.N. Garane	Portfolio Head: Infrastructure and Planning	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%
6	Cllr X. Jona	Portfolio Head: LED	1	1	1	1	1	1	A	1	1	1	1	1	1	13	12	1	92%
7	Cllr N. Nkula	Portfolio Head: Budget and Treasury	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%
8	Cllr T. Sokhanyile	Portfolio Head: SP and Communications	1	1	1	1	1	1	1	1	1	1	1	1	1	13	10	3	76%
9	Cllr. I. Nodali	Portfolio Head: Corporate Services	1	1	1	1	A	1	1	1	1	1	A	1	1	13	9	4	69%

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /	MEMBERS OF COUNCILLOR	DESIGNATION	ORDINARY COUNCIL 29 JULY 2022														TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
			SPECIAL COUNCIL	03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023						
10	Cllr. C.N. Mnyayiza	EXCO Member	1	1	1	1	1	1	1	1	1	1	A	1	1	13	12	1	92%	
11	Cllr. T. Ntsalaze	Exco Member	NA	1	NA	1	NA	N/A	1	1	1	A	A	1	1	13	7	6	53%	
12	Cllr. M. Magobane	EXCO Member	1	1	A	1	1	1	1	1	A	1	1	1	1	13	11	2	84%	
13	Cllr N. Sonyabashi	Member	1	1	1	1	1	1	1	1	A	1	1	1	1	13	11	2	92%	
14	Cllr T.E. Sincindi	Member	1	1	1	NA	1	1	1	NA	1	1	1	1	1	13	11	2	84%	
15	Cllr X Lungu	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%	

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /		MEMBERS OF COUNCILLOR	DESIGNATION	ORDINARY COUNCIL 29 JULY 2022													TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
				SPECIAL COUNCIL																
				03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023						
16	Cllr. M. Tuku	Member	NA	1	1	1	A	1	1	1	NA	1	1	1	1	13	10	3	76%	
17	Cllr. C.L. Noqhakala	Member	A	1	1	1	1	1	1	1	1	1	1	1	1	13	12	1	92%	
18	Cllr. N.A. Mantshongo	Member	A	1	A	1	NA	A	1	1	1	1	A	1	A	13	8	5	61%	
19	Cllr F. Ntwakumba	Member	A	1	1	1	1	1	1	1	A	1	1	1	1	13	11	2	84%	
20	Cllr. N. Gogela	Member	NA	1	1	1	1	1	N/A	1	1		NA	NA	1	13	9	4	69%	

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /	MEMBERS OF COUNCILLOR	DESIGNATION	ORDINARY COUNCIL 29 JULY 2022	SPECIAL COUNCIL	03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023	TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
21	Cllr F. P. Sontsi	Member	1	1	1	1	NA	N/A	1	1	1	1	A	1	A	13	9	4	69%
22	Cllr. A.P. Mkhonto	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%
23	Cllr M. Hlanekela	Member	1	NA	A	1	NA	1	1	1	1		NA	NA	1	13	8	5	61%
24	Cllr V. Nomnganga	Member	A	1	NA	1	A	1	1	NA	1		NA	1	1	13	8	5	61%
25	Cllr V. P. Gogela	Member	1	1	1	1	1	1	N/A	1	1	1	1	1	1	13	11	2	92%
26	Cllr C. Madyibi	Member	NA	1	1	1	NA	N/A	1	1	1	1	NA	1	1	13	9	4	69%

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 / 2023		MEMBERS OF COUNCILLOR		DESIGNATION		ORDINARY COUNCIL 29 JULY 2022		SPECIAL COUNCIL		03 OCTOBER 2022		11 OCTOBER 2022		ORDINARY COUNCIL 25 NOVEMBER 2022		SPECIAL COUNCIL 03 FEBRUARY 2023		SPECIAL COUNCIL 21 FEBRUARY 2023		ORDINARY COUNCIL 28 FEBRUARY 2023		SPECIAL COINCIL 08 MARCH 2023		ORDINARY COUNCIL 30 MARCH 2023		SPECIAL COUNCIL 11 APRIL 2023		ORDINARY COUNCIL		ORDINARY COUNCIL 31 MAY 2023		TOTAL NUMBER OF MEETINGS IN 2022/2023 FY		TOTAL NUMBER OF MEETINGS ATTENDED		TOTAL NUMBER OF MEETINGS ABSENT		PERCENTAGE OF MEETING ATTENDANCE	
27	Cllr B. K. Khehle Salukazana	Member	1	1	1	1	1	1	1	N/A	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	11	2	92%						
28	Cllr N. Nomnganga	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%							
29	Cllr M.G. Ngwaqa	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%							
30	Cllr Z Mampemvini	Member	1	1	1	1	1	1	1	1	1	1	A	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	12	1	92%								
31	Cllr N Jwara	Member	1	1	A	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	12	1	92%								

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /	MEMBERS OF COUNCILLOR	DESIGNATION	MEMBERS OF COUNCILLOR														TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
			ORDINARY COUNCIL 29 JULY 2022	SPECIAL COUNCIL	03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023					
32	Cllr N. V. Giwu	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%	
33	Cllr P. P. Magujulwa	Member	1	1	A	1	1	1	1	1	1	1	A	1	1	A	13	11	2	84%
34	Cllr A. Jakuja	Member	1	1	1	1	NA	A	1		1	A	A	1	1	13	9	4	69%	
35	Cllr D.N Ntshobane	Member	NA	1	1	1	NA	N/A	1	1	1	1	A	1	1	13	9	4	69%	
36	Cllr D Ndema	Member	1	1	1	1	1	1	1	1	1	1	1	1	A	13	12	1	92%	
37	Cllr N. Nogada	Member	A	1	1	1	NA	N/A	N/A	NA	1	1	A	NA	1	13	6	7	46%	

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 / 2023		MEMBERS OF COUNCILLOR	DESIGNATION	MEETINGS													TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
ORDINARY COUNCIL 29 JULY 2022	SPECIAL COUNCIL			03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023						
38	Cllr M Kakaza	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	12	1	92%
39	Cllr S Faye	Member	1	1	1	1	1	1	N/A	1	1	1	1	1	1	A	13	11	2	84%
40	Cllr N. Hlanekela	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	NA	13	12	1	92%
41	Cllr M Kiviet	Member	1	1	1	1	1	1	1	1	1	1	1	NA	1	1	13	12	1	92%
42	Cllr P. K. Thingathinga	Member	1	1	A	1	1	1	1	1	1	1	1	A	1	1	13	11	2	84%

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /	MEMBERS OF COUNCILLOR	DESIGNATION	MEMBERS OF COUNCILLOR														TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
			ORDINARY COUNCIL 29 JULY 2022	SPECIAL COUNCIL	03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023					
43	Cllr L Mveku	Member	1	1	1	1	1	1	1	A	1	1	A	1	A	13	11	2	84%	
44	Cllr B. T. Ngqasa	Member	A	1	NA	1	1	1	N/A	NA	1	1	NA	1	1	13	8	5	61%	
45	Cllr W. Z Nqakwana	Member	1	1	1	1	1	1	1	1	1	1	A	1	1	13	12	1	92%	
46	Cllr. L. Mapala	Member	1	1	1	1	1	1	N/A	1	1	1	1	1	1	13	12	1	92%	
47	Cllr L Gwentshu	Member	1	1	1	1	1	N/A	1	1	1	1	1	1	1	13	12	1	92%	
48	Cllr S. Mathebe	Member	1	1	1	1	1	1	1	NA	1	1	NA	1	1	13	11	2	84%	

SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /	MEMBERS OF COUNCILLOR	DESIGNATION	ORDINARY COUNCIL 29 JULY 2022	SPECIAL COUNCIL	03 OCTOBER 2022	11 OCTOBER 2022	ORDINARY COUNCIL 25 NOVEMBER 2022	SPECIAL COUNCIL 03 FEBRUARY 2023	SPECIAL COUNCIL 21 FEBRUARY 2023	ORDINARY COUNCIL 28 FEBRUARY 2023	SPECIAL COINCIL 08 MARCH 2023	ORDINARY COUNCIL 30 MARCH 2023	SPECIAL COUNCIL 11 APRIL 2023	ORDINARY COUNCIL	ORDINARY COUNCIL 31 MAY 2023	TOTAL NUMBER OF MEETINGS IN 2022/2023 FY	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETING ATTENDANCE
49	Cllr N Xolo	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%
50	Cllr T Ngxabi	Member	1	1	1	1	1	1	N/A	1	1	1	1	1	1	13	12	1	92%
51	Cllr B Sobhayi	Member	1	A	1	1	1	1	1	1	1	1	1	1	1	13	12	1	92%
52	Cllr M.B. Jonase	Member	1	1	1	1	1	A	1	1	1	1	A	1	1	13	11	2	84%
53	Cllr N Mdingi	Member	1	1	1	A	1	1	1	1	A	1	NA	1	1	13	10	3	76%
54	Cllr M. Sonyabashe	Member	1	1	1	1	1	1	1	1	1	1	A	1	NA	13	12	2	92%
55	Cllr. M. Mataka	Member	1	1	1	1	1	1	1	1	1	1	1	1	1	13	13	0	100%

	SITTING OF COUNCIL MEETINGS IN THE FINANCIAL YEAR 2022 /
	MEMBERS OF COUNCILLOR
	DESIGNATION
	ORDINARY COUNCIL 29 JULY 2022
	SPECIAL COUNCIL
	03 OCTOBER 2022
	11 OCTOBER 2022
	ORDINARY COUNCIL 25 NOVEMBER 2022
	SPECIAL COUNCIL 03 FEBRUARY 2023
	SPECIAL COUNCIL 21 FEBRUARY 2023
	ORDINARY COUNCIL 28 FEBRUARY 2023
	SPECIAL COINCIL 08 MARCH 2023
	ORDINARY COUNCIL 30 MARCH 2023
	SPECIAL COUNCIL 11 APRIL 2023
	ORDINARY COUNCIL
	03 APRIL 2023
	ORDINARY COUNCIL 31 MAY 2023
	TOTAL NUMBER OF MEETINGS IN 2022/2023 FY
	TOTAL NUMBER OF MEETINGS ATTENDED
	TOTAL NUMBER OF MEETINGS ABSENT
	PERCENTAGE OF MEETING ATTENDANCE

Executive Committee Members of committee	22 JULY 2022	22 AUGUST 2022	21 SEPTEMBER	24 OCTOBER 2022	17 NOVEMBER	17 JANUARY 2023	17 FEBRUARY	22 MARCH 2023	22 JUNE 2023	Total Number of meetings	Number of meetings	Number of meetings absent	PERCENTAGE OF MEETINGS ATTENDED
Cllr Z. Ndevu	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr N. G. Mdzinwa	1	1	1	1	1	1	1	1	A	10	8	2	80%
Cllr A. N. Garane	A	1	1	1	A	1	1	1	1	10	7	3	70%
Cllr N. Nkula	1	1	1	1	1	A	N/A	1	1	10	8	2	80%
Cllr X. Jona	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr I. Nodali	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr T. Sokhanyile	1	1	1	1	1	1	1	A	A	10	8	2	80%
Cllr C.N. Mnyayiza	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr M. Magobane	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr. T. Ntsalaze	-	-	-	-	-	-	1	1	1	10	5	0	100%

Municipal Public Accounts Committee/ Oversight Committee Members of committee	22 AUGUST 2022	TOTAL NUMBER OF MEETINGS	21 FEBRUARY 2023	22 FEBRUARY 2023	16 MARCH 2023	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	OF PERCENTAGES MEETINGS ATTENDED
Cllr M Mataka	1	1	1	1	1	5	5	0	100%
Cllr A Jakuja	1	1	1	1	NA	5	4	1	85%
Cllr X Lungu	A	1	N/A	1	1	5	3	2	75%
Cllr N Hlanekelela	A	1	N/A	1	1	5	3	2	75%
Cllr A P Mkhonto	1	1	N/A	1	1	5	4	1	85%
Cllr P K Thingathinga	1	1	1	1	1	5	5	0	100%
Cllr B Mdingi	A	1	N/A	1	1	5	3	2	75%
Cllr L Mapala	A	1	N/A	1	NA	5	2	3	60%
Cllr B Ngqasa	1	1	N/A	1	NA	5	3	2	75%

Infrastructure and Planning Portfolio Committee 2022/23

Members of committee	15 JULY 2022	17 AUGUST 2022	13 SEPTEMBER 2022	14 OCTOBER 2022	08 NOVEMBER 2022	09 FEBRUARY 2023	10 MARCH 2023	12 APRIL 2023	10 MAY 2023	13 JUNE 2023	TOTAL NO OF MEETINGS	TOTAL NO OF MEETINGS ATTENDED	TOTAL NO OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr A. N. Garane	1	1	1	1	1	1	1	1	1	A	10	9	1	90%
Cllr N. Sonyabashi	NA	1	NA	1	NA	1	NA	1	NA	1	10	5	4	40%
Cllr N. Hlanekela	1	1	1	1	1	1	1	1	1	1	10	10	0	100%

Cllr V. Gogela	1	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr W. Nqakwana	1	1	A	1	1	1	1	1	1	1	10	9	1	90%
Cllr GL. Noqhakala	1	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr M. Tuku	N/A	N/A	1	1	1	A	N/A	1	1	NA	10	5	4	50%
Cllr. B. Sobhayi	1	1	1	NA	1	A	1	1	1	A	10	8	2	80%
Cllr P K Thingathinga	1	1	1	NA	1	1	1	1	1	1	10	9	1	90%
Cllr B T Ngqasa	1	A	N/A	1	N/A	N/A	NA	NA	NA	NA	10	2	8	20%

Budget & Treasury Portfolio Committee

Members of committee	13 JULY 2022	15 AUGUST 2022	15 SEPTEMBER 2022	13 OCTOBER 2022	10 NOVEMBER 2022	08 FEBRUARY 2023	09 MARCH 2023	13 APRIL 2023	11 MAY 2023	14 JUNE 2023	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	1	1	1	1	1	10	10	0	100%
Cllr M. Hlanekela	1	NA	N/A	A	1	1	1	1	NA	1	10	5	4	50%
Cllr N. Nogada	A	1	1	A	A	N/A	1	A	1	NA	10	4	5	40%
Cllr M. Kiviet	1	A	1	1	1	1	1	A	1	1	10	7	2	70%
Cllr Z. Ngwaqa	1	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr B. Salukazana	1	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr D. Ndema	1	1	N/A	1	1	1	1	1	1	1	10	9	1	90%

Special Programmes & Communications Portfolio Committee

Members of committee	14 JULY 2022	18 AUGUST 2022	14 SEPTEMBER 2022	17 OCTOBER 2022	09 NOVEMBER 2022	07 FEBRUARY 2023	08 MARCH 2023	11 APRIL 2023	09 MAY 2023	12 JUNE 2023	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr T. Sokhanyile	1	A	1	1	1	1	1	1	1	A	9	7	2	70%
Cllr T. Ntsalaze	A	NA	N/A	1	N/A	1	1	NA	1	1	9	5	5	50%
Cllr A Jakuja	1	1	1	1	1	1	1	A	N/A	1	9	7	2	70%
Cllr P. Magujulwa	A	1	1	1	1	1	1	1	N/A	NA	9	7	2	70%
Cllr S. Mathebe	NA	1	NA	NA	1	1	1	1	1	1	9	7	3	70%
Cllr N. Jwara	1	1	1	A	A	1	1	1	1	1	9	8	2	80%
Cllr. L. Gwentshu	1	1	A	1	1	1	1	1	1	1	9	8	2	80
Cllr S. Faye	1	1	1	1	1	A	1	1	1	NA	8	7	2	70%

Citizen & Community Services Portfolio Committee

Members of committee	15 JULY 2022	17 AUGUST 2022	13 SEPTEMBER 2022	14 OCTOBER 2022	08 NOVEMBER 2022	09 FEBRUARY 2023	10 MARCH 2023	12 APRIL 2023	10 MAY 2023	13 JUNE 2023	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	1	1	1	1	1	10	10	0	100%
Cllr F Ngonyolo	1	1	1	1	1	A	NA	1	1	1	10	8	2	80%
Cllr N. Nomnganga	1	1	A	1	1	1	NA	1	A	1	10	7	3	70%
Cllr L. Mveku	1	1	1	A	1	1	NA	A	A	1	10	6	4	60%
Cllr N. Mantshongo	A	1	1	NA	A	1	1	1	1	1	10	7	3	70%
Cllr M. Sonyabashe	A	A	NA	1	1	1	1	1	1	1	10	7	3	70%
Cllr N. Gogela	1	NA	1	NA	A	1	1	A	1	NA	10	5	5	50%
Cllr Z Mampemvini	1	NA	A	1	1	1	1	1	1	1	10	8	2	80%
Cllr T Sincindi	1	1	1	1	A	1	1	1	1	1	10	9	1	90%

Corporate Services Portfolio Committee Members of committee	13 JULY 2022	15 AUGUST 2022	15 SEPTEMBER 2022	13 OCTOBER 2022	10 NOVEMBER 2022	08 FEBRUARY 2023	14 MARCH 2023	13 APRIL 2023	11 MAY 2023	14 JUNE 2023	TOATAL NUMBER OF MEETINGS	OF TOTAL NUMBER ATTENDED	OF TOTAL NUMBER MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr I. Nodali	1	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr T. Ngxabi	NA	1	1	NA	1	1	A	NA	N/A	1	10	5	5	50%
Cllr F Sontsi	1	1	1	1	1	1	1	A	1	1	10	9	1	90%
Cllr N. Xolo	1	1	1	A	1	1	1	1	1	1	10	9	1	90%
Cllr M. Kakaza	1	1	1	1	NA	1	1	1	1	1	10	9	1	90%
Cllr M. Jonase	1	1	A	1	1	1	NA	1	1	1	10	8	2	80%
Cllr N. V. Giwu	1	1	1	1	1	1	1	1	A	1	10	9	1	90%
Cllr C. N. Mnyayiza	1	A	1	A	1	1	1	A	1	1	10	7	3	70%
Cllr N B Mdingi	1	1	NA	A	1	N/A	NA	1	1	NA	10	5	5	50%

Clr N Ntshobane	A	1	A	1	NA	1	1	NA	1	NA	10	5	5	50%
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Local Economic Development Standing Committee

Members of committee	14 JULY 2022	18 AUGUST 2022	14 SEPTEMBER 2022	17 OCTOBER 2022	09 NOVEMBER 2022	07 FEBRUARY 2023	08 MARCH 2023	11 APRIL 2023	09 MAY 2023	12 JUNE 2023	TOTAL NUMBER OF METINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr X. Jona	1	1	1	1	1	1	1	1	1	1	10	10	0	100%
Cllr A.P Mkhonto	NA	1	1	1	1	A	1	1	1	1	10	8	2	80%
Cllr L. Mapala	1	A	A	1	1	1	NA	1	A	1	10	6	4	60%
Cllr C. Madyibi	1	1	1	A	A	N/A	1	NA	A	A	10	4	6	40%
Cllr M Magobane	1	1	1	1	1	1	NA	1	1	1	10	9	1	90%
Cllr N Nomnganga	1	1	1	1	1	A	NA	NA	1	A	10	6	4	60%
Cllr F. Ntwakumba	1	A	A	A	A	1	NA	1	1	1	10	4	6	40%
Cllr X Lungu	1	A	NA	1	1	1	1	1	A	A	10	6	4	60%

LOCAL LABOUR FORUM

Member of committee	05 AUGUST 2022	08 SEPTEMBER 2022	12 OCTOBER 2022	04 NOVEMBER 2022	16 MARCH 2023	13 APRIL 2023	04 MAY 2023	07 JUNE 2023	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr I Nodali	1	1	1	1	1	1	1	1	8	8	0	100%
Cllr N Xolo	NA	1	NA	A	1	A	1	1	8	4	4	40%
Cllr N Mantshongo	1	NA	1	1	NA	NA	NA	NA	8	3	5	30%

OCCUPATIONAL HEALTH AND SAFETY

Member of committee	20 SETEMBER 2022	10 OCTOBER 2022	07 NOVEMBER 2022	06 MARCH 2023	06 JUNE	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr C N Mnyayiza	1	1	1	1	1	5	5	0	100%
Cllr B Ngqasa	NA	NA	NA	NA	NA	5	0	5	0%
Cllr P Magujulwa	1	1	A	NA	NA	5	2	3	30%

PETITIONS COMMITTEE

Member of committee	24 AUGUST 2022	12 DECEMBER 2022	06 JUN E	TOTAL NUMBER OF MEETINGS	TOTAL NUMBER OF MEETINGS ATTENDED	TOTAL NUMBER OF MEETINGS ABSENT	PERCENTAGE OF MEETINGS ATTENDED
Cllr H. Ngqasa	1	1	NA	3	2	1	66%
Cllr T. Sokhanyile	A	1	1	3	2	1	66%
Cllr A.N Garane	1	1	1	3	3	0	100%

EMPLOYMENT EQUITY AND TRAINING COMMITTEE

Member of committee	12 AUGUST 2022	10 OCTOBER 2022	10 JANUARY 2022	21 FEBRUARY 2023	09 MARCH 2023	SPECIAL TRAINING MEETING 26	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	N/A	NA	NA	6	3	3	50%
Cllr A Jakuja	1	NA	N/A	1	1	NA	6	3	3	50%
Cllr N Giwu	A	NA	1	A	NA	1	6	2	4	33%

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 Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
BUDGET AND TREASURY	Number of indigent beneficiaries subsidised with solar, electricity	Number	To provide access to improved, sustainable and	Provision of free basic services.	Basic Service Delivery	Eskom Invoices, Indigent Registers, Invoices for alternative energy.	5 522	Last Value	4692 Indigent Beneficiaries to be subsidised as follows : 50KWH from	4 692	5 432	1242 households - electricity on a monthly basis 1990 households - solar on a monthly	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
	Gas and paraffin		modernized infrastructure to the community						Eskom= 1120, For Solar =1822, For Paraffin = 1750			basis and solar on a monthly basis and 2200 for Paraffin in the fourth quarter			

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
CITIZENS AND COMMUNITY SERVICES	Percentage of qualifying households assisted in Disaster	Percentage	To create a conducive environment for particip	Disaster Emergency Relief	Basic Service Delivery	Report on qualifying affected and assisted households per disaster incident / Disaster register.	100.00%	Stand-Alone	100% Qualifying households assisted in disaster affected	100.00%	100.00%	[TL002] Senior Manager: Citizen and Community Services: Achieved (June 2023)	[TL002] Senior Manager: Citizen and Community Services: n/a (June 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	Affected areas		atory development						areas by June 2023					
CITIZENS AND COMMUNITY SERVICES	Number of households provide	Number	To develop and maintain a	Integrate d Waste Management	Basic Service Delivery	Household domestic waste collection database	769	Stand-Alone	800 households provided with	800	649	[TL003] Senior Manager: Citizen and Community	[TL003] Senior Manager: Citizen and	Not Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	aligned with formal solid waste services		financially viable and sustainable institution that achieves full						formal solid waste services by end June 2023			Services: The municipality had to report only those households that are billed	Community Services: The municipality will split the indicator to only those household	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			compliance with legislation									excluding public open spaces, municipal owned buildings and RDP houses(June 2023)	s that are billed and those public open spaces, municipal buildings and RDP		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
													houses (June 2023)	

CORPORATE SERVICES	Number of Wards with installed Free Wi-Fi	Number	To develop and enhance knowledge for future career pathing	Internet of Things - 4th Industrial Revolution – Free Wi-Fi for one ward installed	Basic Service Delivery	Invoice, Close out report, pictorial evidence	1	Stand-Alone	One Ward with free Wi-Fi installed by 30 June 2023.	1	1	[TL004] Senior Manager: Corporate Services: Umzimvubu Local Municipality has embarked on phase four free Wi-Fi project to install Free Wi-Fi at Umzimvubu communities as per ICT strategy plan. In phase four implementation, Ward 21(Toleni Combined School) has	Achieved
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												been nominated as the school that will receive free wifi in 2022/2023 financial year. Umzimvubu will be assisting Toleni Combined school due to the fact that Toleni is the worst performing school in Mt Frere district. The service provider has been appointed and		
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												configured Towers and Mashing the wi-Fi Aps for the school direction, the project will be finished on the 30th June 2023. (June 2023)		
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Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
CORPORATE SERVICES	Number of students allocated with bursaries for scarce skills	Number	Education and Skills Development (Skills Development,	Scarce skills bursary	Basic Service Delivery	Signed study agreements and proof of payments	10	Stand-Alone	Students allocated with bursary for scarce skills by end June 2023.	10	10	[TL005] Senior Manager: Corporate Services: achieved 10 student under External	[TL005] Senior Manager: Corporate Services: none (June 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			Education)									buesary (June 2023)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of constructed and completed community halls	Number	To provide access to improved, sustainable and	Construction of three Community Halls (Ntshakeni C/H, Saphuka	Basic Service Delivery	Advert, Appointment letter & Completion Certificates	6	Stand-Alone	Construction & Completion of three Community Halls by 30th	3	3	[TL006] Senior Manager: Infrastructure and Planning: Three community halls have	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			modernized infrastructure to the community	nduku C/H, Badibani se C/H)					June 2023.			been completed. (June 2023)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of constructed Sport Facilities	Number	To provide access to improved, sustainable and	Construction of Nophoyi Cluster Sport Facility	Basic Service Delivery	Advert, Appointment letter & Completion Certificate	90	Stand-Alone	Construction of one Sport Facility (Nophoyi Cluster Sport Facility)	1	0	The procurement of the contractor was delayed by objection posed on the project.	Service provider to outsource some of the specialized works such as netball	Not Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			modernized infrastructure to the community						by end June 2023				court and grassing of soccer field by end September 2023		

INFRASTRUCTURE AND PLANNING	Number of milestones conducted towards construction of Municipal Offices Phase Two	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Municipal Offices Phase Two (Multiyear project)	Basic Service Delivery	Progress Reports	1	Accumulative	Milestones conducted towards construction of Municipal Offices Phase Two: Milestone One: Foundation, concrete slab and brickworks, Milestone Two: Internal Plastering, Roofing	2	2	Foundation, concrete slab and brickworks, Internal Plastering, Roofing & renovation to the hall completed	N/A	Achieved
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									& renovation to the hall) by 30 June 2023.						
INFRASTRUCTURE AND PLANNING	Number of kilometers of access roads constructed	Number	To provide access to improved, sustainable and modernized infrastructure to the community	3.2 km for Manxiweni AR	Basic Service Delivery	Adverts, appointment letters & Completion Certificates.	35.70	Stand-Alone	Kilometres of access road constructed by end June 2023	3.20	1.5	[TL009] Senior Manager: Infrastructure and Planning: The initially planned 3.2kms could not be attained as some community members refused to accede for	[TL009] Senior Manager: Infrastructure and Planning: To strengthen social facilitation prior the project commences and to further rope in	Not Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
												the construction to cut across their sites. The project had to be halted after only 1.5 kms	Traditional Leaders for confirmation of sites to be affected by the constructio		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
												was constructed . (June 2023)	n. (June 2023)		

INFRASTR UCTURE AND PLANNING	Number of kilomete rs of access roads maintain ed	Number	To provide access to improv ed, sustain able and modern ized infrastr ucture to the commu nity	149.62 kms of roads maintain ed (Ngcway i to Lower Brooksn ek AR, Lubalek o to Nkanji AR, Betshwa na Bijintaba AR, Lugelwe ni AR, Sifolwen i to Nomkhol okocho AR, Ntibane	Basic Service Delivery	Adverts, Appointment letters & Completion Certificates.	116. 80	Stand- Alone	Kilometre s of access road maintain ed by end June 2023	149. 62	40,4	Access Roads Maintenanc e projects have been completed: Betshwana- Bijintaba (5,2Km); Sogoni (5Km); Bumbeni (5,5Km); Nkungwini (9,8Km); Majojweni (11Km); Silindini (4Km). There were delays in procuremen t and slow progress on site for the delayed	All sixteen incomplete access roads that are currently under maintenan ce will be completed in the First Quarter of the 2023/2024 financial year.	Not Achieve d
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				AR, Ndindind i AR, Centule to Ntshong weni AR, Papana na AR, Sogoni AR, Bumbeni AR, Sodladla to Tabanku lu AR, Nkungwi ni to Nompilw ana AR, Umdini to Magonts ini AR, Maphak							fifteen access roads that were not completed.		
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				ama AR, Voveni AR, Majojwe ni AR, Semeni AR, Completi on of Silindini AR), Lokwe AR, Sithinten i AR, Nkungwi ni AR and Sogoni AR Mainten ance.													
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Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of milestones conducted towards the completion	Number	To provide access to improved, sustainable and	Phepheni Sports Facility Phase 2	Basic Service Delivery	Advert, appointment letter, Completion Cert	2	Stand-Alone	Milestone one: Site establishment Milestone Two: Bulk earthwork	2	2	Site established and bulk earthworks completed	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	Construction of Phepheni sport facility phase 2		modernized infrastructure to the community						Completed by end June 2023					

INFRASTR UCTURE AND PLANNING	Number of Bridges construc ted	Number	To provide access to improv ed, sustain able and modern ized infrastr ucture to the commu nity	Constru ction of 2 x bridges (Mpemb a and Butsheni Bridges)	Basic Service Delivery	Progress report & completion certificate	2	Stand- Alone	Completi on of 2 bridges by June 2023	2	1	[TL012] Senior Manager: Infrastructur e and Planning: Butsheni bridge is practically complete. Mpemba bridge is under construction , nearing completion. The road is complete. The contractor is busy with the bridge. The bridge construction is behind, and the	[TL012] Senior Manager: Infrastruct ure and Planning: The anticipated completion date of the project is mid Septembe r 2023. Contractor to submit the revised programm e of works. (June 2023)	Not Achieve d
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												reason for the delay was the weather conditions as the contractor had to wait for the river to subside. (June 2023)		
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INFRASTR UCTURE AND PLANNING	Number of Kilometres of completed upgrades of EmaXes ibeni streets along the CBD Phase 2	Number	To provide access to improved, sustainable and modernized infrastructure to the community	Upgrade EmaXes ibeni Streets along the CBD area	Basic Service Delivery	Progress reports, Completion certificate	3.20	Stand- Alone	Kilometres of EmaXes ibeni Streets along the CBD Phase 2 upgraded (Side Walks - 2 kms Main Roads - 2 kms) by end June 2023	4	4	[TL013] Senior Manager: Infrastructure and Planning: Project is practically complete. (June 2023)		Achieved
INFRASTR UCTURE AND PLANNING	Number of milestones conducted towards completion of	Number	To provide access to improved, sustainable and	Construction of EmaXes ibeni Extension 6 Services (Storm water)	Basic Service Delivery	Advert, Appointment letter, Progress reports & completion certificate	0	Accumulative	Milestones conducted towards completion of EmaXes ibeni	2	2	[TL014] Senior Manager: Infrastructure and Planning: Project is under construction	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	EmaXes ibeni Extension 6 Services		modernized infrastructure to the community						Extension 6 Service: Milestone 1; Site establishment Milestone 2; bulk			, Contractor completed bulk earthworks (June 2023)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
									earthworks by end June 2023						

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of Multipurpose Centres with completed earthwo	Number	To provide access to improved, sustainable and	Construction of Multipurpose Centre Phase Five (Multi-	Basic Service Delivery	Completion Certificate	0	Stand-Alone	Completion of earthworks and stormwater for One Multipurpose	1	1	Earthworks and stormwater completed		Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
	rks and stormwater		modernized infrastructure to the community	Year Project)					Centre by end June 2023						

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of hectares ploughed and planted with	Number	To create a conducive environment for economic	Agrarian Development Programme	Local Economic Development	TORs, Advert, Orders, Invoices & Close out report	375	Stand-Alone	250 ha (10ha of land per Ward in the 25 wards) ploughed and planted	250	250	[TL016] Senior Manager: LED: Achieved: Service Providers that were appointed,	[TL016] Senior Manager: LED: N/A (December 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
	yellow maize		mic growth and job opportunities						with yellow maize by 31 March 2023			planted and ploughed 250ha in 25 Wards (December 2022)			

LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of Donga rehabilitation projects completed	Number	To create a conducive environment for economic growth and job opportunities	Donga Rehabilitation	Local Economic Development	Copy of adverts, Terms of reference, progress reports & completion certificates	3	Stand-Alone	Donga Rehabilitation completed in 3 Wards by end June 2023	3	3	[TL017] Senior Manager: LED: The project has been achieved and donga rehabilitation was done in the following areas: - Cabazana - Ward 26 - Lugelweni - Ward 08 and - Nqalweni/Antiyokhwe - Ward 14 (June 2023)	[TL017] Senior Manager: LED: Not Applicable. (June 2023)	Achieved
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Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of hectares of land ploughed and planted for 28 FPSU	Number	To create a conducive environment for economic	FPSU Cooperative Support Programme	Local Economic Development	TORs, Advert, Orders, Invoices & acknowledgment of receipt from beneficiaries	0	Stand-Alone	140ha of land ploughed and planted for 28 FPSU Cooperatives by	140	140	[TL018] Senior Manager: LED: Achieved: Service Provider that were appointed,	[TL018] Senior Manager: LED: Not Applicable (December 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	Cooperatives		mic growth and job opportunities						30th June 2023			planted and ploughed 140ha of land for the FPSU projects. (December 2022)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of established Clothing and Textile Hubs	Number	To create a conducive environment for economic	Establishment of Clothing and Textile Hubs	Local Economic Development	Photos, Attendance Register, List of Beneficiaries & closeout report	0	Stand-Alone	1 Clothing and Textile Hub established by June 2023	1	1	[TL019] Senior Manager: LED: Clothing and Textile Hub established (June 2023)	[TL019] Senior Manager: LED: Not Applicable (June 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			mic growth and job opportunities												

LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of facilities constructed in Ntsizwa Hiking Trails	Number	To create a conducive environment for economic growth and job opportunities	Eco-Tourism Development and Support Program	Local Economic Development	Progress reports & completion certificates	0	Stand-Alone	Construction of Ntsizwa Hiking Trail facilities (reception area with ablution facilities) by June 2023	1	0	[TL020] Manager: LED: Initial concept designs had to be redone as they were deemed not sufficient for the project to kickoff and the services of an Engineer had to be sourced to redo the concept designs (June 2023)	[TL020] Senior Manager: LED: Phase one of the construction is to be completed by 30 June 2024 (June 2023)	Not Achieved
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Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
CITIZENS AND COMMUNITY SERVICES	Number of jobs created under Food for Waste Programme	Number	To create a conducive environment for economic	Jobs created under Food for Waste Programme	Local Economic Development	Appointment letters and food waste report.	100	Stand-Alone	Jobs created under the Food for waste programme by end June 2023	100	100	Achieved	n/a.....	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			mic growth and job opportunities												

LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of SMME's enrolled under Skills Development Programme	Number	To create a conducive environment for economic growth and job opportunities	Skills Development Programme	Local Economic Development	TORs, Orders, Invoices & acknowledgment of receipt from beneficiaries	30	Stand-Alone	30 SMME's enrolled under Mentorship Programme by June 2023	30	30	[TL022] Senior Manager: LED: 10 Local Designers attended training at TARDI and have now established a Clothing and Textile Hub in partnership with Kwa-Bhaca Arts and Craft Centre. 04 Local Caterers were training on cookery skills and 20 Local	[TL022] Senior Manager: LED: none (April 2023) [TL022] Senior Manager: LED: N/A (May 2023) [TL022] Senior Manager: LED: Not Applicable (June 2023)	Achieved
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												Farmers were trained on agricultural skills. (April 2023) [TL022] Senior Manager: LED: 30 SMME's were enrolled under Mentorship Programme (Agriculture, Culinary and Designer) whereby Siphe Development was appointed to provide		
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												mentorship to 20 farmers and TARDI offered mentorship to 10 Local Designers and 4 Culinary SMME's. (May 2023) [TL022] Senior Manager: LED: Not Applicable (June 2023)		
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Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of shearing sheds supplied with equipment	Number	To create a conducive environment for economic	Supply and delivery of shearing shed equipment for 28 Wards	Local Economic Development	TORs, Orders, Invoices & acknowledgment of receipt from beneficiaries	28	Stand-Alone	28 Shearing sheds supplied with tools and equipment (Wool Pressers	28	0	[TL023] Senior Manager: LED: A Service Provider was appointed for the	[TL023] Senior Manager: LED: Wool pressers to be delivered to beneficiari	Not Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			mic growth and job opportunities) by end June 2023			supply and delivery of 28 wool-pressers. Delays in procurement (June 2023)	es during the first quarter of the 2023/2024 financial year (June 2023)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
LOCAL ECONOMIC DEVELOPMENT AND ENVIRONMENTAL MANAGEMENT	Number of storage facilities provided to Phakade Business	Number	To create a conducive environment for economic	Provision of Support to Phakade Business Cluster	Local Economic Development	TORs, Attendance Register, Architectural Drawings & acknowledgment of receipt from beneficiaries	0	Stand-Alone	Provision of one storage facility to Phakade Business Cluster by June 2023	1	0	[TL024] Senior Manager: LED: Delays in procurement. The project had to be	[TL024] Senior Manager: LED: To be delivered in the first quarter of the	Not Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	s Cluster		mic growth and job opportunities									readvertised because all bidders were non-responsive(June 2023)	2023/2024 FY(June 2023)	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
BUDGET AND TREASURY	Number of Section 72 reports submitted to PT & NT by the 25th of	Number	To develop and maintain a financially viable and sustain	Mid-year reporting (S72 Report)	Financial Management and Viability	Signed Certificate by MM & Mayor and Proof of submission to National Treasury	1	Stand-Alone	One Section 72 Report submitted to PT & NT by 25 January 2023	1	1	[TL025] CFO: Target achieved (March 2023)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
	January 2022		able institution that achieves full compliance with												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			legislation											

BUDGET AND TREASURY	Number of budgets submitted to Council for approval	Number	To develop and maintain a financially viable and sustainable institution that achieves full compliance with legislation	Budget Approval	Financial Management and Viability	Council Resolution for Budget approval, Proof of submission to Provincial and National treasury	2	Accumulative	Two sets of Draft Budgets submitted to Council by end May 2023.	2	3	[TL026] CFO: We had a Special budget adjustment owing to funds amounting to R10.5 Million received by the Municipality for Disaster relief, This instigated an adjustment of the budget to cater for proper spend It is resolution ULMC:014/	N/A	Achieved
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													2022/23 and it is on page 8 of the resolution register. (August 2022)		
BUDGET AND TREASURY	Number of financial statements prepared and submitted for assuran	Number	To develop and maintain a financially viable and sustainable	Reporting	Financial Management and Viability	Q3 GRAP Compliant AFS Set Submitted to IA , Proof of Submission to IA, Q1 GRAP Compliant AFS Set	2	Accumulative	2 sets of GRAP Financial statements by 30 June 2023	2	2	[TL027] CFO: Target achieved (June 2023)	N/A	Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	
														Achieved/Not Achieved	
	ce reviews		institution that achieves full compliance with legislation			Submitted to IA and External Audit									

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
BUDGET AND TREASURY	Percentage of Creditors paid within 30 days of receipt of a	Percentage	To develop and maintain a financially viable and sustain	Payment of creditors	Financial Management and Viability	Financial System Report	100.00%	Stand-Alone	100% Creditors paid within 30 days of receipt of a valid invoice	100.00%	100.00%	[TL028] CFO: Target achieved (June 2023)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
	valid invoice		able institution that achieves full compliance with												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	
														Achieved/Not Achieved	
			legislation												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
BUDGET AND TREASURY	Audit Opinion	Number	To create a conducive environment for participation	Improvement in audit opinion expressed on financial statement by	Good Governance and Public Participation	Opinion expressed on Financial Statements by Internal Audit and Auditor General	1	Stand-Alone	Unqualified Audit opinion by 30 June 2023.	1	1	[TL029] CFO: Target achieved (December 2022)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			atory development	Auditor general											

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
BUDGET AND TREASURY	Revenue amount collected	South African Rands	To develop and maintain a financially viable and sustain	Debt Collection	Financial Management and Viability	Section 71 dashboard reports, VAT refunds statements	R36.00	Accumulative	R36 000.00 Revenue collected by end June 2023	R36 000.00	R67 600 123.36	[TL030] CFO: Target achieved (June 2023)	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			able institution that achieves full compliance with												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			legislation											

OFFICE OF THE MUNICIPAL MANAGER	Number of Performance reports submitted to council	Number	To develop and maintain a financially viable and sustainable institution that achieves full compliance with legislation	Performance Reporting	Municipal Transformation and Organizational Development	Council Resolution extract	4	Accumulative	Four Performance reports submitted to Council by end June 2023.	4	6	[TL031] Municipal Manager: 2021/2022FY Annual Performance Report consolidated, analysed and submitted to ULM Council. 2021/2022FY Fourth Quarter Performance Report consolidated, analysed and submitted to ULM Council. (September 2022);2022/	N/A	Achieved
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												<p>2023FY First Quarter Performanc e Report has been compiled and submitted to Council. (December 2022); Mid- Year and Second Quarter Performanc e Reports compiled and submitted to Council (March 2023)Third Quarter Performanc e Report</p>		
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												compiled and submitted to Council for approval. (June 2023)		
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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	Attendance Register, Strategic planning report	5	Accumulative	Four Strategic Planning sessions coordinated by 30 June 2023 broken down as follows: 1 - Departmental Strategic Planning Sessions coordinated 1 - Exco Strat Plan Coordinated 2 - Council	4	4	Achieved	N/A	Achieved
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									Strat Plans coordinat ed					
OFFICE OF THE MUNICIPAL MANAGER	Number of SDBIP's approve d by the Mayor	Number	To develop and maintai n a financia l viable and sustain able instituti on that achieve s full compli	SDBIP Approval	Municip al Transfor mation and Organis ational Develop ment	Signed Approved SDBIP	2	Accum ulative	2 SDBIPs approved by the Mayor by end June 2023	2	2	Achieved	N/A	Achieve d

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			nce with legislation											

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
OFFICE OF THE MUNICIPAL MANAGER	Number of developed credible IDP's submitted to council	Number	To create a conducive environment for participation	IDP Adoption	Good Governance and Public Participation	Final IDP & Council resolution extract	1	Stand-Alone	Development of 1 credible Integrated Development Plan submitted	1	1	[TL034] Municipal Manager: 2023/2024FY IDP compiled and submitted to Council for	[TL034] Municipal Manager: N/A (June 2023)	Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			atory development						d to Council by end May 2023			approval (June 2023)			

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
OFFICE OF THE MUNICIPAL MANAGER	Number of Annual Reports submitted to Council	Number	To develop and maintain a financially viable and sustain	Annual Reporting	Good Governance and Public Participation	Final Annual Report and Council Resolution extract.	1	Stand-Alone	One 2021/2022FY Annual Report submitted to Council by end	1	1	[TL035] Municipal Manager: 2021/2022FY Annual Report compiled and submitted to	[TL035] Municipal Manager: N/A (March 2023)	Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			able institution that achieves full compliance with						March 2023			Council (March 2023)			

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			legislation												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
OFFICE OF THE MUNICIPAL MANAGER	Number of Oversight Reports submitted to Council	Number	To develop and maintain a financially viable and sustain	Oversight Report	Good Governance and Public Participation	Oversight Report & Council resolution extract	1	Stand-Alone	One Oversight Report submitted to Council by end March 2023	1	1	[TL036] Municipal Manager: 2021/2022FY Oversight Report compiled and submitted	[TL036] Municipal Manager: Not applicable (March 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			able institution that achieves full compliance with									on the 30th March 2023. (March 2023)			

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			legislation												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
OFFICE OF THE MUNICIPAL MANAGER	Number of Local IGR Forum meetings coordinated	Number	To create a conducive environment for particip	IGR Forum Meetings	Good Governance and Public Participation	Invites and attendance registers	2	Accumulative	To coordinate two Local IGR Forum Meetings by end	2	2	Achieved	N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			atory development						June 2023					
OFFICE OF THE MUNICIPAL MANAGER	Number of developed risk based internal	Number	To develop and maintain a financial	Risk based internal audit plan	Good Governance and Public	2023/2024 Risk-based Internal Audit Operational Plans	1	Stand-Alone	One Risk based Internal Audit Operational Plan	1	1	[TL038] Municipal Manager: Achieved. (June 2023)	[TL038] Municipal Manager: None. (June 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
	audit operational plans		Inviable and sustainable institution that achieves full compliance		Participation	approved by Audit Committee			developed by end June 2023.						

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			nce with legislation												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
SPECIAL PROGRAMMES AND COMMUNICATIONS	Number of communication strategy Action Plan reviewed	Number	To create a conducive environment for particip	Communication Action Plan Review	Good Governance and Public Participation	One Reviewed Communication Strategy Action Plan, Council Resolution	1	Stand-Alone		1	1	[TL039] Senior Manager: Special Programmes and Communication:	[TL039] Senior Manager: Special Programmes and Communication: N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	adopted by council		atory development									Achieved (June 2023)	(June 2023)	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
SPECIAL PROGRAMMES AND COMMUNICATIONS	Number of council events coordinated	Number	To create a conducive environment for particip	Council Events	Good Governance and Public Participation	Attendance registers, Event Programme/ Invitations	9	Accumulative	4 Traditional Leaders Engagement sessions by end	8	11	[TL040] Senior Manager: Special Programmes and Communication: Target	[TL040] Senior Manager: Special Programmes and Communication: N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			atory development						June 2023			Achieved (June 2023)	(June 2023)	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
SPECIAL PROGRAMMES AND COMMUNICATIONS	Percentage of presidential Hotline complaints responded to.	Percentage	To create a conducive environment for particip	Presidential Hotline	Good Governance and Public Participation	Complaints register and OTP presidential hotline report	100.00%	Stand-Alone	100% Complaints attended to annually.	100.00%	100.00%	[TL041] Senior Manager: Special Programmes and Communication: Target	[TL041] Senior Manager: Special Programmes and Communication: NA	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			atory development									achieved (June 2023)	(June 2023)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
SPECIAL PROGRAMMES AND COMMUNICATIONS	Number of Traditional Leader's engagement sessions.	Number	To create a conducive environment for particip	Traditional Leader's engagement sessions	Good Governance and Public Participation	Attendance Register	4	Accumulative	4 Traditional Leaders Engagement sessions by end	4	10	[TL042] Senior Manager: Special Programmes and Communication: Target	[TL042] Senior Manager: Special Programmes and Communication: N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			atory development						June 2023			achieved (June 2023)	(June 2023)	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
SPECIAL PROGRAMMES AND COMMUNICATIONS	Number of EXCO Outreach Programs coordinated	Number	To create a conducive environment for particip	EXCO Outreach Program	Good Governance and Public Participation	Attendance register and Program	2	Accumulative	Two EXCO IDP Outreach Programs coordinated by	2	2	[TL043] Senior Manager: Special Programmes and Communication: Target	[TL043] Senior Manager: Special Programmes and Communication: N/A	Achieved	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			atory development						end June 2023			Achieved (June 2023)	(June 2023)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
SPECIAL PROGRAMMES AND COMMUNICATIONS	No of jobs created on EPWP	Number	To create a conducive environment for particip	EPWP programme	Good Governance and Public Participation	EPWP system generated report	331	Accumulative	400 EPWP Jobs created by end June 2023	400	566	[TL044] Senior Manager: Special Programmes and Communication: Target	[TL044] Senior Manager: Special Programmes and Communication: N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
			atory development									achieved (June 2023)	(June 2023)	

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Percentage of sites surveyed and Planned	Percentage	To provide access to improved, sustainable and		Spatial Planning and Development	Survey Reports and Development Application Reports	2.00 %	Stand-Alone	Spatial Planning Programs	100.00%	100,00 %	[TL046] Senior Manager: Infrastructure and Planning: Sites were surveyed. (June 2023)	[TL046] Senior Manager: Infrastructure and Planning: N/A. (June 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			modernized infrastructure to the community												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of completed Housing Units from 2021/2022FY	Number	To provide access to improved, sustainable and	Completion of 56 Housing Units from 2021/2022 financial year.	Basic Service Delivery	Advert, Appointment letter, Progress reports and Completion Certificate	0	Stand-Alone	Construction & Completion of 56 Housing Units from 2021/2022FY by	56	56	[TL047] Senior Manager: Infrastructure and Planning: Achieved. (December 2022)	[TL047] Senior Manager: Infrastructure and Planning: N/A. (December 2022)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			modernized infrastructure to the community						31st October 2022.						

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of kilometres of maintained Disaster Affected	Number	To provide access to improved, sustainable and	Maintenance of Municipal Disaster Affected access roads	Basic Service Delivery	Appointment Letter, Progress reports, Completion certificate	0	Stand-Alone	Kilometres of maintained Disaster Affected access roads by	30	30	[TL048] Senior Manager: Infrastructure and Planning: Achieved. (June 2023)	[TL048] Senior Manager: Infrastructure and Planning: N/A. (June 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
	Access Roads		modernized infrastructure to the community						end June 2023						

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of maintained Disaster Affected Bridges	Number	To provide access to improved, sustainable and	Maintenance of Municipal Disaster Relief bridge	Basic Service Delivery	Appointment Letter, Progress reports, Completion certificate	0	Stand-Alone	Maintenance of One Disaster Affected Bridge by end June 2023	1	1	[TL049] Senior Manager: Infrastructure and Planning: Achieved. (June 2023)	[TL049] Senior Manager: Infrastructure and Planning: N/A. (June 2023)	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			modernized infrastructure to the community												

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of Households installed with electricity infrastru	Number	To provide access to improved, sustainable and	Installation of electricity infrastructure to 261 Households	Basic Service Delivery	Advert, appointment letter; pictorial evidence, progress reports &	1375	Stand-Alone	Installation of electricity infrastructure (Poles, Strings, Transformers &	261	261	[TL050]Senior Manager: Infrastructure and Planning: 261 households installed with	[TL050] N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
	capture from 2021/2022FY		modernized infrastructure to the community			completion certificate			Meter boxes) for 261 Households from 2021/2022FY by end of			electricity infrastructure (June 2023)		

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
									June 2023						

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023
														Achieved/Not Achieved
INFRASTRUCTURE AND PLANNING	Number of bridges constructed & completed from 2020/2021FY	Number	To provide access to improved, sustainable and	Completion of Silindini bridge	Basic Service Delivery	Appointment Letter, Progress reports, Completion certificate	8	Stand-Alone	Construction & completion of Silindini bridge	1	1	[TL051]The bridge has been completed.	[TL051]N/A	Achieved

Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Project Name	Key Performance Area	Source of Evidence	Baseline	Calculation Type	Target Description	Revised Annual Target	2022/2023FY Actual	Performance Comment	Corrective Measures	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023	Achieved/Not Achieved
			modernized infrastructure to the community												

Chapter 4: Organisational Development Performance

Component A: Introduction to Municipal Personnel

4.1. Employee Totals, Turnover and Vacancies

Employees				
Description	2022/2023			
	Approved Posts	No. Of Employees	Vacancies	Vacancy Rate in %
Section 56 Senior Managers	6	6	0	0
Managers	24	24	1	0,24
Support Personnel (Officers, Coordinators, Administration Clerks & General Workers)	195	195	4	7,8
Totals	225	224	5	8,4

Vacancy rate: 2022/2023

Designation	Total No. Of approved posts	Vacancies(Total time that vacancies exist using fulltime equivalent	Vacancies (as proportion of total posts in each category)
Section 56 Managers	6	0	0
Managers	24	1	1
Support Personnel	195	4	4
Total	226	5	5

Managing the Work Force

Employees are provided with working tools and there is attendance registers and biometrics system to track attendance and do quarterly performance assessments.

1.2. Policies

Human Resources Policies

No.	Name of Policy	Completed	Reviewed	Adopted
1	Acting Policy	YES	YES	YES
2	Overtime Policy	YES	YES	YES
3	Induction & Orientation Policy	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	YES	YES	YES
12	Retirement Policy	YES	YES	YES
13	Standby Policy	YES	YES	YES
14	Organisational Design	NO	NO	NO
15	Benefit Policy	YES	YES	YES

16	Attendance & Punctuality Policy			
17	Employee Wellness Policy	YES	YES	YES
18	Fleet Management Policy			
19	Special Risk Policy			
20				

4.3. Suspensions

One (1) employee suspended on precautionary suspension for threats to a service provider pending investigation outcome.

4.4. Performance Rewards

They are done according to the performance management policy

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 2022/2023 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 2024, and a total of twenty-seven (27) managers will be assessed.

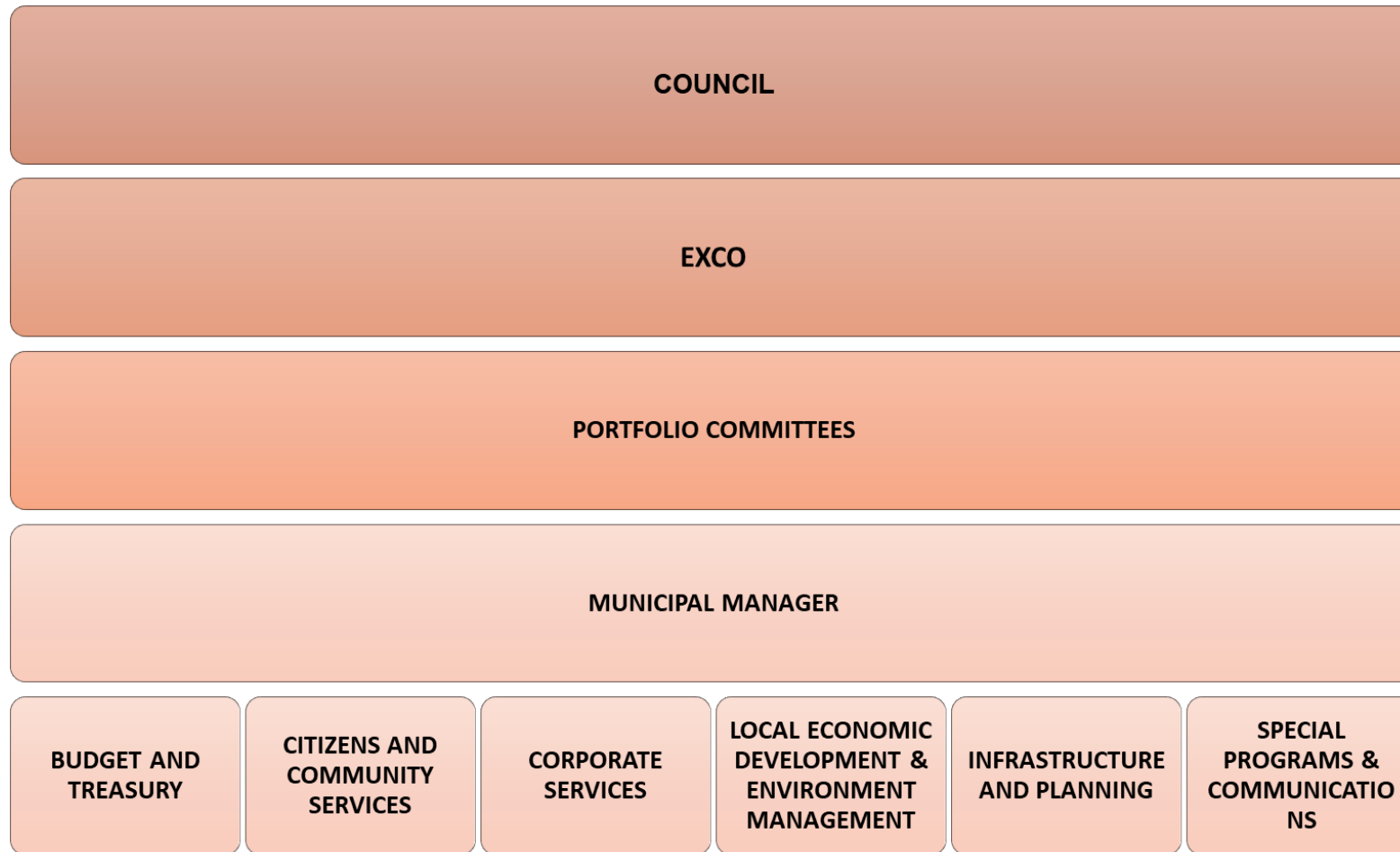
NB// At the moment the report for performance assessments is not yet finalised, it is still under review process by Internal Audit.

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.

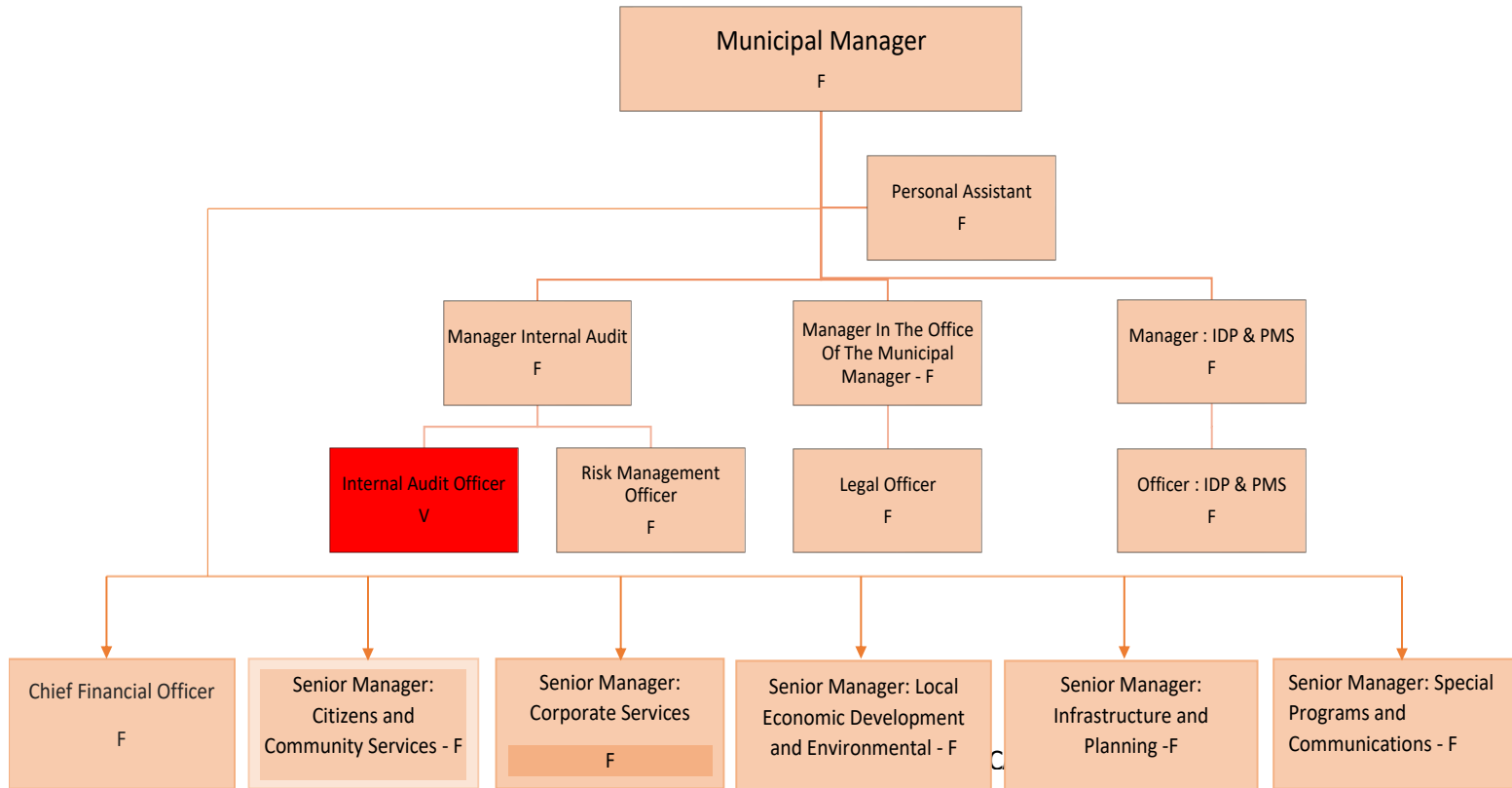
All employees were given vouchers as token of appreciation, and performance was rewarded and/or recognised as per the following categories on a formal prestigious Employee Excellence Awards ceremony on the 14th December 2023.

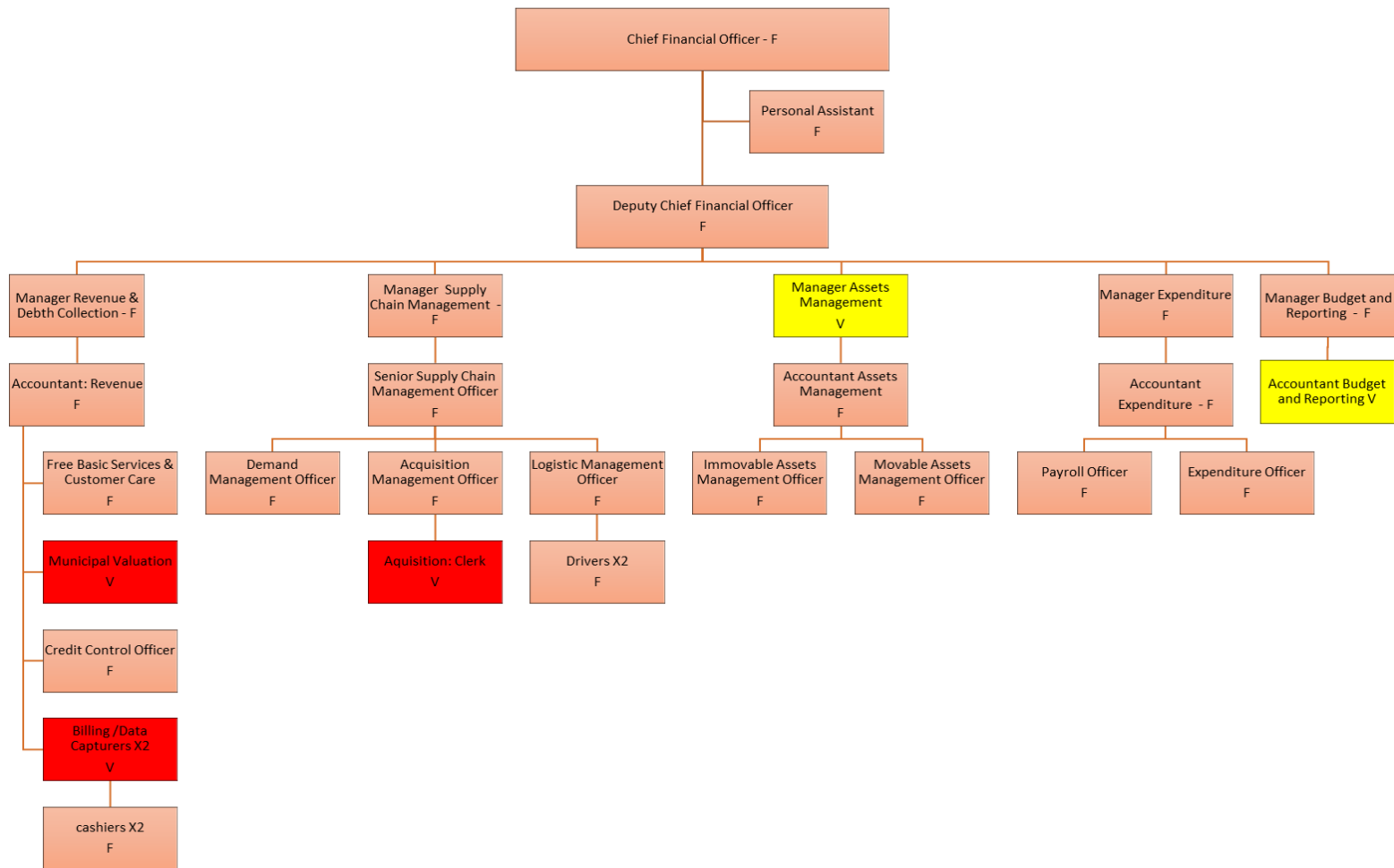
- Employee of the Year - X 1 Employee
- Long service employee
 - 5 years - X 6 Employees
 - 10 years - X 6 Employees
 - 20 years - X 9 Employees
 - 25 years - X 1 Employee
 - 30 years - X 1 Employee
- Best performed employee of the section - X 18 employees
- Best performed employee of the department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

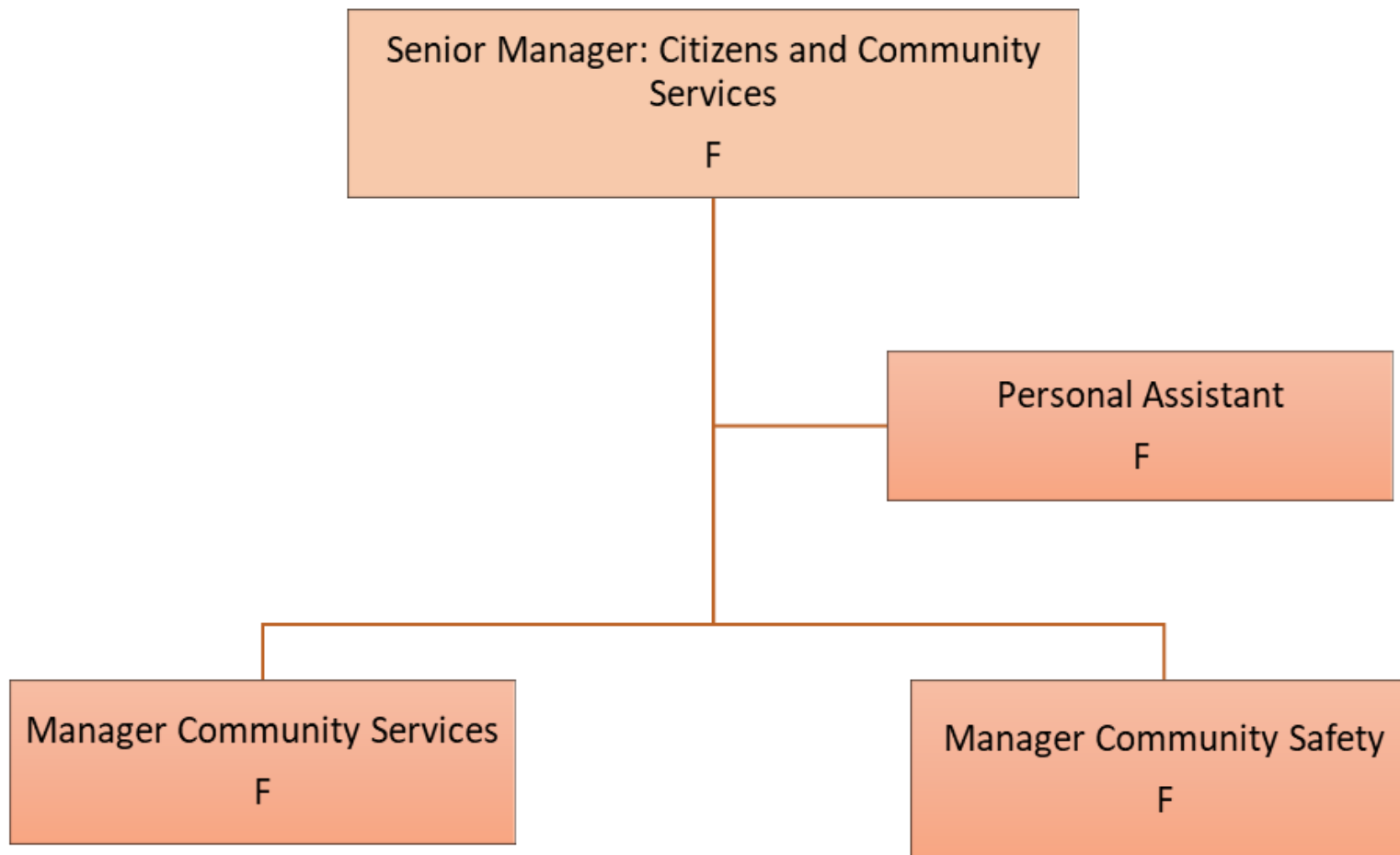


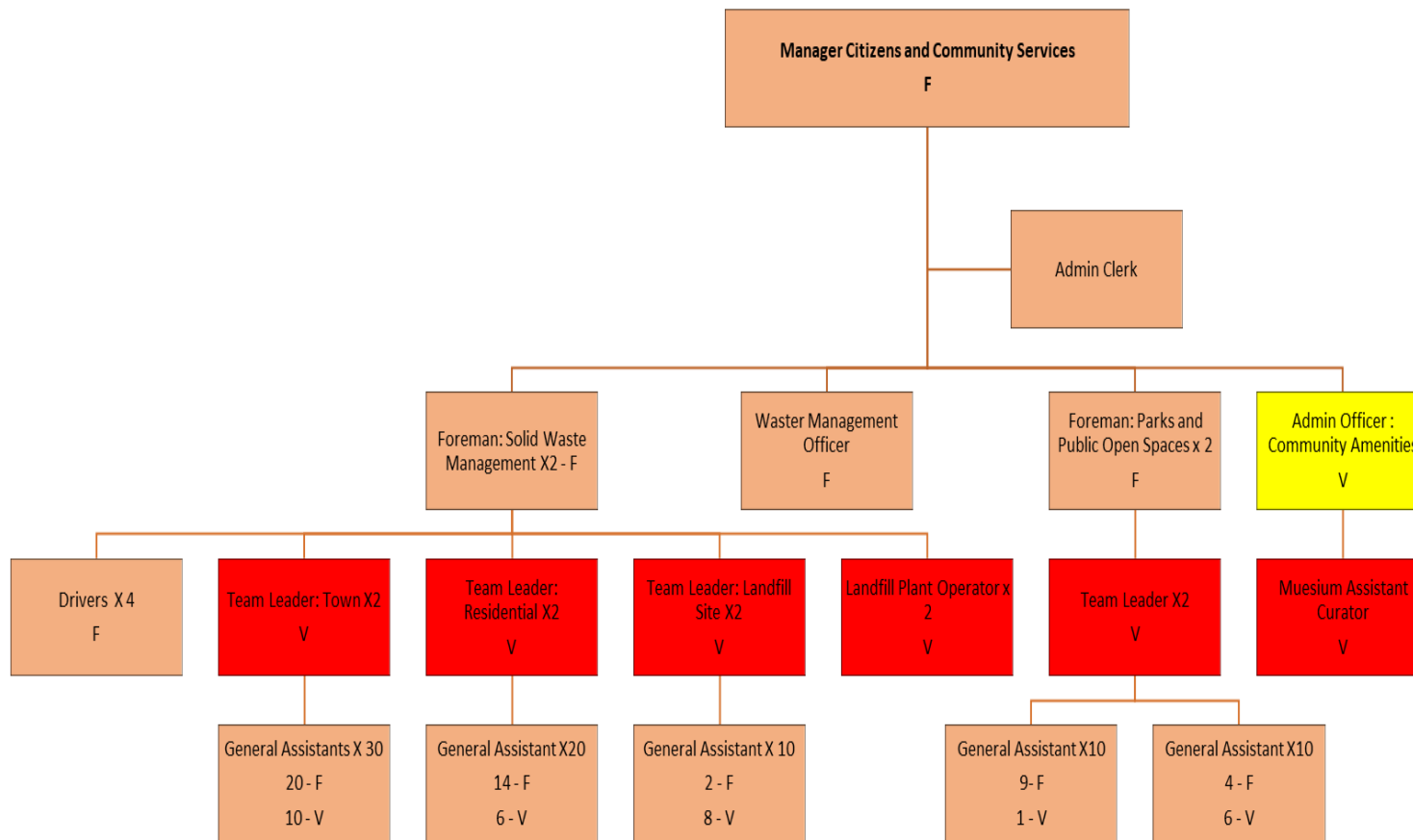
OFFICE OF THE MUNICIPAL MANAGER

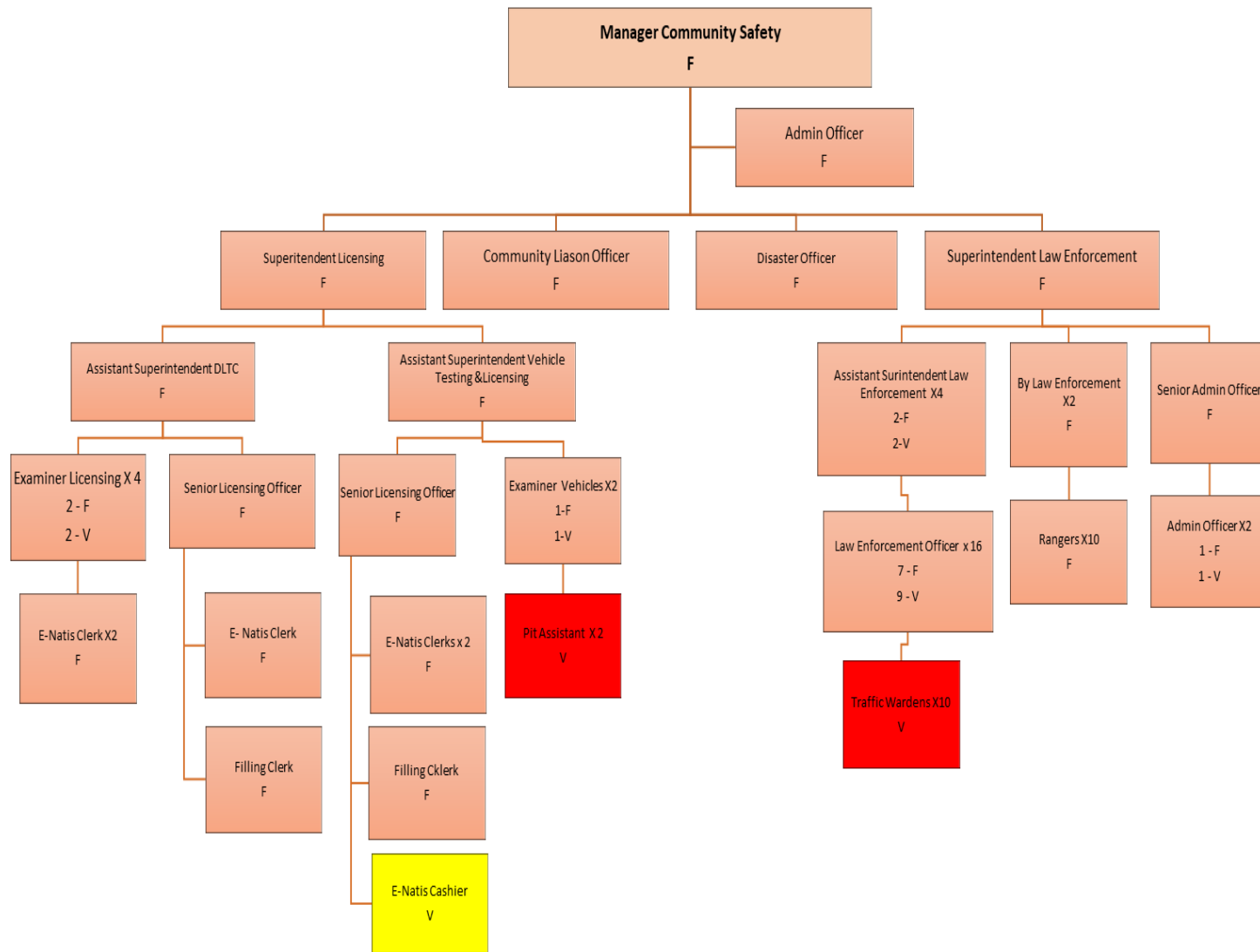
No of Posts: 09

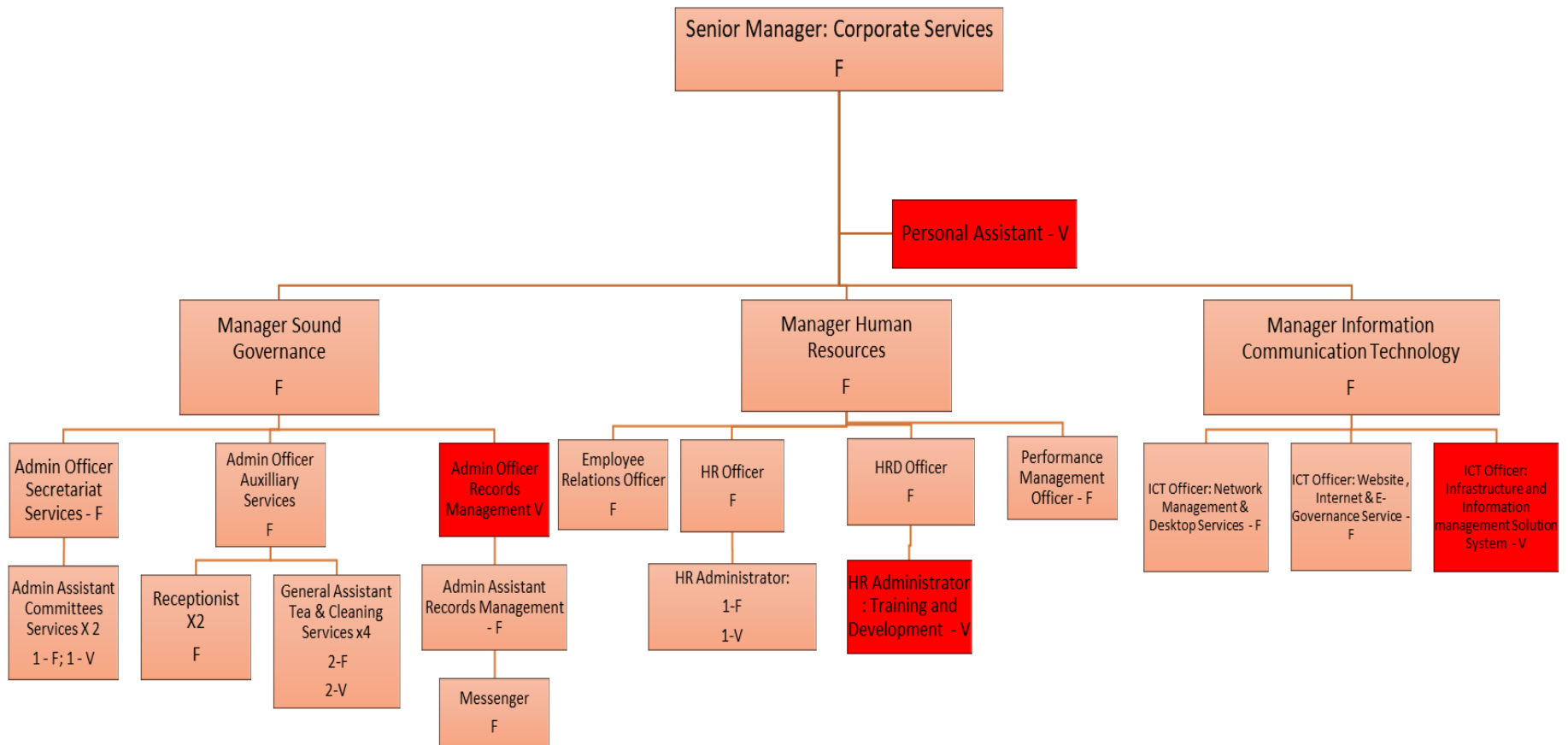


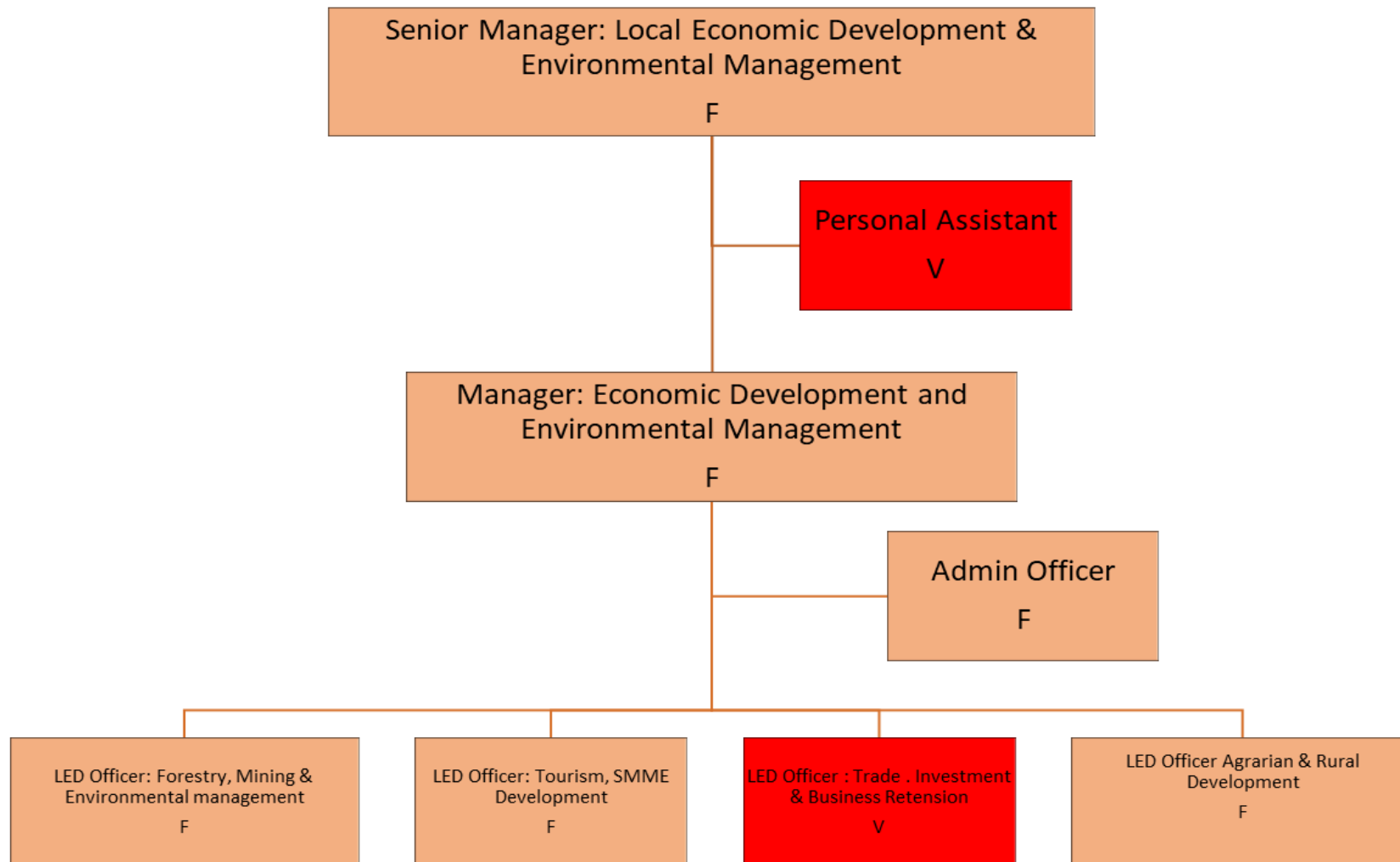


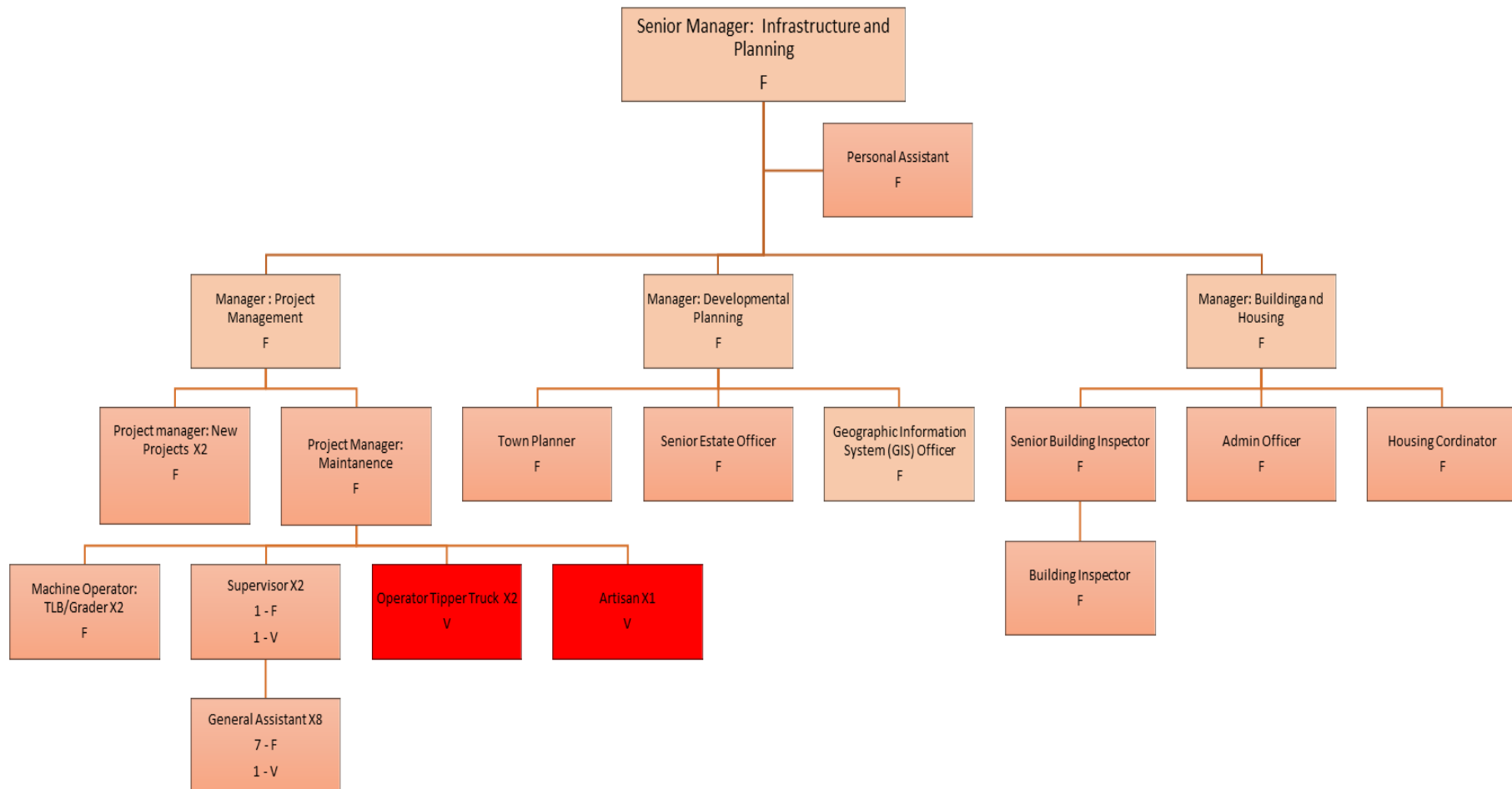


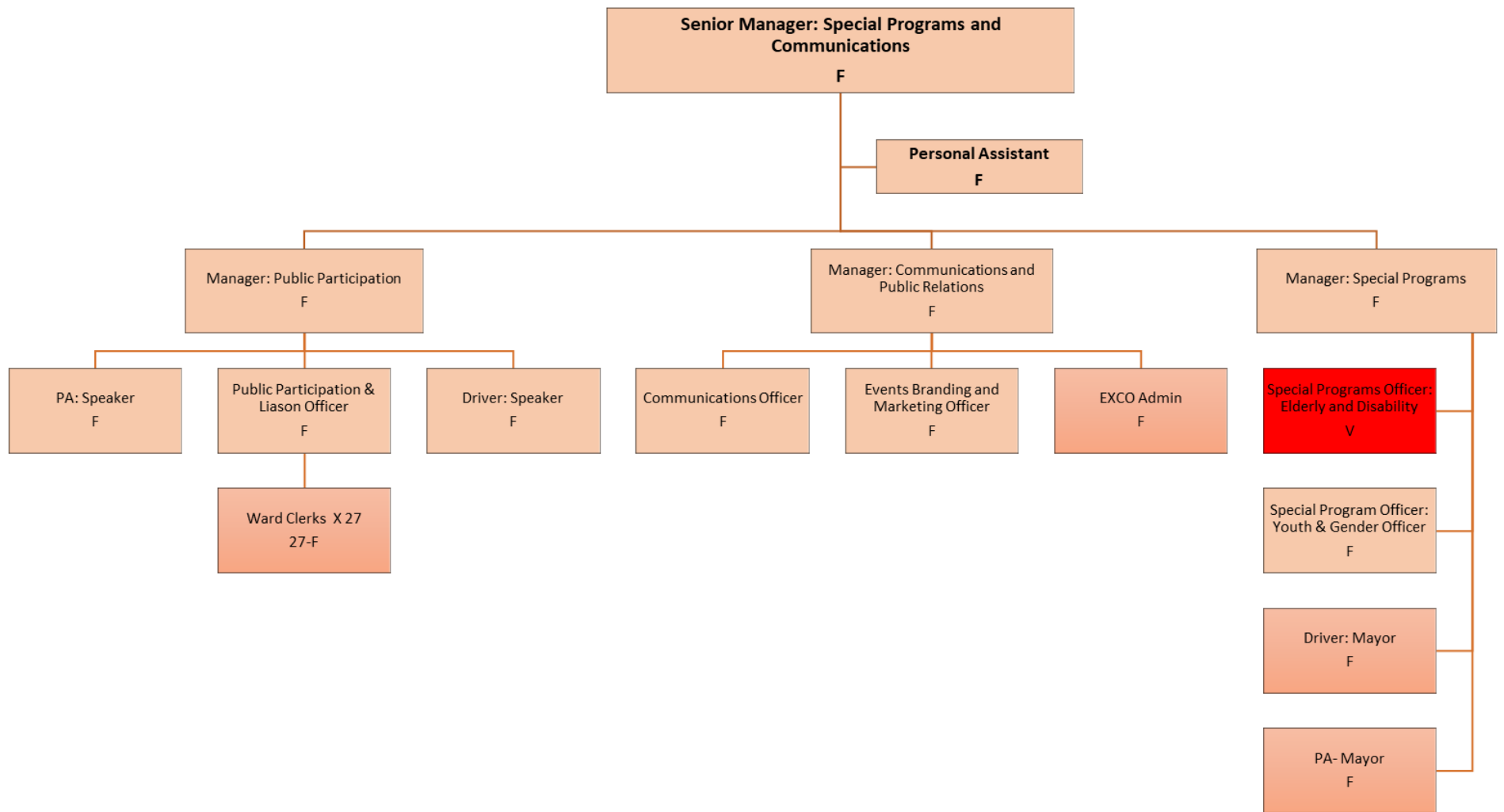












Component C: Capacitating the Workforce

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 2023	Learnerships		Skills programmes and other short courses		Other forms of training		Totals		
			No of employees	Target 2022/2023	Actual 2022-2023	Target 2022/2023	Actual 2022-2023	Target 2022/2023	Actual 2022-2023	Target 2022/2023	Actual 2022-2023
			Municipal Manager & S56 & 57 managers	Female	3	0	0	0	0	0	0
	Male	4	0	0	0	0	0	1	0	1	
Councillors	Female	27	0	0	11	7	0	2	11	7	
	Male	28	0	0	11	7	0	3	11	7	
Technicians and Associate Professionals	Female	6	0	0	0	1	0	0	0	1	
	Male	17	0	0	0	3	1	0	1	3	
Professionals	Female	39	0	0	23	13	0	0	23	13	

	Male	31	0	0	23	13	1	0	23	13	
Sub totals	Fem ale	75	0	0	34	21	0	2	34	21	
	Male	80	0	0	34	23	2	4	35	24	
Totals		155	0	0	68	44	2	6	69	45	

Financial Development Competencies					
Description	Number of officials employed	Total number	Competency assessment completed	Number of officials with performance agreements complying with regulation 16	Total number of officials meeting prescribed competency levels
Financial Officials					
Accounting Officer	1	1	Yes	1	1
Chief Finance Officer	1	1	Partly Completed	1	1
Heads Of Departments	5	5	Partly Completed	3	3
Assistant Manager Supply Chain	1	1	Yes	1	1
Other Financial Officials	5	5	Partly Completed	3	3
Totals	13	13		9	9

Employees :Corporate services

Level	2021/2022	2022/2023			
	Employees No	Posts No	Employees No	Vacancies	Vacancies % (As a % of total posts)
0-3	2	2	2	0	0
4-6	6	4	4	0	0
7-9	1	1	1	0	0
10-12	8	9	9	0	0
13-16	0	1	1	0	0
Total	17	17	17	0	0

Skills Development Expenditure								
Management Level	Gender	Employees in posts as at 30 June 2023	Skills programmes and other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual		
		No of employees						
Municipal Manager & S56 & 57 managers	Female	3						
	Male	4						
Councillors & Managers	Female	27						
	Male	28						
Technicians and Associate Professionals	Female	6						
	Male	17						
Professionals	Female	39						

	Male	31						
Sub total	Female	75	R1507996,00	R1445410,60	0	0	R1507996,00	R1445410,60
	Male	80						
Total		155	R1507996,00	R1445410,60	0	0	R1507996,00	R1445410,60

Capital Expenditure Year 2022/2023: Corporate Services					
Capital Projects	2022/2023				
	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
IT Equipment	R1,500,000.00	R1,500,000.00	R3016,642.00	R1,500.000.00	R3016,642.00
Vehicles	-	-	-	-	-

Furniture & Equipment	R420 000.00	-	R397,994.00	-	R397,994.00
ICT	-	-	-	-	-
Training & Development	R1,599,996.00	R92 000.00	R1,445,410.60		R1,445,410.60
Protective Clothing	-	-	-	-	-
Vehicle Fuel & Oil	-	-	-	-	-
Advertising Fees	R249,996.00	R187 000.	R358,654	R78 341.09	436996.00
Water & Sanitation	-	-	-	-	-
Training: Students	R450 000.00	R280 000.00	R661046.57	R280 000.00	R661,046.57
Study Assistance	R900 000.00	-	R624,143.76	-	R624,143.76
EAP	R5004.00	-	-	-	-
Tracker	-	-	-	-	-
Telephone	R2,300,000.00	R500 000.00	R206,636,33.00	R500 000.00	R206,636.33.00
Travelling & Accommodation	R300 000.00	-	R285,264.69	-	R285,264.69
Subsistence & Travelling	R368976.00	-	R327,228.33	-	R327,228.33
Printing & Stationery	R201 000.00	R122 000.00	R206 746.62	R122 000.00	R206 746.62
Labour Relation	-	-	-	-	-
ICT License	R999,996.00	R550 000.00	R446,927.97	R550 000.00	R446 927.96

License Fees	-	-	-	-	-
Insurance External	-	-	-	-	-
Conference & Workshops	R30 000.00	R168 000.00	R141 969.58	R168 000.00	R141969.58
Cleaning Material	R557,004.00	R21004.00	R537,732.32	R21004.00	R537,732.32
R&M Equipment & Vehicles	-	-	-	-	-
R & M Building & Installation	-	-	-	-	-
TOTAL					

Chapter Five: Financial Management

5.1. Statement of Financial Performance

Umzimvubu Local Municipality recorded a pre-audit surplus of **R 33 948 189** from an audited deficit of **R 22 438 033 and unaudited restatement deficit of (22,873,496)** for the 2022/2023 and 2021/2022 financial years respectively. The pre-audit 2022/2023 Statement of Financial Performance is as follows:

Statement of Financial Performance			
	Notes	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods and other services	25	1,037,069	640,484
Service charges	26	1,262,598	1,216,660
Rental of facilities and equipment	27	6,356,833	3,779,118

Interest received	28	9,828,365	4,823,411
Income from Agency services	29	2,065,526	2,314,487
Licences and permits	30	1,759,925	1,712,956
Operational Revenue	31	127,967	168,238
Insurance proceeds	31	170,417	-
Fair value adjustments	32	3,481,623	3,745,041
Actuarial gains	49	-	146,000
Total revenue from exchange transactions		26,090,323	18,546,395
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	33	47,151,195	48,595,020
Licences and permits	34	198,383	128,961
Interest received	35	2,041,631	1,490,559
Transfer revenue			
Government grants and subsidies	36	358,519,935	343,484,987
Award received	37	500,000	-
Fines, Penalties and Forfeits	38	3,337,402	4,793,426
Total revenue from non-exchange transactions		411,748,546	398,492,953
Total revenue	24	437,838,869	417,039,348
Expenditure			
Employee related costs	39	(91,873,789)	(84,546,466)
Remuneration of councillors	40	(22,742,842)	(20,745,018)
Depreciation and amortisation	41	(72,091,408)	(74,912,788)
Impairment losses	42	(11,030,132)	(11,648,718)
Finance costs	43	(1,037,984)	(724,214)
Lease rentals on operating lease	44	(307,582)	(101,903)
Inventory Consumed	45	(10,128,713)	(7,304,566)
Contracted services	46	(92,395,566)	(75,332,404)
Transfers and Subsidies	47	(24,548,726)	(83,621,554)
Loss on disposal of assets and liabilities	48	(818,388)	(2,047,392)
Actuarial losses	49	(19,000)	-
Operating costs	50	(76,896,550)	(78,927,821)
Total expenditure		(403,890,680)	(439,912,844)
Surplus (deficit) for the year		33,948,189	(22,873,496)

5.2. Grants

Umzimvubu Local Municipality has received grant funding for the **2022/2023** financial year as indicated in the Division of Revenue Act of 2022. The grant funding for **2022/2023** financial year is as follows: -

Description	2021/2022 Budget	Adjusted	2022/2023 Budget	2023/2024 Budget
EQUITABLE SHARES	238 026 000		260 936 004	275,387,000
FINANCIAL MANAGEMENT GRANT	1 720 000		1 720 000.00	1,720,000
MIG	48 951 000		52 785 996	55,067,000
MIG - OPERATIONAL	Nil		Nil	Nil
ELECTRIFICATION GRANT	36 021 066			17,350,000
MSIG	Nil		Nil	Nil
DEDEAT GRANT - ALIEN PLANTS	Nil		Nil	Nil
EPWP GRANT	3 412 999		3 500 000	2,917,000

- **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 Budget	Adjusted	2022/2023 Budget	2023/2024 Budget
LIBRARY SUBSIDY	R750,000		R750,000	R750,000

LED ASSISTANCE GRANT	n/a	n/a	n/a
IDP GRANT	n/a	n/a	n/a
GIS SHARED SERVICES GRANT	n/a	n/a	n/a
SDF GRANT	n/a	n/a	n/a

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 16 and 17. The Municipality continues to annually increase its repairs and maintenance budget as per asset management guidelines and will continue to implement asset management systems in line with prescribed accounting standards. The municipality performs at least twice a year an asset verification in line with its asset management policy. The municipality continues to improve internal controls and procedures around asset management.

SWOT Analysis

Strengths	Weakness
-----------	----------

<ul style="list-style-type: none"> • Asset Management Policy • GRAP compliant Fixed Asset Register • Competent Staff with available external expertise 	<ul style="list-style-type: none"> • Safeguarding of assets • Management and control of asset movement • Non-appointment of Asset management champions in each department. • Lack of close working relationship between Infrastructure department and BTO. • Asset Management Cycle not fully championed by the Asset Management section.
<p>Opportunities</p>	<p>Threats</p>
<ul style="list-style-type: none"> • Integration of the Fixed Asset Register to the Munsoft system. • Effective use of the available GIS system in managing Assets. • Improved working relationship between all departments 	<ul style="list-style-type: none"> • Theft • Incomplete Asset register due to weak relations with Infrastructure department. • Ownership disputes on assets without barcodes. • Asset register not complying with GRAP requirements due to the use of Asset Module on the system.

Component B: Spending Against Capital Budget

5.4. Capital Expenditure

The following table shows the capital expenditure incurred by the municipality for the 2022/2023 financial period: -

Description	2022/2023 Budget	Adjusted	ACTUAL
ROAD INFRASTRUCTURE	101 000 000		97 308 293
ELECTRICITY INFRASTRUCTURE	12 800 000		10 789 437
REFUSE SITES	500 000		334 000
COMMUNITY HALLS	11 000 000		11 000 000
SECURITY EQUIPMENT	0		0
VEHICLES	7 500 000		6 591 000
COMPUTER HARDWARE AND EQUIPMENT	3 800 000		3 764 907
FURNITURE AND OFFICE EQUIPMENT	3 700 000		3 691 949
LAND AND BUILDINGS	34 000 000		34 000 000
OTHER ASSETS			

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 Budget	2022/2023	YTD ACTUAL
ASSESSMENT RATES: RESIDENTIAL	48 951 000		47 151 195
METER REPLACEMENT	0		0
LEASEHOLD FEES	0		0
HALL HIRE	45 000		47 725
INTEREST ON INVESTMENTS	9 484 464		8 911 396
INTEREST ON CREDIT BALANCE	0		0
TRAFFIC FINES	6 500 000		2 825 770
ADVERTISING INCOME	100 000		118 893
BUILDING PLANS	416 000		563 540
INTEREST IN ARREARS	0		0
ELECTRICITY CONNECTIONS	0		0
RECONNECTIONS	0		0
PLANT RENTAL	0		8 810

DRIVERS LICENCE	1 523 808	1 638 122
NATIS AGENCY FEES	2 818 536	2 187 328
VENDING & HAWKING	300 264	199 035
COMMISION RECEIVED	0	0
REFUSE – INCOME	1 200 000	1 262 598
FUNERAL FEES	21 000	23 800
BASIC ELETRICITY	0	0
TENDER FEES	280 000	289 666
LAND SALES	0	0
ZONING FEES	9 204	23 768
POUND FEES	390 000	511 631
RECREATIONAL FACILITIES	0	127 740

5.6. Capital Expenditure on 5 Largest Projects

Kwabhaca shooting range is one of the biggest projects that the Municipality is undertaking. The project after its completion will generate more revenue to the Municipality. The other project funded by the office of the premier through the small town revilisation programme which seeks to enhance the outlook of Emaxesibeni town is the Upgrade of internal streets in the CBD. Phepeni Sport field is the only sports facility within the region that meets all DSRAC norms and standards approved by Provincial and National DSRAC.

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

Capital Expenditure Year 2022-2023: (Other PMU projects)						
Capital Projects	2022-2023					
	STATUS	Budget	Adjusted Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
KwaBhaca Shooting range	Construction	R10 000 000.00		R2 967 290.40		R10 000 000.00
Ext 6 Services	Construction	7 306 160,79		R2 561 740.31		7 306 160,79
Phepeni Sport Field	Construction	7 175 499,49		R5 792 728.54		7 175 499,49
Upgrading of Emaxesibeni streets Phase 2	Completed	20 175 503,14		R19 633 730.20		20 175 503,14

5.7. Basic Service and Infrastructure Backlogs

Municipalities are mandated to deliver basic services to communities in a sustainable and efficient manner. Backlog in terms of Electrification has been reduced drastically. Backlog in terms of construction of sport fields is still high. Most of our roads have been damaged by heavy rains and the backlog has increased tremendously.

(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	47 800	43 200	90%	4 600	10%	The universal access target is 2025/26 FY

Infrastructure Services Categories	Municipal Baseline (Total HH)	Access To Date	Access To Date (%)	Backlog To Date	Backlog To Date (%)	Universal Access Target (Comments)
Roads	690	556	81%	134	19%	2028
Refuse Removal	736	736	100%	0	0	
Community Halls	54	37	69%	17	31%	2028
Sports Facilities	27	8	30%	19	70%	2030

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 R75 799 934 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 2022/2023 were compiled in line with the GRAP requirements.

Chapter Six: Auditor General's Audit Findings

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

6.1. Prior Year Comments.

The ULM has stagnated and obtained an unqualified audit opinion for the 2021-2022 financial year. There are repeat findings identified in some of the expenditure classification and some submitted schedules do not

agree with the submitted financial statements has resulted to material restatements which were all subsequently adjusted.

There is a need for the oversight leadership to drive the culture of daily implementation of financial disciplines so that the municipality improved its audit outcomes.

6.2. Current Year

REVENUE COLLECTION BY SOURCE

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 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 2023 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 Mbusi Siphosethu
- Manager Revenue and Dept Collection – Mr Lusapho Matshoba
- Manager Supply Chain Management – Mr Themba Mbukushe
- Manager Asset Management – Mr Siphosethu Jojo
- Manager Budget and Report – Mr Luthando Luzipho
- Manager Expenditure - Ms Nwabisa Majova

CITIZENS AND COMMUNITY SERVICES

- Manager Citizens and Community Services – Mr Nyembezi Fani
- 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 Mbono Zimasa
- Manager Communications and Public Relations – Mr Khanya Kalashe
- Manager Special Programmes – Mr Ngejane Mazolisa

INFRASTRUCTURE AND PLANNING

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

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 committee's 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

H.Revenue Collection Performance by Source

REVENUE COLLECTION BY SOURCE

01/07/2022 - 30/06/2023			
Revenue Source	Billing	Receipts	Collection %
Rates	47,151,194.87	41,874,688.32	89%
Refuse	1,262,598.13	540,312.87	43%
Interest	2,628,719.68	446,907.61	17%
Total	51,042,512.68	42,861,908.80	84%
Other Revenue			
Revenue Source	Budget	Receipts	Collection %
Traffic Fines	6,500,004.00	605,108.20	9%
Trading Licences	297,552.00	107,629.39	36%
Drivers & Learners Licenses	1,523,808.00	1,638,112.00	108%
Vehicle Registration	2,665,644.00	2,065,525.78	77%
Vehicle Testing Station	152,892.00	121,803.00	80%
Hall Rental	-	47,725.20	0%
Sophia Park	-	127,740.87	0%
Plant Rental	-	8,810.41	0%
Interest on Investment	9,484,646.00	8,912,431.74	94%
Interest on Current Account	632,628.00	329,897.22	52%
Advertising	-	118,982.69	0%
Building Plan Fees	416,004.00	563,540.64	135%
Clearance Certificates	6,324.00	15,300.17	242%
Funeral Plots	-	23,488.18	0%
LGSeta	500,000.00	699,449.59	140%
Parks	-	7,532.95	0%
Pound Fees	390,000.00	511,611.50	131%
Rezoning Application	7,584.00	10,747.83	142%
Rezoning Certificate	1,620.00	13,020.90	804%
SG Diagrams	252.00	-	0%
Tender Fees	-	289,666.27	0%
Vat Claims SARS	20,800,000.00	16,678,362.93	80%
Licences and permits	62,880.00	90,753.67	144%
TOTAL	43,441,838.00	32,987,241.13	76%

VOLUME 2: Annual Financial Statements



Umzimvubu Local Municipality
Annual Financial Statements
for the year ended 30 June 2023

AUDITOR GENERAL
SOUTH AFRICA

30 NOV 2023

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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	Provision of services to the community as prescribed by the Local Government: Municipal Structures Act (Act No. 117 of 1998) and the Constitution of the Republic of South Africa (Act No. 108 of 1996) as amended.
Executive Mayor	Cllr Z. Ndevu
Speaker	Cllr M. H. Ngqasa Cllr N. Nomnganga (Acting speaker)
Chief Whip	Cllr N.F. Ngonyolo
MPAC Chairperson	Cllr M. Mataka
Councillors	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. Noqhakala 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. Jonase 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 Pr Cllr T. Ntsalaze Pr Cllr B. T. Ngqasa



Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

	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
Capacity and grading of local authority	Grade 3
Accounting Officer	Mr G.P.T Nota
Chief Financial Officer	Mr F.T Fundira
Registered office	Dabula Street Sophia Kwa-Bhaca 5090
Bankers	First National Bank
Auditors	Auditor-General of South Africa Registered Auditors
Attorneys	Conjiwa & Associates Fikile Ntanyi & Associates Madlanga & Partners Inc. Mdledle Incorporation Norton Rose Fullbright
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 30 June 2023

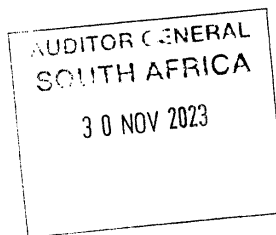
Index

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

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Statement of Financial Performance	6
Statement of Changes in Net Assets	7
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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
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
IASB	International Accounting Standards Board



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 30 June 2024 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 40 - 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 1996) and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2023 and were signed on its behalf by:


Accounting Officer (G.P.T Nota)
KwaBhaca

Thursday, 31 August 2023

AUDITOR GENERAL
SOUTH AFRICA

30 NOV 2023

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	2 949 317	3 123 510
Operating lease asset	4	18 473 694	13 884 681
Receivables from exchange transactions	5&7	579 642	564 039
Statutory receivables	6&7	20 395 551	15 445 112
VAT receivable	8	12 605 799	6 860 717
Prepayments	9	-	1 082 117
Other receivables	10	3 707 395	-
Cash and cash equivalents	11	79 105 291	102 908 112
		137 816 689	143 868 288
Non-Current Assets			
Investment property	12	25 298 064	21 816 441
Property, plant and equipment	13	980 505 106	925 086 445
Intangible assets	14	595 476	816 437
Heritage assets	15	17 719	17 719
		1 006 416 365	947 737 042
Total Assets		1 144 233 054	1 091 605 330
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	45 336 507	29 262 191
Payables from Non-Exchange Transactions	17	3 389 169	3 608 066
Consumer deposits	18	161 703	144 371
Unspent conditional grants and receipts	19	3 610 742	462
Employee benefits obligations	20	13 629 988	11 635 252
		66 128 109	44 650 342
Non-Current Liabilities			
Employee benefits obligations	20	2 193 000	2 107 000
Provisions	21	6 337 829	7 076 782
		8 530 829	9 183 782
Total Liabilities		74 658 938	53 834 124
Net Assets		1 069 574 116	1 037 771 206
Reserves			
Capital replacement reserve	22	34 013 373	31 842 322
Accumulated surplus	23	1 035 560 743	1 005 928 884
Total Net Assets		1 069 574 116	1 037 771 206

AUDITOR GENERAL
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* See Note 67

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

	Notes	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods and other services	25	1 037 069	640 484
Service charges	26	1 262 598	1 216 660
Construction contracts	27	2 352 947	33 668 118
Rental of facilities and equipment	28	6 356 833	3 779 118
Interest received	29	9 828 365	4 823 411
Income from Agency services	30	2 065 526	2 314 487
Licences and permits		1 759 925	1 712 956
Operational Revenue	31	127 967	168 238
Insurance proceeds	31	170 417	-
Fair value adjustments	32	3 481 623	3 745 041
Actuarial gains	49	-	146 000
Total revenue from exchange transactions		28 443 270	52 214 513
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	33	47 151 195	48 595 020
Licences and Permits	34	198 383	128 961
Interest received	35	2 041 631	1 490 559
Transfer revenue			
Government grants and subsidies	36	356 166 988	309 816 869
Award received	37	500 000	-
Fines, Penalties and Forfeits	38	3 337 402	4 793 426
Total revenue from non-exchange transactions		409 395 599	364 824 835
Total revenue	24	437 838 869	417 039 348
Expenditure			
Employee related costs	39	(92 022 601)	(84 546 466)
Remuneration of councillors	40	(22 742 842)	(20 745 018)
Construction contract expenditure	27	(1 747 642)	(29 511 792)
Depreciation and amortisation	41	(71 849 393)	(74 912 788)
Impairment losses	42	(11 030 132)	(11 648 718)
Finance costs	43	(1 037 984)	(724 214)
Lease rentals on operating lease	44	(307 582)	(101 903)
Inventory Consumed	45	(10 128 713)	(7 304 566)
Contracted services	46	(92 395 566)	(75 332 404)
Transfers and Subsidies	47	(25 007 154)	(6 181 022)
Loss on disposal of assets and liabilities	48	(850 738)	(2 047 392)
Actuarial losses	49	(19 000)	-
Operating costs	50	(76 896 550)	(78 927 821)
Total expenditure		(406 035 897)	(391 984 104)
Surplus for the year		31 802 972	25 055 244

AUDITOR GENERAL
SOUTH AFRICA
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* See Note 67

6

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

	Capital Replacement Reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	30 874 974	1 048 262 150	1 079 137 124
Adjustments			
Prior year adjustments 67	-	(66 421 162)	(66 421 162)
Balance at 01 July 2021 as restated*	30 874 974	981 840 988	1 012 715 962
Changes in net assets			
Surplus (Deficit) for the year	-	25 055 244	25 055 244
Transfers to/from reserves	967 348	(967 348)	-
Total changes	967 348	24 087 896	25 055 244
Opening balance as previously reported	31 842 322	1 024 856 794	1 056 699 116
Adjustments			
Prior year adjustments 67	-	(18 927 972)	(18 927 972)
Balance as at 01 July 2022	31 842 322	1 005 928 822	1 037 771 144
Changes in net assets			
Surplus (Deficit) for the year	-	31 802 972	31 802 972
Transfers to/from reserves	2 171 051	(2 171 051)	-
Total changes	2 171 051	29 631 921	31 802 972
Balance at 30 June 2023	34 013 373	1 035 560 743	1 069 574 116
Note(s)	22		

AUDITOR GENERAL
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* See Note 67

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Rates and service charges		45 470 800	43 455 762
Sale of goods and services		9 099 513	44 155 487
Grants		356 569 872	308 670 278
Interest income		9 241 276	4 322 517
		420 381 461	400 604 044
Payments			
Employee costs		(112 959 707)	(104 155 858)
Suppliers		(195 160 693)	(201 534 653)
Finance costs		(1 037 984)	(724 214)
Other cash item	54	(60)	(28 912)
		(309 158 444)	(306 443 637)
Net cash flows from operating activities	52	111 223 017	94 160 407
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(135 025 838)	(118 719 464)
Proceeds from sale of property, plant and equipment	13	-	644 028
Net cash flows from investing activities		(135 025 838)	(118 075 436)
Net increase/(decrease) in cash and cash equivalents		(23 802 821)	(23 915 029)
Cash and cash equivalents at the beginning of the year		102 908 112	126 823 141
Cash and cash equivalents at the end of the year	11	79 105 291	102 908 112

The accounting policies on pages 11 to 42 and the notes on pages 42 to 109 form an integral part of the annual financial statements.

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2023

* See Note 67

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2023

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	610 368	-	610 368	1 037 069	426 701	N1
Service charges	1 200 000	-	1 200 000	1 262 598	62 598	N2
Construction contracts	-	-	-	2 352 947	2 352 947	N51
Rental of facilities and equipment	3 790 044	-	3 790 044	6 356 833	2 566 789	N3
Interest received (trading)	12 193 056	-	12 193 056	9 828 365	(2 364 691)	N4
Agency services	2 665 644	-	2 665 644	2 065 526	(600 118)	N5
Licences and permits	1 676 700	-	1 676 700	1 759 925	83 225	N6
Operational revenue	-	-	-	127 967	127 967	N7
Insurance proceeds	-	-	-	170 417	170 417	N50
Total revenue from exchange transactions	22 135 812	-	22 135 812	24 961 647	2 825 835	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	96 597 348	(48 000 344)	48 597 004	47 151 195	(1 445 809)	N8
Licences and Permits (Non-exchange)	297 552	-	297 552	198 383	(99 169)	N9
Interest, Dividends and Rent on Land	-	-	-	2 041 631	2 041 631	N4
Transfer revenue						
Government grants & subsidies	348 592 764	14 589 227	363 181 991	356 166 988	(7 015 003)	N11
Public contributions and donations	-	500 000	500 000	500 000	-	
Fines, Penalties and Forfeits	6 890 004	-	6 890 004	3 337 402	(3 552 602)	N12
Other transfer revenue 1	20 800 000	-	20 800 000	-	(20 800 000)	N13
Total revenue from non-exchange transactions	473 177 668	(32 911 117)	440 266 551	409 395 599	(30 870 952)	
Total revenue	495 313 480	(32 911 117)	462 402 363	434 357 246	(28 045 117)	
Expenditure						
Personnel	(87 075 648)	(5 115 127)	(92 190 775)	(92 022 601)	168 174	
Remuneration of councillors	(22 425 996)	(348 000)	(22 773 996)	(22 742 842)	31 154	
Construction contract expenditure	-	-	-	(1 747 642)	(1 747 642)	N51
Depreciation and amortisation	(80 057 904)	902 138	(79 155 766)	(71 849 393)	7 306 373	N52
Impairment loss/ Reversal of impairments	-	-	-	(11 030 132)	(11 030 132)	N14
Bad debts written off	(2 184 000)	-	(2 184 000)	(1 037 984)	1 146 016	N15
Operating leases	(1 673 604)	1 326 716	(346 888)	(307 582)	39 306	N16
Inventory consumed	(7 398 972)	(4 671 241)	(12 070 213)	(10 128 713)	1 941 500	N18
Contracted Services	(84 338 432)	(25 220 587)	(109 559 019)	(92 395 566)	17 163 453	N16
Transfers and Subsidies	(7 668 000)	(29 325 436)	(36 993 436)	(25 007 154)	11 986 282	N20
General Expenses	(91 883 140)	5 516 643	(86 366 497)	(76 896 550)	9 469 947	N21

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

AUDITOR GENERAL
SOUTH AFRICA
30 NOV 2023

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
Total expenditure	(384 705 696)	(56 934 894)	(441 640 590)	(405 166 159)	36 474 431	
Operating surplus	110 607 784	(89 846 011)	20 761 773	29 191 087	8 429 314	
Loss on disposal of assets and liabilities	-	-	-	(850 738)	(850 738)	N22
Fair value adjustments	-	-	-	3 481 623	3 481 623	N23
Actuarial gains/losses	-	-	-	(19 000)	(19 000)	N24
	-	-	-	2 611 885	2 611 885	
Surplus before taxation	110 607 784	(89 846 011)	20 761 773	31 802 972	11 041 199	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	110 607 784	(89 846 011)	20 761 773	31 802 972	11 041 199	

Statement of Financial Position

Assets

Current Assets

Inventories	752 454	(3 103 514)	(2 351 060)	2 949 317	5 300 377	N25
Operating lease asset	13 884 641	-	13 884 641	18 473 694	4 589 053	N26
Receivables from exchange transactions	(2 123 993)	2 136 000	12 007	579 642	567 635	N27
Statutory receivables	30 494 043	-	30 494 043	20 395 551	(10 098 492)	N28
VAT receivable	(14 292 789)	-	(14 292 789)	12 605 643	26 898 432	N29
Other receivables	-	-	-	3 707 395	3 707 395	N30
Cash and cash equivalents	82 942 425	(42 140 639)	40 801 786	79 105 291	38 303 505	N31
	111 656 781	(43 108 153)	68 548 628	137 816 533	69 267 905	

Non-Current Assets

Investment property	18 071 400	-	18 071 400	25 298 064	7 226 664	N32
Property, plant and equipment	1 022 636 074	(4 803 347)	1 017 832 727	980 505 106	(37 327 621)	N33
Intangible assets	3 403 656	(936 594)	2 467 062	595 476	(1 871 586)	N34
Heritage assets	17 719	-	17 719	17 719	-	
	1 044 128 849	(5 739 941)	1 038 388 908	1 006 416 365	(31 972 543)	
Total Assets	1 155 785 630	(48 848 094)	1 106 937 536	1 144 232 898	37 295 362	

Liabilities

Current Liabilities

Payables from exchange transactions	6 768 014	10 561 363	17 329 377	45 336 496	28 007 119	N35
Taxes and transfers payable (non-exchange)	-	-	-	3 389 169	3 389 169	N36
Consumer deposits	132 471	-	132 471	161 703	29 232	N37
Unspent conditional grants and receipts	-	30 346 553	30 346 553	3 610 742	(26 735 811)	N38
Employee benefits obligations	10 558 625	-	10 558 625	13 629 988	3 071 363	N39
	17 459 110	40 907 916	58 367 026	66 128 098	7 761 072	

Non-Current Liabilities

Employee benefits obligations	-	-	-	2 193 000	2 193 000	N40
Provisions	6 884 339	-	6 884 339	6 337 829	(546 510)	

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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
	6 884 339	-	6 884 339	8 530 829	1 646 490	
Total Liabilities	24 343 449	40 907 916	65 251 365	74 658 927	9 407 562	
Net Assets	1 131 442 181	(89 756 010)	1 041 686 171	1 069 573 971	27 887 800	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Capital replacement reserve	-	-	-	34 013 373	34 013 373	N41
Accumulated surplus	1 131 442 181	(89 756 010)	1 041 686 171	1 035 560 743	(6 125 428)	N42
Total Net Assets	1 131 442 181	(89 756 010)	1 041 686 171	1 069 574 116	27 887 945	

Cash Flow Statement

Cash flows from operating activities

Receipts

Rates and services	94 983 000	(50 136 000)	44 847 000	45 470 800	623 800	N43
Other revenue	36 730 000	1 000 000	37 730 000	18 340 789	(19 389 211)	N44
Interest income	10 117 000	-	10 117 000	-	(10 117 000)	
Grants	348 593 000	14 089 000	362 682 000	356 569 872	(6 112 128)	N29
	490 423 000	(35 047 000)	455 376 000	420 381 461	(34 994 539)	

Payments

Suppliers and employees	(294 866 000)	(28 472 000)	(323 338 000)	(309 158 444)	14 179 556	N45
Net cash flows from operating activities	195 557 000	(63 519 000)	132 038 000	111 223 017	(20 814 983)	

Cash flows from investing activities

Purchase of property, plant and equipment	(250 249 000)	21 379 000	(228 870 000)	(135 025 838)	93 844 162	N46
Net increase/(decrease) in cash and cash equivalents	(54 692 000)	(42 140 000)	(96 832 000)	(23 802 821)	73 029 179	N48
Cash and cash equivalents at the beginning of the year	138 464 000	-	138 464 000	102 908 112	(35 555 888)	
Cash and cash equivalents at the end of the year	83 772 000	(42 140 000)	41 632 000	79 105 291	37 473 291	

Accounting Policies

	Note(s)	2023	2022
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1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

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Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

1.1 Basis of preparations

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.

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.

These accounting policies are consistent with the previous period.

The municipality implemented the Municipal Standard Chart of Accounts(mSCOA) during the period ended 30 June 2023 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management, Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, and rounded off to the nearest Rand which is the functional currency of the municipality.

1.3 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.

1.4 Materiality

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 30 June 2023

Accounting Policies

1.5 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 30 June 2023

Accounting Policies

1.5 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.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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 30 June 2023

Accounting Policies

1.6 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	3 - 80
Infrastructure assets (Roads, pavements, bridges and stormwater)	Straight-line	3 - 80
Landfill Sites	Straight-line	10 - 55
Community assets	Straight-line	5 - 80
Transport assets	Straight-line	4 - 20
Computer equipment	Straight-line	3 - 10
Furniture, Fittings & Office Equipment	Straight-line	3 - 15
Bins & Containers	Straight-line	10 - 15
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 13).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

Accounting Policies

1.7 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

Accounting Policies

1.7 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).

1.8 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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.8 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).

1.9 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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 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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Accounting Policies

1.9 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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 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

1.10 Inventories

Inventories comprise stationery for distribution during the ordinary course of business and land held for sale. 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 finished goods 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.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses 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 or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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Accounting Policies

1.11 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).

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.

1.12 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.

Umzimvubu Local Municipality

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Accounting Policies

1.12 Provisions and contingencies (continued)

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 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 57.

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.

Umzimvubu Local Municipality

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Accounting Policies

1.12 Provisions and contingencies (continued)

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

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

Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

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

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

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

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Accounting Policies

1.12 Provisions and contingencies (continued)

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.

1.13 Revenue from exchange transactions

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.13 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.

Construction Revenue

Construction contract revenue is recognised as revenue by reference to the stage of completion of the contract activity at the reporting date.

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.

Accounting Policies

1.14 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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.14 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.

1.15 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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Accounting Policies

1.15 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

Segment reporting

In applying GRAP 18 segment reporting, management makes judgements with regard to the identification of reportable segments, as well as regarding what constitutes segment results. This enables users to evaluate the nature and financial effects of the activities in which the segment engages, and the economic environments in which it operates.

Umzimvubu Local Municipality

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Accounting Policies

1.15 Significant judgements and sources of estimation uncertainty (continued)

Principal-agent arrangements

Management's judgement is required in determining whether it has entered into a principal-agent arrangement, as set out in note 36. 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). The assessment of whether an entity is a principal, or an agent requires the entity to evaluate the rights and obligations of all parties to each binding arrangement so as to establish whether the transactions it undertakes with third parties are for the benefit of another entity or for its own.

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 investment property reflects market conditions at the reporting date. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

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

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

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key 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. 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. Non-payment percentage is determined for each debtor.

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 20 - Provisions.

Accounting Policies

1.15 Significant judgements and sources of estimation uncertainty (continued)

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 1.19.

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.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.16 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.

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Accounting Policies

1.16 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

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

1.17 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.

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.

1.18 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.

Accounting Policies

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

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.

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.

1.19 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.

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Accounting Policies

1.19 Employee benefits (continued)

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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: 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.

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Accounting Policies

1.19 Employee benefits (continued)

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.

1.20 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.

1.21 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.

1.22 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.

Accounting Policies

1.22 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.

1.23 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.

1.24 Comparative figures

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

1.25 Unauthorised expenditure

Unauthorised expenditure means:

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

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Accounting Policies

1.25 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).

1.26 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).

1.27 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).

1.28 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 2023/07/01 to 2026/06/30.

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.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.29 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.

Umzimvubu Local Municipality

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Accounting Policies

1.29 Related parties (continued)

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.

1.30 Events after reporting date

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

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

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

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

1.31 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.

1.32 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.33 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Umzimvubu Local Municipality

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Accounting Policies

1.33 Statutory receivables (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

Umzimvubu Local Municipality

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Accounting Policies

1.33 Statutory receivables (continued)

- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.34 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

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Accounting Policies

1.35 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)

1.36 Construction contracts

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

Contract revenue is measured at the fair value of the consideration received or receivable shall comprise the initial amount of revenue agreed in the contract, variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

When a contract covers a number of assets, the construction of each asset shall be treated as a separate construction contract when: (a) separate proposals have been submitted for each asset; (b) each asset has been subject to separate negotiation, and the contractor and customer have been able to accept or reject that part of the contract relating to each asset; and (c) the costs and revenues of each asset can be identified.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.37 Accrued income

The municipality is a beneficiary of small-town revitalisation programs initiated by the Eastern Cape Office of the Premier. The municipality can only receive funds from the office of the premier after the work has been completed (conditions met) by the service provider and the invoice approved by the municipality. Where work has been completed satisfactory by the service provider and invoice approved by the municipality, but no funds have been received from the funder, the municipality recognises an accrued income receivable at the end of the reporting period.

Accounting Policies

1.38 Transfer payments

The municipality transfers goods to organisations from time to time, through the Local Economic Development initiative. In making these transfers, the municipality does not:

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

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

Notes to the Annual Financial Statements

2023 2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Not expected to impact results but may result in additional disclosure
• GRAP 103 (as revised): Heritage Assets	Not yet determined	Not expected to impact results but may result in additional disclosure
• GRAP 25 (as revised): Employee Benefits	01 April 2023	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	01 April 2023	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	01 April 2025	Not expected to impact results but may result in additional disclosure
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Not expected to impact results but may result in additional disclosure
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Not expected to impact results but may result in additional disclosure
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to impact results but may result in additional disclosure

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
3. Inventories		
Finished goods	528 617	702 810
Land held for sale	2 420 700	2 420 700
	2 949 317	3 123 510

Inventories recognised as an expense during the year 10 128 713 7 304 566

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.

Land held for sale

Land held for sale consist of land parcels awaiting to be disposed. Council took a resolution to dispose off Land in June 2020, the municipality is in the process of disposing these assets.

4. Operating lease asset

Current assets	18 473 694	13 884 681
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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 (2022 - 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	13 884 681	11 694 610
Effects of straightlining for the year	4 589 014	2 190 071
	18 473 695	13 884 681

Operating Lease Arrangements

Up to 1 Year	2 062 671	1 023 834
2 to 5 years	8 354 933	1 750 951
More than 5 years	137 102 909	119 788 289
	147 520 513	122 563 074

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
5. Receivables from exchange transactions		
Consumer debtors - Refuse	561 367	539 328
Consumer debtors - Rentals	18 275	24 711
	579 642	564 039
Refuse		
Current (0 - 30 Days)	168 669	298 195
31 - 60 Days	158 789	149 009
61- 90 Days	154 157	135 227
More than 90 days	12 268 417	10 886 754
Impairment	(12 188 665)	(10 929 857)
	561 367	539 328
Rentals		
Current (0- 30 Days)	9 422	14 124
31 - 60 Days	8 918	43 399
61- 90 Days	6 284	2 662
More than 90 days	935 452	931 440
Impairment	(941 801)	(966 914)
	18 275	24 711
Financial asset receivables included in receivables from exchange transactions above	579 642	564 039
Total receivables from exchange transactions	579 642	564 039
Summary of refuse debtors by customer classification:		
Business / commercial		
Current (0- 30 Days)	33 178	57 912
31 - 60 Days	31 050	26 329
61- 90 Days	29 157	25 460
More than 90 days	3 397 751	3 170 151
Impairment	(3 465 943)	(3 245 320)
	25 193	34 532
Government		
Current (0- 30 Days)	15 060	27 664
31 - 60 Days	14 790	13 597
61- 90 Days	13 490	12 163
More than 90 days	402 432	368 416
	445 772	421 840
Residential		
Current (0- 30 Days)	120 431	212 620
31 - 60 Days	112 949	109 083
61- 90 Days	111 509	97 604
More than 90 days	8 468 235	7 348 187
Impairment	(8 722 722)	(7 684 537)
	90 402	82 957
Trade and other receivables pledged as security		
There are no trade and other receivables pledged as security.		

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
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	14 790	13 597
2 months past due	13 490	12 163
3 months past due	380 432	368 416
Trade and other receivables impaired		
As of 30 June 2023, trade and other receivables of 13 264 336 (2022: 12 460 810) were impaired and provided for.		
The amount of the provision was 13 140 265 as of 30 June 2023 (2022: 11 896 771).		
The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 42). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.		
Reconciliation of provision for impairment of trade and other receivables - Refuse		
Opening balance	10 929 857	6 978 529
Provision for impairment - Charge	-	3 951 328
Provision for impairment - Reversal	1 258 808	-
	12 188 665	10 929 857
Reconciliation of provision for impairment of trade and other receivables - Rentals		
Opening balance	966 914	979 580
Provision for impairment - Reversal	(15 314)	(12 666)
	951 600	966 914
6. Statutory receivables		
Fines	6 600 771	3 804 694
Consumer debtors - Rates	13 794 780	11 640 418
	20 395 551	15 445 112

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
6. Statutory receivables (continued)		
Assessment Rates		
Current (0- 30 Days)	749 022	1 236 302
31 - 60 Days	697 276	540 611
61 - 90 Days	598 535	528 888
91 - 120 Days	42 099 961	34 922 839
Impairment	(30 350 004)	(25 588 222)
	13 794 790	11 640 418
Traffic fines		
Current (0- 30 Days)	220 440	172 110
31 - 60 Days	247 291	95 672
61 - 90 Days	183 259	116 376
91 - 120 Days	7 532 326	5 575 455
Impairment	(1 582 545)	(2 154 960)
	6 600 771	3 804 653
Summary of assessment rates debtors by customer classification:		
Residential		
Current (0- 30 Days)	211 112	367 579
31 - 60 Days	200 052	169 348
61 - 90 Days	193 732	162 272
91 - 120 Days	7 587 293	5 360 362
Impairment	(8 014 460)	(5 845 168)
	177 729	214 393
Business		
Current (0- 30 Days)	537 910	862 394
31 - 60 Days	497 224	368 295
61 - 90 Days	404 803	363 649
91 - 120 Days	21 760 502	18 852 604
Impairment	(22 335 543)	(19 743 054)
	864 896	703 888
Government		
Current (0- 30 Days)	-	6 329
31 - 60 Days	-	2 968
61 - 90 Days	-	2 967
91 - 120 Days	12 752 165	10 709 874
	12 752 165	10 722 138
Total receivables from non-exchange transactions	20 395 551	15 445 112

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023 2022

6. Statutory receivables (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 30 June 2023, Statutory receivables of R 39 575 945 (R: 32 466 115) were impaired and provided for.

The amount of the provision was R 31 932 549 as of 30 June 2023 (R: 27 743 182).

Statutory receivables 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
2 months past due	-	2 667
3 months past due	12 734 054	10 709 874

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

Opening balance	25 588 222	24 640 955
Provision for impairment	4 761 782	947 267
	30 350 004	25 588 222

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

Opening balance	2 154 960	2 709 216
Unused amounts reversed	(572 415)	(554 256)
	1 582 545	2 154 960

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
7. Receivables from exchange and non-exchange impairment		
Gross balances		
Consumer debtors - Rates	44 144 794	28 687 205
Consumer debtors - Refuse	12 750 032	11 469 184
Consumer debtors - Rent	960 076	1 129 154
	57 854 902	41 285 543
Less: Allowance for impairment		
Consumer debtors - Rates	(30 350 014)	(17 046 787)
Consumer debtors - Refuse	(12 188 665)	(10 929 856)
Consumer debtors - Rent	(941 801)	(1 104 443)
	(43 480 480)	(29 081 086)
Net balance		
Consumer debtors - Rates	13 794 780	11 640 418
Consumer debtors - Refuse	561 367	539 328
Consumer debtors - Rent	18 275	24 711
	14 374 422	12 204 457
Rates		
Current (0 -30 days)	749 022	1 236 302
31 - 60 days	697 276	540 611
61 - 90 days	598 535	528 888
90+ days	42 099 951	34 922 839
Impairment	(30 350 004)	(25 588 222)
	13 794 780	11 640 418
Refuse		
Current (0 -30 days)	168 669	298 195
31 - 60 days	158 789	149 009
61 - 90 days	154 157	135 227
90+ days	12 268 417	10 886 754
Impairment	(12 188 665)	(10 929 857)
	561 367	539 328
Rentals		
Current (0 -30 days)	9 422	14 124
31 - 60 days	8 918	43 399
61 - 90 days	6 284	2 662
91 - 120 days	935 452	931 440
Impairment	(941 801)	(966 914)
	18 275	24 711

8. VAT receivable

VAT	12 605 799	6 860 717
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VAT is payable/refundable on the receipts/payment basis. Only once payment is received from debtors, payment made to creditors, VAT is paid over/received from to SARS.

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
9. Prepayments		
SALGA Fees Prepayment	-	1 082 117

10. Other receivables

Receivables from Small Town Revitalisation Grant	3 707 395	-
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During the year the municipality has incurred and met all the conditions on this project, asset and creditor was recognised but the OTP has not paid the amount to the municipality as at 30 June 2023. The municipality will subsequently receive this amount during the 2023/24 financial year.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3 305 357	54 922 010
Current Investments	75 799 934	47 986 102
Net Bank, Cash and Cash Equivalents	79 105 291	102 908 112

Cash and cash equivalents pledged as collateral

Total cash and cash equivalents pledged as collateral for security deposit to ESKOM	161 400	161 400
This guarantee is neither negotiable nor transferable and is to be returned to the bank upon payment or cancellation.		

The municipality had the following bank accounts

Account number and description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
FNB-Primary Account - 620-2218-3727	1 765 059	3 516 063	449 680	1 592 180	3 516 063	449 680
FNB-Service Delivery Reserve - 620-3325-4723	31 531 147	63 217 351	66 746 777	31 531 147	54 552 329	66 746 777
FNB-Operational Investment - 620-2945-0715	2 878 627	2 967 181	17 509 188	2 878 627	2 967 181	17 509 088
FNB-Municipal Infrastructure Grant(MIG) - 620-8603-6714	6 594 484	17 396	2 851 686	6 594 484	17 396	2 851 686
FNB-Guarantee Investment- 620-6874-2157	334 465	317 973	310 891	334 465	3 217 973	310 891
FNB-Financial Management Grant (FMG) - 622-7618-7294	7 539	3 160	2 727	7 539	3 160	2 727
FNB-Electrification Programme - 622-8856-0925	351 550	2 352 948	1 131 113	351 550	2 352 948	1 131 113
FNB-Traffic Fine - 627-5889-3905	244 135	572 481	557 618	244 135	572 481	557 618
FNB-Housing Project Fund - 628-9151-9971	88 749	775 112	6 163 050	88 749	775 112	6 163 050
FNB Solidarity Fund 628-5499-2099	203 361	194 150	190 403	203 361	194 150	190 403
FNB Retention 628-6002-9000	825 571	165 848	18 046	825 571	165 848	18 046
FNB ENATIS Transactions 629-1034-4837	440 110	2 619 920	-	440 110	2 619 920	-
Nedbank - Capital Replacement	34 013 373	31 842 322	30 891 961	34 013 373	31 953 552	30 891 961
Total	79 278 170	108 561 905	126 823 140	79 105 291	102 908 113	126 823 040

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023	2022
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12. Investment property (continued)

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 30 June 2023

Notes to the Annual Financial Statements

13. Property, plant and equipment

	2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying amount
Land	34 005 270	-	34 005 270
Buildings	469 737 471	(143 744 298)	325 993 173
Infrastructure	1 860 898 624	(1 280 408 324)	580 490 300
Computer equipment	16 005 216	(6 589 224)	9 415 992
Office equipment	13 517 972	(6 946 415)	6 571 557
Machinery and Equipment	14 315 954	(8 326 345)	5 989 609
Transport Assets	26 279 009	(8 239 804)	18 039 205
Total	2 434 759 516	(1 454 254 410)	980 505 106

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Changes in landfill site provision
Land	34 005 270	-	-	-
Buildings	306 797 554	34 459 211	-	-
Infrastructure	552 358 846	86 518 771	(578 036)	(1 520 937)
Computer equipment	7 038 023	3 764 907	(14 875)	-
Office equipment	5 841 956	2 237 523	(179 199)	-
Machinery and Equipment	5 867 436	1 454 426	-	-
Transport Assets	13 177 360	6 591 000	(78 628)	-
	925 086 445	135 025 838	(850 738)	(1 520 937)

Notes to the Annual Financial Statements

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Other changes, movements
Land	34 005 270	-	-	-
Buildings	278 160 371	38 511 329	-	-
Roads Infrastructure	555 764 896	62 926 641	(191 000)	40 788
Computer equipment	3 308 644	5 316 415	(165 737)	-
Office equipment	4 947 903	2 869 907	(832 230)	-
Machinery and Equipment	6 358 155	1 122 679	(36 685)	-
Transport Assets	7 013 642	7 976 445	(287 584)	-
	889 558 881	118 723 416	(1 513 236)	40 788

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 of remaining useful lives conducted as at 30 June 2023 will result in the following decreases in depreciation for property plant and equipment in the 2023 financial year and future periods:

The impact on the statement of financial performance (Depreciation) in the 2023 financial year:

The impact on the statement of financial performance (Depreciation) in the future periods

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022	
13. Property, plant and equipment (continued)			
Reconciliation of Work-in-Progress 2023			
	Included within Infrastructure	Included within Buildings	Total
Opening balance	28 392 646	5 104 375	33 497 021
Additions/capital expenditure	86 518 772	34 459 210	120 977 982
Transferred to completed items	(79 111 350)	(7 279 229)	(86 390 579)
	35 800 068	32 284 356	68 084 424
Reconciliation of Work-in-Progress 2022			
	Included within Infrastructure	Included within Buildings	Total
Opening balance	56 677 752	76 677 042	133 354 794
Additions/capital expenditure	61 265 561	38 511 329	99 776 890
Transferred to completed items	(89 550 667)	(110 083 996)	(199 634 663)
	28 392 646	5 104 375	33 497 021
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		18 895 810	9 109 303
Total Expenditure related to Repairs and Maintenance Projects			
Total Expenditure related to Repairs and Maintenance Projects			
Maintenance of Buildings and Facilities		1 234 832	1 688 942
Maintenance of Infrastructure assets		12 528 905	2 904 321
Maintenance of Machinery and Transport assets		5 132 073	4 516 040

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
13. Property, plant and equipment (continued)		
Delayed projects		
Nophoyi Sport Field The project is in our three year capital plan 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. Procurement of new service provider has been undertaken and appointed. Work commenced but there is an intedict by the previous service provider.	4 387 456	3 390 430
Fencing of EmaXesibeni botanical garden phase 2 The project is affected by unresolved Dutyini Land Claim and the municipality is awaiting the resolution of the land claim before any further progress can be made on this project..	920 740	827 494
Nciniba Electrification construction Project is awaiting Eskom clerk of works to do inspections in preparation of request for outage.	5 823 081	5 823 081
Electrification of 247 Households in Dinana The project has been completed, documentation has been sent to Eskom awaiting capturing of documents and transfer of the project.	7 803 530	7 803 530
	18 934 807	17 844 535

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

14. Intangible assets

	2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying Amount
Computer software, internally generated	150 000	-	150 000
Computer software	3 207 707	(2 762 231)	445 476
Total	3 357 707	(2 762 231)	595 476

Reconciliation of intangible assets - 2023

Municipal Website
Computer software

Reconciliation of intangible assets - 2022

	Opening balance
Municipal Website	1 181 843
Computer software	1 311 423
	2 493 266

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023	2022
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14. 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 41.

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 30 June 2023

Notes to the Annual Financial Statements

15. Heritage assets

	2023		
	Cost / Valuation	Accumulated impairment losses	Carryin
Mayoral chain	17 719	-	

Reconciliation of heritage assets 2023

Mayoral chain

Reconciliation of heritage assets 2022

Mayoral chain

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

15. 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 of the municipality's liabilities.

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, technological, artistic or historical significance; and shall not be depreciated but an entity shall assess at each reporting date whether 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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
16. Payables from exchange transactions		
Trade payables	25 183 009	8 996 666
Accruals	15 348 326	16 400 010
Retention	4 169 302	1 001 498
Department of Transport	635 870	511 069
INEP income received in advance	-	2 352 948
	45 336 507	29 262 191
17. Payables from Non-Exchange Transactions		
Department of Housing amounts held in trust	88 260	387 631
Debtors with credit balances	3 254 526	3 220 435
Other Payables from Non-Exchange Transactions	46 383	-
	3 389 169	3 608 066
18. Consumer deposits		
Rental Deposits	161 703	144 371
19. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	110 742	-
Financial Management Grant	-	462
Disaster Relief Management Grant	3 500 000	-
	3 610 742	462
Movement during the year		
Balance at the beginning of the year	462	3 500 000
Additions during the year	77 708 000	68 102 331
Income recognition during the year	(74 097 720)	(71 601 869)
	3 610 742	462

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 36 for reconciliation of grants from National/Provincial Government.

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

Notes to the Annual Financial Statements

20. Employee benefits obligations

Reconciliation of employee benefits obligations - 2023

	Opening Balance	Additions	Utilised during the period
Bonus accrual	2 366 878	2 618 973	(2 366 878)
Provision for leave pay	8 257 101	2 159 618	(873 231)
Provision for performance bonus	689 273	754 528	(689 274)
Long Service Awards Liability	2 429 000	410 000	(208 000)
	13 742 252	5 943 119	(4 137 383)

Reconciliation of employee benefits obligations - 2022

	Opening Balance	Additions	Utilised during the year
Bonus accrual	2 217 780	2 366 877	(2 217 779)
Provision for leave pay	7 740 975	1 618 335	(1 102 209)
Provision for performance bonus	277 870	689 272	(277 869)
Long Service Awards Liability	2 320 000	381 000	(322 000)
	12 556 625	5 055 484	(3 919 857)

Non-current liabilities	2 193 000	2 107 000
Current liabilities	13 629 988	11 635 252
	15 822 988	13 742 252

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 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
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20. Employee benefits obligations (continued)

Provision for performance bonus

A performance bonus, is for senior managers and 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	158	159	
Eligible Employees	Female	Male	Total
Number of eligible employees	93	65	158
Average annual earnings	231 311	239 152	234 537
Average age	42,1	43,9	42,9
Average past service	9,3	10,4	9,8
	-	-	-

The earnings disclosed above and used in the valuation include an increase of 5.40% as at 1 July 2023, as per the SALGBC Circular No.: 01/2023.

Unfunded Accrued Liability

Total value of liabilities	2 906 000	2 429 000
Value of assets	-	-
	2 906 000	2 429 000
Expected current portion of liability (due within 12 months)	713 000	208 000
Expected non-current portion of liability (due thereafter)	2 193 000	2 221 000
	2 906 000	2 429 000

Key Actuarial Assumptions used are as follows:

Discount rate	11.08%	10.98%
General Salary Inflation (long-term)	6.47%	7.33%
Net Effective Discount Rate applied to salary-related Long Service	4.33%	3.4%
Average retirement age	62	62

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
20. Employee benefits obligations (continued)		
The next general earnings increase was assumed to take place on 1 July 2024.		
Last Valuation		
The last valuation was performed in July 2023.		
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	410 000	381 000
Finance Charges - Interest Cost	256 000	196 000
Actuarial Losses / (Gain)	19 000	(146 000)
Expected benefits vesting / paid during the year (N1)	(208 000)	(322 000)
	477 000	109 000

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		2 906 000	
General earnings inflation rate	+1%	3 040 000	5%
	-1%	2 782 000	-4%
Discount rate	+1%	2 776 000	-4%
	-1%	3 049 000	5%
Average retirement age	+2 years	2 987 000	3%
	-2 years	2 748 000	-5%
Withdrawal rates	x2	2 382 000	-18%
	x0,5	3 249 000	12%

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

Assumption	Change	CurrentSvc. Cost	Interest Cost	Total	% Change
Central assumptions		410 000	256 000	666 000	
General earnings inflation rate	+1%	436 000	269 000	705 000	6%

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

			2023	2022	
20. Employee benefits obligations (continued)					
	-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	-26%
	x0,5	487 000	291 000	778 000	18%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2024

	Change	CurrentSvc. Cost	Interest Cost	Total	% Change
Central assumptions		414 000	283 000	697 000	
General earnings inflation rate	+1%	439 000	298 000	737 000	6%
	-1%	391 000	270 000	661 000	-5%
Discount rate	+1%	394 000	293 000	687 000	-1%
	-1%	436 000	272 000	708 000	2%
Average retirement age	+2 years	424 000	292 000	716 000	3%
	-2 years	397 000	268 000	665 000	-5%
Withdrawal rates	x2	312 000	225 000	537 000	-24%
	x0.5	484 000	321 000	805 000	15%

21. 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 30th of June 2023 at a rate of 12.62% taking into account price escalation of 7.39% relating to inflation. The estimated years for the rehabilitating these sites are 10.1 years for at emaXesibeni (Mount Ayliff) and 37.4 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 30 June 2023

Notes to the Annual Financial Statements

	2023	2022		
21. Provisions (continued)				
Reconciliation of provision for environmental rehabilitation				
Current liabilities	-	-		
Non-current liabilities	6 337 829	7 076 782		
	6 337 829	7 076 782		
Reconciliation of provision for environmental rehabilitation				
Opening balance	7 076 782	4 886 339		
Change in discount factor	(1 520 937)	1 609 705		
Interest cost	781 984	528 214		
New cell restoration	-	52 524		
	6 337 829	7 076 782		
The amounts recognised in the Statement of Financial Performance are:				
Balance of change in provision of obligations	(1 520 937)	1 662 229		
Interest cost	781 984	528 214		
	(738 953)	2 190 443		
Unfunded Accrued Liability				
Value of obligation	6 337 829	7 076 872		
Value of assets	-	-		
	6 337 829	7 076 872		
Total raw costs for 30 June 2023 for closure and rehabilitation				
	eMaxesibeni	KwaBhaca	Total	
Planning for closure	962 248	983 400	1 945 648	
Rehabilitation and closure	3 622 189	3 798 455	7 420 644	
Post-Closure monitoring	3 165 698	4 051 263	7 216 961	
	7 750 135	8 833 118	16 583 253	
Key Actuarial Assumptions used are as follows:				
	2023	2023	2022	2021
Discount rate (D)	12.62%	11,05%	11,05%	10,81%
Consumer price inflation	7,39%	7,23%	7,23%	7,07%
Net Discount rate ((1+D)/(1+H)-1)	4,87%	3,56%	3,56%	3,5%
Remaining life of site: Mt Frere	37	34	35	36
Remaining life of site : Mt Ayliff	10	10	11	12
Excavatable cover depth	2,5m			
Cover to waste ration	1 to 4			
22. Capital replacement reserve				
Capital replacement reserve opening balance		31 842 322	30 874 974	
Transfer into capital replacement reserve		2 171 051	967 348	
		34 013 373	31 842 322	
23. Accumulated surplus				
Accumulated Surplus/(Deficit) due to the results of operations				
Accumulated Surplus/(Deficit)		1 035 563 443	1 005 928 822	

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
24. Revenue		
Sale of goods	1 037 069	640 484
Service charges	1 262 598	1 216 660
Construction contracts	2 352 947	33 668 118
Rental of facilities and equipment	6 356 833	3 779 118
Interest received - Exchange	9 828 365	4 823 411
Agency services	2 065 526	2 314 487
Licences and permits - Exchange transactions	1 759 925	1 712 956
Insurance proceeds	170 417	-
Actuarial gains	-	146 000
Fair value adjustments	3 481 623	3 745 041
Operational Revenue	127 967	168 238
Licences and Permits - non-exchange transactions	198 383	128 961
Property rates	47 151 195	48 595 020
Interest received - Non-exchange	2 041 631	1 490 559
Government grants & subsidies	356 166 988	309 816 869
Public contributions and donations	500 000	-
Fines, Penalties and Forfeits	3 337 402	4 793 426
	437 838 869	417 039 348

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

Sale of goods	1 037 069	640 484
Service charges	1 262 598	1 216 660
Construction contracts	2 352 947	33 668 118
Rental of facilities and equipment	6 356 833	3 779 118
Interest received - Exchange	9 828 365	4 823 411
Agency services	2 065 526	2 314 487
Licences and permits	1 759 925	1 712 956
Insurance proceeds	170 417	-
Actuarial gains	-	146 000
Operational Revenue	127 967	168 238
Fair value adjustments	3 481 623	3 745 041
	28 443 270	52 214 513

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

Taxation revenue		
Property rates	47 151 195	48 595 020
Licences or permits	198 383	128 961
Interest received - Non-exchange	2 041 631	1 490 559
Transfer revenue		
Government grants & subsidies	356 166 988	309 816 869
Public contributions and donations	500 000	-
Fines, Penalties and Forfeits	3 337 402	4 793 426
	409 395 599	364 824 835

25. Sale of goods and other services

Advertisement	118 892	161 206
Building plans	615 217	117 673
Cemetery and burials	23 488	29 259
Clearance certificate	15 300	25 281
Sale of goods	264 172	307 065
	1 037 069	640 484

Notes to the Annual Financial Statements

	2023	2022
26. Service charges		
Refuse removal	1 262 598	1 216 660

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.

27. Construction contracts

Contract between UML and Department of Energy

An amount of R2 352 948 (2022: R33 668 118) was recognised by the municipality as revenue during the current financial year. As the outcome of a construction contract can be estimated reliably, contract revenue and contract cost associated with the construction contract are recognised by reference to the stage of completion of the contract at reporting date.

The municipality determines the stage of completion of contract in progress by the accumulative actual work performed i.e contract cost divide by contract price.

During the year a total contract cost to the amount of R1 747 642 (2022: R29 511 792) was recognised. During the year, the municipality received an advance amount of R0 (2022: R33 000 000) from the Department of Energy. Refer to note 16

No retentions were held for this construction contract during the year, (2022: R0).

28. Rental of facilities and equipment

Facilities and equipment		
Adhoc rental income from other assets	191 809	184 490
Investment property	6 165 024	3 594 628
	6 356 833	3 779 118

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

29. Interest received - Exchange Transactions

Interest received - Exchange transactions		
Interest received - debtors	587 089	500 894
Interest received - bank	329 879	113 923
Interest received - investments	8 911 397	4 208 594
	9 828 365	4 823 411

30. Agency services

Vehicle Registration	2 065 526	2 314 487
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The municipality is an agent for the Provincial Department of Transport as well as the Eastern Cape Department of Human Settlements. Refer to Note 64 for further details.

31. Operational revenue and Insurance proceeds

Operational revenue	127 967	168 238
Insurance proceeds	170 417	-
	298 384	168 238

Insurance settlement was reached in the current year following a vehicle accident that led to the motor vehicle being written off and disposed in the 2021 financial year.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
32. Fair value adjustments		
Fair value adjustment for investment properties	3 481 623	3 745 041
33. Property rates		
Rates received		
Property rates	47 151 195	48 595 020
Property rates billing per customer classification		
Residential	2 288 073	2 269 437
Commercial	4 912 578	4 932 318
State	39 950 544	41 393 265
	47 151 195	48 595 020
<p>Annual valuation are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions. Rates tariffs applicable are as shown in the table below.</p> <p>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% per annum as determined by council on outstanding rates amounts.</p> <p>Welfare organisations are exempted from the payment of rates, while the first R15 000 of the valuation on improved residential and vacant properties exempted from payment of rates.</p> <p>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</p>		
Tarrif structure		
Agricultural	0,0015	0,0015
Residential	0,0058	0,0058
Business	0,0140	0,0140
Vacant stands	0,0140	0,0140
Government properties	0,0186	0,0186
Public service Infrastructure	0,0015	0,0015
	-	-
Valuations		
Residential	427 179 900	427 179 900
Commercial	351 511 500	351 511 500
State	2 247 328 773	2 247 328 773
	3 026 020 173	3 026 020 173
34. Licences and permits (non-exchange)		
Trading	198 383	128 961
35. Interest received - Non-Exchange Transactions		
Interest - Receivables	2 041 631	1 490 559

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
36. Government grants & subsidies		
Operating grants		
Equitable share	260 936 000	238 026 000
Departmental agencies and accounts (SETA)	699 450	188 999
Expanded Public Works Programme (EPWP)	3 352 000	3 413 000
Provincial Arts and Culture grants - Library	2 150 000	749 999
Finance Management Grant (FMG)	1 720 462	1 719 538
Disaster Relief Management Grant	10 500 000	-
Extended Public Works Programme - Cleansing Project Peri-Urban	3 700 000	3 500 000
	283 057 912	247 597 536
Capital grants		
Municipal Infrastructure Grant	52 675 257	48 951 000
Small Town Revitalisation	20 433 819	13 268 333
	73 109 076	62 219 333
	356 166 988	309 816 869
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	77 708 000	58 334 000
Unconditional grants received	278 361 874	251 483 330
	356 069 874	309 817 330
National Governments		
Balance unspent at beginning of year	462	-
Current-year receipts	333 493 911	292 110 000
Recognised as revenue	(329 883 630)	(292 109 538)
	3 610 743	462
Conditions still to be met - remain liabilities (see note 19).		
Provincial governments		
Balance unspent at beginning of year	-	3 500 000
Current-year receipts	22 576 424	14 018 331
Recognised as revenue	(26 283 819)	(17 518 331)
Other	3 707 395	-
	-	-
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	260 936 000	238 026 000
Recognised as revenue	(260 936 000)	(238 026 000)
	-	-
Municipal Infrastructure Grant		
Current-year receipts	52 786 000	48 951 000
Recognised as revenue	(52 675 258)	(48 951 000)

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
36. Government grants & subsidies (continued)		
	110 742	-

Conditions still to be met - remain liabilities (see note 19).

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

Financial Management Grant

Balance unspent at beginning of year	462	-
Current-year receipts	1 720 000	1 720 000
Recognised as revenue	(1 720 462)	(1 719 538)
	-	462

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

Expanded Public Works Programme Grant

Current-year receipts	3 352 000	3 413 000
Recognised as revenue	(3 352 000)	(3 413 000)
	-	-

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

Small Town Revitalization

Current-year receipts	16 726 424	13 268 333
Recognised as revenue	(20 433 819)	(13 268 333)
Recognised as a receivable	3 707 395	-
	-	-

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.

Disaster Relief Management Grant

Current-year receipts	14 000 000	-
Recognised as revenue	(10 500 000)	-
	3 500 000	-

Conditions still to be met - remain liabilities (see note 19).

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

Provincial Arts and Culture grants - Library

Current-year receipts	2 150 000	750 000
Recognised as revenue	(2 150 000)	(750 000)
	-	-

This grants is used for to pay for Kwa-Bhaca and Emaxesibeni Library expenses.

SETA Grant

Current-year receipts	699 450	188 999
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Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
36. Government grants & subsidies (continued)		
Recognised as revenue	(699 450)	(188 999)
	-	-
Grant received from SETA and used for employee trainings and development.		
Solid Waste Management Grant (EPWP - Cleansing Project Peri-Urban)		
Balance unspent at beginning of year	-	3 500 000
Current-year receipts	3 700 000	-
Recognised as revenue	(3 700 000)	(3 500 000)
	-	-
This grant is used to create 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.		
37. Award received		
Greenest municipality award	500 000	-
38. Fines, Penalties and Forfeits		
Law Enforcement Fines	2 825 770	3 510 193
Pound Fees Fines	511 632	1 283 233
	3 337 402	4 793 426
39. Employee related costs		
Basic	58 161 574	54 578 604
Bonus	5 303 836	4 841 583
Medical aid - company contributions	4 722 289	4 389 624
UIF	425 627	437 501
WCA	1 115 104	469 398
SDL	930 479	901 442
Leave pay provision charge	2 247 617	1 541 154
Defined contribution plans	9 656 624	8 706 661
Travel, motor car, accommodation, subsistence and other allowances	4 614 997	4 524 989
Overtime payments	655 979	569 052
Long-service awards	383 660	59 001
Housing benefits and allowances	2 505 214	2 463 188
Bargaining Council Levy	26 224	24 268
Standby Allowance	1 273 377	1 040 001
	92 022 601	84 546 466
40. Remuneration of councillors		
Executive Mayor	964 345	909 747
Speaker	776 785	719 298
Chief Whip	733 908	656 178
Executive Committee	5 329 305	4 833 251
Councillors	14 938 499	13 626 544
	22 742 842	20 745 018

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
40. Remuneration of councillors (continued)		
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.		
41. Depreciation and amortisation		
Property, plant and equipment	71 628 432	74 415 436
Intangible assets	220 961	497 352
Total Depreciation and Amortisation	71 849 393	74 912 788
42. Impairment loss		
Impairments		
Property, plant and equipment	5 607 071	7 317 045
Receivables from Exchange Transactions - Refuse	1 258 808	3 951 328
Receivables from Non-exchange Transactions - Rates	4 761 782	947 267
	11 627 661	12 215 640
Reversal of impairments		
Receivables from Non-exchange Transactions - Traffic fines	(572 415)	(554 256)
Receivables from Exchange Transactions - Refuse	(25 113)	(12 666)
	(597 528)	(566 922)
Total impairment losses (recognised) reversed	11 030 133	11 648 718
43. Finance costs		
Interest on employee benefits	256 000	196 000
Interest on provision for landfill sites	781 984	528 214
	1 037 984	724 214
44. Lease rentals on operating lease		
Equipment		
Contractual amounts	284 898	101 903
Plant and equipment		
Contractual amounts	22 684	-
	307 582	101 903
45. Inventory consumed		
Inventory consumed	10 128 713	7 304 566

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

	2023	2022
46. Contracted services		
Outsourced services		
Business and Advisory	1 177 546	349 950
Catering Services	855 048	227 333
Cleaning Services	375 000	-
Internal Auditors	708 375	901 154
Personnel and Labour	13 617 412	12 221 944
Security Services	19 028 947	16 306 215
Traffic Fines Management	-	511 654
Consultants and professional services		
Business and Advisory	17 475 129	13 036 799
Infrastructure and Planning	940 000	2 532 511
Legal Cost	4 209 939	4 036 005
Contractors		
Artists and Performers	196 000	-
Building	891 958	1 011 505
Catering Services	3 766 222	4 007 225
Employee Wellness	174 500	844 140
Event Promoters	771 717	1 008 001
Maintenance of Buildings and Facilities	2 451 310	1 688 942
Maintenance of Equipment	5 132 073	4 516 040
Maintenance of Unspecified Assets	12 528 905	2 904 321
Tracing Agents and Debt Collectors	8 095 485	8 595 750
Safeguard and Security	-	267 915
Stage and Sound Crew	-	365 000
	92 395 566	75 332 404
47. Transfer and subsidies		
Operational Grants		
Bursaries for scarce skills	661 047	430 959
Monatory allocations	2 747 073	1 995 887
Expenditure incurred to electrify houses and handed over to eskom	9 041 796	-
SMME Development	12 557 238	3 754 176
	25 007 154	6 181 022
48. Loss on disposal of assets		
Management has taken a decision to dispose of some assets that are deemed excess of requirements or assets broken and no longer useful in provision of services to the community.		
Carrying value of assets disposed off - Property, plant and equipment	850 738	1 504 158
Carrying value of assets disposed off - Intangible assets	-	1 187 262
Cash receipts from insurance proceeds	-	(644 028)
	850 738	2 047 392
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. An auction of municipal assets took place on the 13th of July 2023 and a total of R598 435 was realised.		
49. Actuarial gains / (loss)		
Actuarial gains / (loss)	(19 000)	146 000

Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
50. Operating costs		
Achievements and awards	1 060 950	1 251 196
Advertising	3 051 267	3 444 904
Auditors remuneration	4 120 787	4 428 400
Bank charges	420 216	333 091
Bursaries (Employees)	624 144	826 374
Communication	5 440 242	6 098 939
Drivers licences and permits	189 679	194 656
External computer services	1 735 984	1 160 118
Fines and penalties	-	895
Hire charges	7 574 116	16 922 766
Indigent relief	6 011 867	7 028 154
Insurance	5 771 879	5 035 649
Learnerships and internships	519 891	424 045
Municipal services	6 213 166	6 053 851
Printing publications and books	725 685	689 669
Professional bodies membership and subscriptions	1 878 948	1 658 236
Registration fees	5 705 634	6 202 671
Remuneration to ward committees	4 694 818	2 901 800
Resettlement cost	6 500	58 403
Seating allowance for traditional leaders	46 147	44 000
Signage	429 170	191 250
Transport provided as part of departmental activities	1 499 023	2 173 376
Travel agency and visa's	787 573	389 325
Travel and subsistence	8 111 358	6 784 796
Uniform and protective clothing	3 212 261	1 642 521
Vehicle Tracking	550 394	-
Vehicle licensing	84 501	79 987
Wet fuel	6 430 350	2 908 749
	76 896 550	78 927 821
51. Auditors' remuneration		
Fees	4 120 787	4 428 400

Umzimvubu Local Municipality

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	2023	2022
52. Cash generated from operations		
Surplus for the year	31 802 972	25 055 244
Adjustments for:		
Depreciation and amortisation	71 849 393	74 912 788
Losses on Disposal of Property, Plant and Equipment	850 738	2 047 392
Fair value adjustments	(3 481 623)	(3 745 041)
Impairment loss	11 030 132	11 648 718
Movements in operating lease assets and accruals	(4 589 013)	(2 190 073)
Contribution to Provisions - Current	(20)	(28 914)
Contributions to employee benefit for the year	665 461	815 501
Actuarial gain - Employee benefit	19 000	(146 000)
Provision for leave	1 140 275	516 126
Finance costs - Landfill site provision	1 037 984	528 214
Changes in working capital:		
Inventories	174 193	49 641
Receivables from exchange transactions	(1 249 298)	(3 456 542)
Consumer debtors	(9 139 840)	(7 437 266)
Prepayments	1 082 117	12 077
Payables from exchange transactions	16 074 308	3 499 538
VAT	(5 745 082)	(1 292 001)
Taxes and transfers payable (non-exchange)	(218 897)	(4 803 587)
Unspent conditional grants and receipts	3 610 280	(3 499 538)
Increase in Operating lease liability	17 332	11 901
Movement in provisions for landfill site	-	1 662 229
Other receivables	(3 707 395)	-
	111 223 017	94 160 407

53. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets 2023

	At amortised cost	Total
Refuse	561 367	561 367
Rentals	18 275	18 275
Call deposits	75 799 634	75 799 634
Bank balances	3 305 358	3 305 358
	79 684 634	79 684 634

Financial liabilities 2023

	At amortised cost	Total
Trade payables	25 183 009	25 183 009
Retentions	4 169 302	4 169 302
Accruals	15 348 326	15 348 326
Payables from Non-Exchange Transactions	3 389 169	3 389 169
	48 089 806	48 089 806

2022

Financial assets 2022

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

	2023	2022
53. Financial instruments disclosure (continued)		
	At amortised cost	Total
Refuse	539 332	539 332
Rentals	24 711	24 711
Call deposits	47 986 102	47 986 102
Bank deposits	54 922 011	54 922 011
	103 472 156	103 472 156

Financial liabilities 2022

	At amortised cost	Total
Trade payables	8 996 666	8 996 666
Retentions	1 001 498	1 001 498
Accruals	16 400 010	16 400 010
Taxes and transfers payable (non-exchange)	3 608 066	3 608 066
	30 006 240	30 006 240

54. Segment reporting

A segment is an activity of an entity.

ULM Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market.

Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates in the Eastern Cape, Alfred Nzo District, and services the following areas:

1. Kwa Bhaca
2. EmaXesibeni

Segments were aggregated on the basis of services, the type or class of customer to which goods and services are delivered and the method used to distribute the goods or provide the service as management considered that the economic characteristics of the segments throughout the Umzimvubu Local Municipal area were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment Goods and/or services

Economic and Environmental Services	Hawker permits, rental of municipal properties.
Public safety	Licences, traffic fines, permits, pounds and DoT agency services.

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2023 2022

54. Segment reporting (continued)

Roads & Infrastructure	Building plan approvals
Community services	Rental of halls and facilities, waste removal.

Non-segments Goods and/or services

- Administration and corporate Administration services.
- Office of the Municipal Manager Strategic services
- Budget and treasury Financial Services.
- Council support political administration.

Segment surplus or deficit

Umzimvubu Local Municipality

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2023

	Economic & Environmental Services	Roads & Infrastructure	C
Revenue			
Service charges	-	-	
Rental of facilities and equipment	-	8 810	
Construction contract revenue	-	2 352 947	
Income from agency services	-	-	
Licences and permits	-	-	
Other income	654	1 023 776	
Revenue from non exchange transactions			
Government grants and subsidies	-	73 109 077	
Fines	-	-	
Licences and permits	198 383	-	
Total segment revenue	199 037	76 494 610	
Interest earned on outstanding debtors- Exchange			
Operational Revenue			
Rental of facilities and equipment			
Other income			
Interest earned on outstanding debtors- Non-Exchange			
Property Rates			
Fair value adjustment			
Government grants and subsidies			
Total revenue reconciling items			
Municipality's revenue			

Umzimvubu Local Municipality

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	Economic & Environmental Services	Roads & Infrastructure	C
Expenditure			
Employee costs	4 141 887	12 134 292	
Depreciation and amortisation	-	-	
Impairment losses	-	-	
Finance costs	-	-	
Operating lease rentals	-	-	
Inventory consumed	243 242	-	
Contracted services	376 450	14 248 302	
Transfers and subsidies	13 522 238	9 041 796	
Operational costs	3 615 429	6 103 233	
Construction contract expenditure	-	1 747 642	
Total segment expenditure	21 899 246	43 275 265	1
Total segmental surplus/(deficit)	22 098 283	119 769 875	1
Total revenue reconciling items			
Employee costs			
Remuneration of councillors			
Depreciation and amortisation			
Impairment losses			
Actuarial loss			
Operating lease rentals			
Inventory consumed			
Transfers and subsidies			
Loss on disposal of assets			
Operational costs			
Contracted services			
Entity's surplus (deficit) for the period			

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	Economic & Environmental Services	Roads & Infrastructure	C
Assets			
Segment assets	(69 977 249)	13 962 262	(2
Segment liabilities	(3 593 842)	159 507 319	(
Segment net assets	(73 571 091)	173 469 581	(2
Unallocated assets			
Unallocated liabilities			
Total net assets as per Statement of financial Position			

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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2022

	Economic & Environmental Services	Roads & Infrastructure	Community Services	Public Safety	Total
Revenue					
Service charges	-	-	1 216 660	-	1 216 660
Rental of facilities and equipment	2 965 138	2 999	181 491	-	3 149 628
Agency services	-	-	-	2 314 487	2 314 487
Other income	-	585 944	-	-	585 944
Licences and permits	-	-	-	1 712 956	1 712 956
Construction contract	-	33 668 118	-	-	33 668 118
Revenue from non exchange transactions					
Government grants and subsidies	-	62 219 333	7 662 999	-	69 882 332
Fines	-	-	-	128 961	128 961
	-	-	-	3 510 193	3 510 193
Total segment revenue	2 965 138	96 476 394	9 061 150	7 666 597	116 169 279
Interest earned on outstanding debtors					6 313 969
Rental of facilities					629 490
Other income					54 540
Operating revenue					168 238
Licences and permits					146 000
Fair value adjustments					3 745 041
Government grants and subsidies					239 934 537
Property rates					48 595 020
Fines					1 283 233
Total revenue reconciling items					300 870 068
Municipality's revenue					417 039 347
Expenditure					
Employee costs	6 622 850	111 095	8 712 093	4 049 794	19 495 832
Depreciation and amortisation	-	-	71 249 388	-	71 249 388
Impairment losses	-	1 960 122	-	-	1 960 122
Construction contract expenditure	-	29 511 792	-	-	29 511 792
Finance costs	-	-	724 214	-	724 214
Inventory consumed	-	-	7 304 566	-	7 304 566
Contracted services	35 213 650	15 245 896	14 236 891	7 023 477	71 719 914
Transfers and subsidies	3 754 176	-	1 437 941	-	5 192 117
Operational costs	3 828 040	8 414 926	2 908 749	15 061 563	30 213 278
Loss on disposal of assets	-	2 047 392	-	-	2 047 392
Total segment expenditure	49 418 716	57 291 223	106 573 842	26 134 834	239 418 615
Total segmental surplus/(deficit)	52 383 854	153 767 617	115 634 992	33 801 431	(123 249 336)
Total revenue reconciling items					300 870 068
Employee costs					(65 050 636)
Remuneration of councillors					(20 745 017)
Depreciation and amortisation					(3 663 400)
Impairment losses					(9 688 596)
Lease rentals on operating lease					(101 903)
Contracted services					(3 612 400)
Transfers and subsidies					(988 905)
Operational costs					(48 714 633)
Entity's surplus (deficit) for the period					25 055 242

Umzimvubu Local Municipality

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	Economic & Environmental Services	Roads & Infrastructure	Community Services	Public Safety	Total
Segment Assets and Liabilities					
Segment assets	(11 593 172)	1 780 950 494	1 174 091 038	25 734 907	2 969 183 267
Segment Liabilities	(84 905 109)	105 995 282	(3 033 767)	(323 934 905)	(305 878 499)
Net assets /(liabilities) of the segments	(96 498 281)	1 886 945 776	1 171 057 271	(298 199 998)	2 663 304 768
Non segment assets					(1 877 577 938)
Non segment liabilities					252 044 376
Total assets as per Statement of financial Position					1 037 771 206

Umzimvubu Local Municipality

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55. 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 nonderivative financial instruments, and investment of excess liquidity.
Additional text

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

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

56. Commitments

Authorised capital expenditure

Already contracted and provided for

• Buildings	29 661 848	23 239 437
• Infrastructure	9 221 280	24 306 975
• Other financial assets	-	281 000
	38 883 128	47 827 412

Total capital commitments

Already contracted and provided for	38 883 128	47 827 412
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This Expenditure will be financed as follows:

Total commitments

Grant funding	2 304 780	23 997 225
Internal funding	36 578 348	23 830 187
	38 883 128	47 827 412

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Umzimvubu Local Municipality

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57. Contingencies

Contingent Assets

Umzimvubu Local Municipality vs Mbali Rural Developers CC (Arbitration) - 220 601

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.

The matter was finalised during the year and the municipality got an order to collect money from Mbali Rural Developers CC. The execution of this order has been without success and the case has been closed in order to minimise on additional costs of collection.

Umzimvubu Local Municipality vs Vuyo Chitha 102 000 350 000

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.

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.

102 000 570 601

Contingent Liabilities

Lindelwa Nyokana vs Umzimvubu Local Municipality (Case No. 40/18): 200 000 200 000

The plaintiff is claiming a sum of R37 484,55 resulting from the damage to her motor vehicle as a result of a pothole in one of municipal roads. On 12 February 2021 the matter was postponed sine die. Matter was before Magistrate Mbotho on 10 December 2021 and was postponed to 11 February 2022 for further evidence. STATUS – ONGOING. The matter is on for trial stage..

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. Hearing of evidence has since concluded. Awaiting judgement.

Umzimvubu Local Municipality vs Thandeka Mgeyi and 4 others Case No.2914/2019 400 000 400 000

The municipality is seeking eviction order from court. The respondents invaded its RDP houses. The matter was referred for oral evidence. The matter was before Court on 7 March 2022 and was removed from the roll to allow the Municipality to bring its first witness. The matter was postponed to January 2023 for hearing of further evidence. Matter waiting for trial date.

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 200 000 200 000

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. Application for leave to appeal is to be heard by the Supreme Court of Appeal on a date set for 2023.

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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Notes to the Annual Financial Statements

57. Contingencies (continued)

Andiswa Gxobole -Nomthwa's Projects v Umzimvubu Local Municipality 200 000 200 000
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.

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 M Zibuke Clothing & Multipurpose & Another: Case No. 2570/2017 400 000 300 000

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 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. Attorneys instructed to continue with eviction proceedings. Matter will appear before court on 17 March 2023.

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 200 000 -

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. The matter has been appealed and is awaiting SCA.

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.

Prince Mbusi Mdlalose vs Umzimvubu Local Municipality Case No. 3359/2019 1 500 000 850 000

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. Matter set down for a date in 2023.

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.

Concerned Group of Sigidini Administrative Area - Mt Ayliff vs Umzimvubu Local Municipality Case No. 1986/2021 200 000 200 000

This is an application brought by the Applicants in respect of land which they claim belongs to them. The municipality is opposing the matter. On 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. Matter is on appeal and pending.

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.

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57. Contingencies (continued)

Momelezi Methusi vs Umzimvubu Local Municipality Case No. 206/2020 - 80 000
Claim in respect of collision allegedly as a result of recklessness and negligent driving of the defendant's driver/employee. Matter still to be heard in Court to completion. Inspection in loco to be conducted on 10 February 2023.

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. The matter has been finalised and judgement was in favour of the plaintiff. The municipality is liable to pay 50% of the damages.

PriceWaterHouseCoopers vs Umzimvubu Local Municipality Case No. 1351/2020 910 209 910 209
Claim in respect of services allegedly rendered in 2015, 2016 and 2019. The matter has been defended and consultation with the client is due. 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.

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 1 500 000 700 000
High Court Application wherein the EFF seeks to declare ULM's dress code policies unlawful and unconstitutional and in the alternative to review and set aside ULM's dress code policies. A notice of intention to oppose was served and filed. Also, answering Affidavit has also been prepared, served and filed. Awaiting Applicant's reply, if any. Applicants have since filed a supplementary founding affidavit.

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 400 000 400 000
This matter dates back to 2014 where the Municipality was sued by the Plaintiff for his unlawful arrest by the second defendant who at the time was employed by the Municipality. The trial commenced, evidence was led and argued to completion. However, the presiding magistrate passed away before delivering judgement. This necessitated a trial *de novo*. Trial shall begin on the 17th February 2023.

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 300 000 500 000
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.

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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57. 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).	500 000	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.		
Fikile Bhekizulu vs Umzimvubu Local Municipality and others Application to declare immovable property belonging to the respondent that of the applicant as well as compelling the deed register to effect a rectification transfer.	500 000	-
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. Matter is still pending before the Mount Frere Magistrates Court.	-	-
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.		
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. 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.	650 000	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. The Municipality is in the process of drafting its plea and is considering taking the matter on alternative dispute resolution in terms of Rule 41A(2)(a) of the Uniform Rules of Court. Municipal attorneys are to conduct an inspection of the Silindini bridge on 13-14 February 2023.	2 500 000	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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57. Contingencies (continued)

Geolocate vs Umzimvubu Local Municipality

500 000 623 748

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.

The defendant has passed on and the remaining party does not want to involve themselves on the matter. Matter likely to be struck off the roll.

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. This matter has been consolidated with case number 5213/2021 (Silindile Mhlwana case)

Norman Ndongeni vs ULM : Case no. 4779/2021

200 000 -

This matter is primarily between the applicant and the first respondent 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, legal representation is necessary as the Court may mero motu require the Municipality to intervene. The 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. Application dismissed with costs. On 19 October 2022, applicant has filed an application for leave to appeal. Application to be heard of 02 February 2023. Application for leave to appeal was heard and judgement reserved.

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

Annual Financial Statements for the year ended 30 June 2023

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57. Contingencies (continued)

AM Engineering (Pty) Ltd v ULM : Case no. 6030/2022

1 800 000

-

The matter relates to a contractual dispute between the Plaintiff and the Municipality. The Plaintiff alleges that the Municipality unlawfully repudiated the contract between the parties without any just cause. The plaintiff now sues the Municipality for outstanding invoices and loss of profits. An notice of intention to defend the matter has since been filed by the Municipal attorneys together with a notice calling upon plaintiff's attorneys to produce proof of authority to act on behalf of the plaintiff. Further to these, a notice in terms of Rule 41A(2)(a) has since been filed requesting the plaintiff to indicate whether it agrees or opposes the referral of the matter to an ADR mechanism. Consultation with the Municipality shall be held in due course.

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.

Nokuzola Christella Canca v ULM : Case no. 5981/2022

500 000

-

The Applicant Mrs. NC Canca seeks an order declaring the decision of the Municipality to approve the building plans of Erf 242 (KwaBhaca Mall) as unlawful, illegal and irregular and stands to be reviewed and set aside as such decision is in contravention of the Municipality's SPLUMA By-laws. The Municipality has filed its intention to oppose and is due to file a Rule 53 record whilst consulting to prepare answering affidavit.

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 Vuyo Chitha

350 000

-

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 have been requested from ULM so as to complete application.

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.

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.

Makalala Mbulawa vs Umzimvubu Local Municipality

200 000

-

The applicant claims damages which amount to R900 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni. The matter is still pending before the High Court

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.

Bhekinkosi Makhasana vs Umzimvubu Local Municipality

200 000

-

The applicant claims damages which amount to R 1000 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni. The matter is still pending before the high court.

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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57. Contingencies (continued)		
Ngubela Malibaba vs Umzimvubu Local Municipality	200 000	-
The applicant claims damages which amount to R1 200 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni. The matter is still pending before the high court.		
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.		
Nelisiwe Nkalitshana vs Umzimvubu Local Municipality	200 000	-
The applicant claims damages which amount to R1 100 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni. The matter is still pending before the high court.		
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.		
Sibusiso Bonakele & Others vs Umzimvubu Local Municipality	200 000	-
The applicant claims damages which amount to R450 000 per individual and a total of R22 950 000 as a result of alleged unlawful conduct which include assault and arrest by the employees of the defendant (ULM) while conducting evictions on ERF 188 eMaXesibeni. The matter is still pending before the High Court.		
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.		
Nonyamezela Khwebulana & Others vs Umzimvubu Local Municipality	500 000	-
The applicants seek temporary accommodation as a result of houses that were demolished on the 04th of April 2023 on the municipal land, ERF 188 eMaXesibeni. The matter was before Judge Zilwa on an urgent basis on 02 May 2023, and the matter postponed to 30 May 2023. The matter has become opposed by the Municipality and we have filed an Answering affidavit.		
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.		
Silindile Mhlwana and others vs Umzimvubu Local Municipality	600 000	-
The plaintiffs launched a claim for damages to the amount of R350 000 resulting from the Municipality having allegedly demolished their homes which were unlawfully built on a portion of land belonging to the Municipality. The matter shall go on trial still waiting for pre-trial minutes from plaintiffs attorney.		
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.		
Nomagalati Dyantyi vs Umzimvubu Local Municipality	200 000	-
The Applicant is seeking an order for the eviction of the second respondent from the residential homestead no 41 at Badibanise administrative area Mount Frere. The municipality is cited herein only for comply purposes in terms of the PIE Act. The matter was before court on 29 July 2022, it was removed from the roll. There is no progress from the applicants attorney since then.		
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

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

57. Contingencies (continued)

Umzimvubu Local Municipality vs Phumeza Mbasane Nompumza The municipality in this matter has instituted civil proceedings against the deceased estate in terms of which it seeks to recoup municipal funds. The municipality has since filed an application for default judgment and is awaiting the courts ruling in this regard. The municipal attorneys have filed a request for default judgment.	250 000	-
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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.

Nontuthuzelo Shazi vs Umzimvubu Local Municipality The above matter concerns an employee who alleges that she has been unlawfully dismissed by the municipality and the matter has now been referred to the South Africa Local Government Bargaining council for a ruling. The matter has been referred for Arbitration and will be heard shortly.	500 000	-
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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.

16 960 209	12 553 957
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Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

58. Related parties

Related party balances

Receivables from related parties

Staff and councilors debt

Cllr Mdzinwa	2 170	420
Cllr Garane	-	265
GPT Nota (Municipal Manager)	1 470	827
KP Dlamini-Tshazi (Senior Manager - Manager Community Services)	2 291	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
Related person: Qaba Zembe		
Company Capacity: Owner (wife)		
Municipal Capacity: Snr Manager		
2nd World Guest House	22 825	7 000
Related person: Mr Mdzinwa		
Company Capacity: Owner (husband)		
Municipal Capacity: Pr Councillor.		
Moepangauta T/A Madlanga Partner	2 083 233	950 285
Related person: L. Mandlanga		
Company Capacity: Owner (Brother)		
Municipal Capacity: Official		

The related parties to the above companies were not involved in procurement processes undertaken in appointing them.

2 106 058 3 493 336

Leave accrual owed to Executive Management

Manager - GPT Nota	117 701	189 166
Chief Financial Officer - FT Fundira	105 424	103 866
Manager Local Economic Development - SC Ntinzi	105 424	64 960
Manager Infrastructure and Planning - LJ Moleko	70 327	25 967
Manager Chief Operations Officer - N Zembe	105 424	114 527
Manager Corporate Services - TT Madotyeni-Ngcongca	101 032	103 866
Manager Community Services - KP Dlamini-Tshazi	96 683	95 254

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

58. Related parties (continued)

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

The cost of leave accrual is recognised in the period in which the service is rendered and are not discounted. 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 measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The leave accrual is expected to be paid out through the compensated absence of employees in the next 12 months.

No leave encashment is made unless an employee has left the municipality.

There are no assets that have been set aside for the leave accrual, these are provided for through the three year MTREF budgeting of employee costs.

13th cheque

Manager - GPT Nota	39 011	43 104
Chief Financial Officer - FT Fundira	32 030	31 557
Manager Local Economic Development - SC Ntinzi	32 030	31 557
Manager Infrastructure and Planning - LJ Moleko	32 030	31 557
Manager Chief Operations Officer - N Zembe	32 030	34 795
Manager Corporate Services - TT Madotyeni-Ngcongca	32 030	31 557
Manager Community Services - KP Dlamini-Tshazi	32 030	31 557

Key management information

Class	Description	Number
Mayor	Mayor	1
Councillors	Councillors	55
Municipal Managers	Municipal Managers	1
Senior management	Senior management	5

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

58. Related parties (continued)

Remuneration of management

Management class: Councillors

	Basic salary	A
2023		
Executive Mayor - Cnl Z Ndevu	461 136	
Former Executive Mayor - Cnl SK Mnkwa (2022 backpay)	9 229	
Speaker - Cnl HM Ngqasa	375 831	
Chief whip -Cnl FN Ngonyolo	353 236	
Executive committee	2 538 293	
Councillors	6 596 243	
	10 333 968	

	Basic salary	A
2022		
Executive Mayor - Cnl Z Ndevu (Appointed on 9 November 2021)	255 385	
Executive Mayor - Cnl SK Mnkwa (Term ended on 30 October 2021)	171 028	
Speaker - Cnl HM Ngqasa (Appointed on 9 November 2021)	206 490	
Speaker Cnl FN Ngonyolo (Term ended on 30 October 2021)	136 823	
Chief whip -Cnl FN Ngonyolo (Appointed on 9 November 2021)	194 266	
Chief whip - Cnl NG Mdzinwa (Term ended on 30 October 2021)	128 272	
Executive committee	2 280 237	
Councillors	5 977 442	
	9 349 943	

Notes to the Annual Financial Statements

58. Related parties (continued)

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

	Basic salary	Termination benefits	Car and other allowances	Annual Bonus
2023				
Remuneration of Municipal Manager - GPT Nota (N1)	850 041	189 166	464 095	
Remuneration of the Chief Financial Officer - FT Fundira	698 784	-	381 045	
Remuneration of the Manager Local Economic Development - SC Ntinzi	698 784	-	381 045	
Remuneration of the Manager Infrastructure and Planning - LJ Moleko	698 784	-	381 045	
Remuneration of the Manager Chief Operations Officer - N Zembe (N2)	701 261	114 527	381 046	
Remuneration of the Manager Corporate Services - TT Madotyeni-Ngcongca	698 784	-	381 046	
Remuneration of the Manager Community Services - KP Dlamini-Tshazi	698 784	-	381 046	
	5 045 222	303 693	2 750 368	

	Basic salary	Car and other allowances	Annual Bonus	Pe
2022				
Remuneration of Municipal Manager - GPT Nota	886 716	517 251	73 893	
Remuneration of the Chief Financial Officer - FT Fundira	649 164	378 679	54 097	
Remuneration of the Manager Local Economic Development - SC Ntinzi	649 164	378 679	54 097	

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

58. Related parties (continued)

Remuneration of the Manager Infrastructure and Planning - LJ Moleko	649 164	378 679	54 097
Remuneration of the Manager Chief Operations Officer - N Zembe	715 793	417 546	59 650
Remuneration of the Manager Corporate Services - TT Madotyeni-Ngcongca	649 164	378 679	54 097
Remuneration of the Manager Community Services - KP Dlamini-Tshazi	649 164	378 679	54 097
	4 848 329	2 828 192	404 028

59. Fruitless and wasteful expenditure

Opening balance as previously reported
Less: Amounts recovered - current

Closing balance

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.

60. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government - SALGA

Current year subscription / fee	1 082 117	1 094 194
Amount paid - current year	(1 082 117)	(1 094 194)
	-	-

Audit fees

Opening balance	-	2 944
Current year subscription / fee	4 738 905	5 092 660
Amount paid - current year	(4 738 905)	(5 095 604)
	-	-

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

60. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Current year subscription / fee	20 208 926	18 541 438
Amount paid - current year	(20 208 926)	(18 541 438)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	20 610 137	18 186 309
Amount paid - current year	(20 610 137)	(18 186 309)
	-	-

Councillors' arrear consumer accounts

Refer to the related party disclosure note 58

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor Mdzinwa	1 292	-	1 292

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

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.

61. SCM regulation 45 disclosures

The municipality bought goods from the following companies, where the directors are (related to) government officials.

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length:

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

61. SCM regulation 45 disclosures (continued)

Sips and Zozo Trading Related person: Dikwayo Siphokazi Company Capacity: Owner (brother) Municipal Capacity: Official	-	24 200
Misestozz Trading Related person: Mygirl Ntshengulana Company Capacity: Owner (husband) Municipal Capacity: Official	-	120 770
Njola Mhle Construction Related person: N. Xashimba Company Capacity: Owner (brother) Municipal Capacity: Official	75 000	96 000
Myoza-Myoza Trading Related person: B. Jokazi Company Capacity: Owner (wife) Municipal Capacity: Official	10 351 536	4 354 502
MNP Daughters Related person: A. Mdledle Company Capacity: Owner (mother) Municipal Capacity: Official	27 200	257 018
Siya and Aya Engineering Related person: A. Tandwa Company Capacity: Owner (Wife) Government official: Department of Health Official	-	4 683 196
Zimomo Trading Related person: A. Fikeni Company Capacity: Owner (Child) Municipal Capacity: Official	78 490	13 665
Tolta Development Projects Related person: N. Ndongeni Company Capacity: Owner (Sister) Municipal Capacity: Official	-	5 390
Kwik Way Solutions Related person: A. Tandwa Company Capacity: Owner (Wife) Government official: Department of Social Development Official	144 104	939 366
Funkymilla Trading Related person: A. Mandlana Company Capacity: Owner (Brother) Municipal Capacity: Official	2 402 671	427 889
Smondez Dyetype Trading Related person: A. Fikeni Company Capacity: Owner (Son) Municipal Capacity: Official	25 419	24 196

Umzimvubu Local Municipality

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Notes to the Annual Financial Statements

61. SCM regulation 45 disclosures (continued)		
Mfalo Farming and Projects	330 809	-
Related person: S. Tshekela		
Company Capacity: Owner (Spouse)		
Municipal Capacity: Official		
Nomako Trading and Construction	29 265	-
Related person: P. Conjwa		
Company Capacity: Owner (Daughter)		
Municipal Capacity: Official		
Aphola Trading	29 500	-
Related person:		
Company Capacity: Owner (Spouse)		
Government official: Department of Sports and Culture		
Lihlume Ilizwe Trading	282 445	-
Related person: > Ntlamba		
Company Capacity: Owner (Spouse)		
Municipal Capacity: Official		
Lito Trading Enterprises	1 668 414	-
Related person: Canca		
Company Capacity: Owner (Spouse)		
Municipal Capacity: Official		
Yakhalungisa Engineering	8 306 581	-
Related person: N. Ndongeni		
Company Capacity: Owner (Sister)		
Municipal Capacity: Official		
	23 751 434	10 946 192

62. Unauthorised expenditure

Add: Unauthorised expenditure - current	11 030 132	77 440 532
Less: Amount authorised - current	-	(77 440 532)
Closing balance	11 030 132	-

2023 financial year

This is impairment of infrastructure assets of R5 607 071 that were damaged due to heavy rains and was not budgeted for. Furthermore due to the slow rate of payments of debtors, there was impairment of receivables from exchange and non exchange transactions of R6 046 572 recognised at year end inline with GRAP 104 requirements. This unauthorised expenditure is a non-cash expenditure.

2022 financial year

During the 2022 financial 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	11 030 132	77 440 532
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Umzimvubu Local Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

62. Unauthorised expenditure (continued)

Analysed as follows: non-cash

Provision of impairment	11 030 132	-
Transfer of functions to Eskom	-	77 440 532
	11 030 132	77 440 532

63. Irregular expenditure

Add: Irregular expenditure - current	26 840 657	-
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Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

63. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

Regulated quotations requirement not invited	3
Contract deviations not properly approved	4
Proper procurement procedures not followed	18
	<hr/>
	26

Disciplinary steps taken/criminal proceedings

No disciplinary steps / criminal proceedings have been taken as matter is yet to be investigated.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

64. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Entity as Agent

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 two times a month. 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 746 633 (2022: R12 181 511) was collected gross of commission. During the year the municipality has recognised a revenue of R2 065 526 (2022: R2 314 487).

Monies due to the principal were at year end was R635 870 (2022: R511 069).

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 between Human Settlements and the municipality, transactions are done with a third party in building the houses on behalf of the Department.

The amount of R3 184 990 (2022: R0) was received from the Department and an amount of R88 259 (2022: R387 631) remained unspent at 30 June 2023, and the municipality is expected to use this money during the next 12 months and there are no liabilities incurred by ULM on behalf of the Department. The department did not transfer any risks to the municipality in this arrangement. A total of R3 484 362 (2022: R5 772 854) was spent on behalf of the principal during the current financial period.

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

Independent Development Trust

The Umzimvubu Local Municipality (ULM) has entered into a Memorandum of Agreement (MoA) with the Independent Development Trust (IDT). In this agreement, the IDT will manage the implementation of the development / construction of new ULM offices to an extent of 4ha in Sophia Town Kwa Bhaca and a the alterations to existing offices in Kwa Bhaca. ULM is a principal to this arrangement.

The purpose of this relationship is to change the face of the Municipality towards service delivery, value additions and to build offices that are accessible to the community of Umzimvubu Local Municipality.

IDT will be responsible for providing and managing all necessary facilities, equipment, internal finances and personnel for the performance of its functions. During the year there has been no changes in the terms and conditions of this agreement.

Amongst others, this arrangement is exposed to the poor delivery by suppliers resulting to slow turnaround time, abandoned variation orders and non compliance with laws and regulations resulting to litigations. The arrangement has a risk management plan in place to address and minimise all the risk identified.

During the current year, the municipality has paid a gross amount of R7 255 712 (2022: R641 244) which is capitalised as part of the project cost.

The total gross amount paid include a 5.5% commission paid to the agent for the current year of R399 064 (2022: R35 268),

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

64. Accounting by principals and agents (continued)

which is included in the amount paid to the project.

IDT does not hold any assets or liabilities on behalf of the municipality in its custody.

Eskom Holding

FREE BASIC ELECTRICITY

Eskom, on behalf of Umzimvubu Local Municipality (ULM), provides free basic electricity to eligible customers within the municipal boundaries of the ULM. Electricity provision occurs through prepaid. Eligible customers are identified according to the municipal's Indigent Policy. Eskom provides this service in advance and is reimbursed by the municipality in an amount equal to the free service provided. Eskom receives no further compensation in terms of the agreement. ULM is a principal to this arrangement.

ULM has paid an amount of R974 062 (2022: R690 418) to Eskom as a reimbursement for the free services provided by Eskom to indigent beneficiaries and no compensation has been paid to Eskom during the current and prior years.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

There will be no cost implications for ULM if the arrangement is terminated

65. 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 2023 to 2026 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.

66. 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

Notes to the Annual Financial Statements

66. Budget differences (continued)

- N2 Collection on old debt was a result of the variance
- N3 There was an increased rental amount during the year
- N4 The anticipated amount was not collected due to non-payment by consumers
- N5 Closure of Kwabhaca RA caused under collection
- N6 Variance is caused by an additional RA office opened in EmaXesibeni
- N7 The identified variance is as a result of additional operational revenue that was not anticipated
- N8 Variance is caused by non payment of outstanding rates billed during the year
- N9 The identified variance is as a result of licences not paid for
- N10 The variance is caused by the interest charged which was not budgeted for
- N11 There were grants that were discontinued during the year which were used as a baseline when budgeting.
- N12 Fines that relate to prior year are still uncollectable
- N13 The identified difference is as a result of VAT being budgeted as a revenue line item
- N14 The actual amount of impairment was not budgeted for
- N15 The identified difference is as a result of non-achievement of the anticipated write-off
- N16 There was a reduction in the operating lease contract which relates to the rental of a machine
- N18 There were projects that were cancelled within the LED department
- N19 The implementation of cost containment measures is the cause of the variance
- N20 Municipal hand anticipated to complete and donate electrification projects
- N21 The implementation of cost containment measures is the cause of the variance
- N22 The identified variance is as a result of budget not being allocated to this line item
- N23 The identified variance is as a result of budget not being allocated to this line item
- N24 The identified variance is as a result of budget not being allocated to this line item
- N25 The variance is as a result of downwards adjustment during midterm
- N26 There was an additional operating lease asset
- N27 The downwards adjustment at midterm is the cause of the variance
- N28 The anticipated amount could not be achieved at year end
- N29 The identified variance is as a result of VAT being budgeted under non exchange transactions
- N30 The identified variance is caused by the amount due by OTP for the completed project funded at value creation
- N31 The variance is as a result of a reduction in cash at midterm
- N32 There was an acquisition of additional investment property

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

66. Budget differences (continued)

- N33 There were delayed projects which would have been capitalised.
- N34 There were assets that were classified as PPE hence the reduction
- N35 Accruals were the cause of the variance
- N36 The actual amount incurred was not budgeted for as a separate line item
- N37 There was an increase in advance payments by consumers
- N38 There was an amount received in the year under review that was meant to be spent in the following financial year
- N39 There is an increase in the staff turnover due to filling of new positions
- N40 The budgeted amount was included in the employee related costs
- N41 The capital replacement reserve was not budgeted for
- N42 There was an increase in accumulated surplus
- N43 The variance is caused by the outstanding amount for consumer debtors and under collection
- N44 The anticipated other revenue amount could not be achieved.
- N45 The variance is caused by implementation of cost containment measures.
- N46 The variance is as a result of acquisition of PPE which became less than anticipated
- N47 There was no budget allocated for the acquisition of investment property
- N48 Net cash was anticipated to decrease but there was a substantial increase due to cost cutting mechanisms.
- N49 There was a reduction in cash and cash equivalent at midterm
- N50 The amount relates to insurance proceeds that were not budgeted for that the municipality received during the year.
- N51 This amount was previously budgeted for under capital assets and through restatements had to be reported as revenue from operating activities.
- N52 This variance is due to some capital projects not being completed during the year and other infrastructure assets being impaired during the year.

67. 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:

Statement of financial position

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

67. Prior-year adjustments (continued)

2021

	Note	As previously reported	Correction of error	Change in accounting policy	Restated
Property, plant and equipment N1		958 424 684	(519 058)	(68 346 745)	889 558 881
Inventories N1		752 450	2 420 700	-	3 173 150
Payables from exchange transactions (N4)		(22 741 586)	-	(3 021 066)	(25 762 652)
Unspent conditional grants and receipts (N4)		(6 521 066)	-	3 021 066	(3 500 000)
Accumulated surplus		(1 048 262 150)	(1 901 642)	68 346 745	(981 817 047)
		(118 347 668)	-	-	(118 347 668)

2022

	Note	As previously reported	Correction of error	Change in accounting policy	Restated
Property, plant and equipment (N1)		946 435 032	(954 523)	(20 394 064)	925 086 445
Inventories (N1)		702 809	2 420 700	-	3 123 509
Payables from exchange transactions (N4)		(26 909 242)	-	(2 352 948)	(29 262 190)
Unspent conditional grants and receipts (N4)		(2 353 409)	-	2 352 948	(461)
Accumulated surplus		(1 024 856 769)	(1 466 177)	20 394 064	(1 005 928 882)
		(106 981 579)	-	-	(106 981 579)

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Change in accounting policy	Restated
Construction contracts revenue (N2)		-	-	33 668 118	33 668 118
Government grants and subsidies (N2)		343 484 987	-	(33 668 118)	309 816 869
Depreciation (N1)		(74 477 323)	(435 465)	-	(74 912 788)
Transfers and subsidies paid (N3)		(83 621 554)	-	77 440 532	(6 181 022)
Construction contract expenditure (N2)		-	-	(29 511 792)	(29 511 792)
(Deficit) surplus for the year		22 438 033	435 465	(47 928 740)	(25 055 242)
Surplus for the year		207 824 143	-	-	207 824 143

N1: The error relates to Land that was previously authorised for disposal by council and was not transferred from Land owned for use to Land owned for disposal. Furthermore, an analysis of moveables useful lives resulted in the municipality changing these and recognising an error as the assets had no carrying amounts and yet they were still in use. This has led to an increase in depreciation and an increase in the carrying amounts of assets.

N1 and N2: The change in accounting policy was due to the implementation of the Accounting for Integrated National Electrification Programme (INEP) Grant allocations that was issued by National Treasury which meant the accounting for the INEP grant revenue and asset had to be accounted for through GRAP 11 and. The previously related asset was reversed.

N2: Being reclassification of Grants revenue recognised to Construction contract revenue and the related expenditure.

N3: Being reversal of previously recognised asset transfers to ESKOM.

N4: Being reclassification of the income received in advance relating to the INEP grant funding used for construction contracts. This was previously recognised as a conditional grant.

N5: Being reclassification of interest expenditure previously classified as payments of suppliers in line with GRAP 2 requirements

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

67. Prior-year adjustments (continued)

Cash flow statement

2022

	Note	As previously reported	Change in accounting policy	Re-classification	Restated
Cash flow from operating activities					
Sale of goods and services (N2)		14 757 362	29 398 125	-	44 155 487
Grants (N2)		339 317 330	(30 647 052)	-	308 670 278
Interest income (N5)		-	-	4 322 517	4 322 517
Suppliers (N2)		(169 011 796)	(32 522 857)	-	(201 534 653)
Finance costs		1 886	-	(30 798)	(28 912)
		185 064 782	(33 771 784)	4 291 719	155 584 717
Cash flow from investing activities					
Purchase of property, plant and equipment (N2)		(148 199 529)	29 480 065	-	(118 719 464)

Restatement on disclosure notes

Restatement of disclosures - Segment reporting (N1)

	As previously reported	Correction of error	Restated
Segment reporting - Revenue (N1)	118 917 268	(15 445 112)	103 472 156
Segment reporting - Expenditure	417 039 348	(300 870 069)	116 169 279
Segment reporting - Assets	(439 477 381)	152 129 936	(287 347 445)
Segment reporting - Liabilities	1 110 533 214	1 858 650 053	2 969 183 267
	(53 834 123)	(252 077 376)	(305 911 499)
	1 153 178 326	1 442 387 432	2 595 565 758

Restatement of disclosures - Financial Instruments (N2)

	As previously reported	Correction of error	Restated
Financial assets	118 917 268	(15 445 112)	103 472 156

N1: The following previously reported segments have been excluded as they are non reportable segments. They have been reported as such in the current year with a restatement made for 2022

(i) Municipal Governance and Administration

(ii) Finance and Administration

N2: The restatement is due to GRAP 104 which excludes statutory receivables in line with GRAP 108.

The following prior period errors adjustments occurred:

Principal Agent Disclosure

During the year, the municipality has applied GRAP 109 requirements and identified two agreements between the municipality and 3rd parties. These arrangements are between the municipality and (1) Eskom Holdings, (2) Independent Development Trust. The municipality is acting as a principal to both these arrangements. Refer to Note 63

Umzimvubu Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

67. Prior-year adjustments (continued)

Change in accounting policy

During the year, the municipality changed the policy used to account for the Department of Energy Schedule B Grant (INEP) from being a conditional grant with to revenue from construction contract. Furthermore, the expenditure on this grant is expensed during the year as opposed to having it recognised as Work In Progress under PPE. The effect of these changes are shown in the tables above.

SERVICE PROVIDERS PERFORMANCE REPORTING

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid		Pay Frequency
0000 0000 01	UPGRADING OF MAJOJWENI ACCESS ROAD	UPGRADING OF MAJOJWENI ACCESS ROAD	EXPIRED	Construction Contracts	UMZ2022-23/MIG/002	UMZ2022-23/MIG/002	MYOZA MYOZA TRADING	4813824.93	-2987148.64	2022/09/29	2023/05/29	8	N/A	2023/01/31	2023/05/19	ON DELIVERY	
0000 0000 02	NKUNGWINI ACCESS ROAD	NKUNGWINI ACCESS ROAD	EXPIRED	Construction Contracts	UMZ/22-23/MIG/006	UMZ/222-23/INFRA/MIG/006	GAMADZE TRADING AND PROGETS	2190972.53	-59027.46	2022/09/23	2023/03/23	6	N/A	2023/03/02	2023/03/02		NOT SET
0000 0000 03	MPEMBA BRIDGE WITH 6KM	MPEMBA BRIDGE WITH 6KM	ACTIVE	Construction Contracts	UMZ/22-23/MIG/007	UMZ/2022-23/INFRA/MIG/007	BHODLIN YAMA TRADING	12166112.	-4019095.88	2022/09/12	2023/09/12	12	N/A	2023/04/12	2023/06/29		NOT SET
0000 0000 04	BUTSHENI BRIDGE	BUTSHENI BRIDGE	EXPIRED	Construction Contracts	UMZ/2022-23/MIG/008	UMZ/2022-23/INFRA/MIG/008	INTLANGULA 86	9968200	-3573623.21	2022/09/12	2023/03/12	6	N/A	2023/04/30	2023/06/30		NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
							TRADING ENTERPRI									
0000000005	SUPPLY AND DELIVERY OF REFUSE BAGS	SUPPLY AND DELIVERY OF REFUSE BAGS	ACTIVE	Purchase Agreement	UMZ/2022/C&C/02		SLATSHA TRADING AND PROJECTS	1955000	-244375	2022/10/13	2024/10/13	24	N/A	2023/04/11	2023/04/11	ON DELIVERY
0000000006	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING	ACTIVE	Purchase Agreement	UMZ/2022-23/03	UMZ/2022-23/03	ODIOR TRADING ENTERPRISE PTY L	4282960	-1620391	2022/10/12	2024/10/12	24	N/A	2023/02/08	2023/06/22	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000000008	SUPPLY AND DELIVERY OF TOOLS AND EQUIPMENT	SUPPLY AND DELIVERY OF TOOLS AND EQUIPMENT	ACTIVE	Purchase Agreement	UMZ/2022-23/C&CS/01	UMZ/2022-23/C&CS/01	NGAKANE HOLDINGS	3697527.65	-1011464.89	2022/10/21	2024/10/20	24	N/A	2023/02/08	2023/05/24	ON DELIVERY
0000000009	BADIBANISE COMMUNITY HALL	BADIBANISE COMMUNITY HALL	EXPIRED	Construction Contracts	UMZ/2022-23/MIG/005	UMZ/2022-23/INFRA/MIG/005	KIG CONSTRUCTION	2556285.95	-1588032.41	2022/10/28	2023/02/27	4	N/A	2023/01/31	2023/06/28	ON DELIVERY
0000000010	NTSHAKENI COMMUNITY HALL	NTSHAKENI COMMUNITY HALL	EXPIRED	Construction Contracts	UMZ/2022-23/MIG/003	UMZ/2022-23/INFRA/MIG/003	NKAMANGANA CONSTRUCTION	2532542.25	-1647605.38	2022/11/01	2023/02/28	4	N/A	2023/01/31	2023/06/30	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 11	CONSTRUCTION OF VULNERABLE HOUSE IN WARD 07	CONSTRUCTION OF VULNERABLE HOUSE IN WARD 07	EXPIRED	Construction Contracts	UMZ/2022-23/VULNERABLE	UMZ/2022-23/VULNERABLE WARD 07 (INFRA)	KING SOYISILE CON & PLANT HIRE	196843.19		2022/11/09	2023/01/08	2	N/A			ON DELIVERY
0000 0000 12	PANEL FOR REPAIRS AND MAINTENANCE OF STREET SLIGHTS (KWABHACA and	PANEL FOR REPAIRS AND MAINTENANCE OF STREETS LIGHTS (KWABHACA and	ACTIVE	Panel Contract	UMZ/2022-23/INFRA/RM	UMZ/2022-23/INFRA/RM-STL/001				2022/11/01	2024/10/30	24	N/A			ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	EMAXES (BENI)	EMAXES (BENI)														
0000 0000 13	REVIEW OF LAND USE SCHEME REGULATIONS AND LAND AUDIT	REVIEW OF LAND USE SCHEME REGULATIONS AND LAND AUDIT	ACTIVE	Service Level Agreement	UMZ/2022-23/TP/001		TPS DEVELOPMENT PROJECTS	1150000	-345000	2022/09/28	2023/09/27	12	N/A	2023/04/18	2023/04/18	ON DELIVERY
0000 0000 14	PROVISION OF SECURITY SERVICES FOR KWABHACA	PROVISION OF SECURITY SERVICES FOR KWABHACA MUNICIPALITY	ACTIVE	Service Level Agreement	UM2022-23/C&CS/PS/01	UMZ/2022-23/C&CS/PS/001	PHIKO SECURITY	45855619.2	-8482007.02	2022/10/31	2025/10/30	36	N/A	2023/01/31	2023/06/30	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	MUNICIPAL PROPERTIES	L PROPERTIES														
0000 0000 15	COMPILATION OF GENERAL VALUATION ROLL FOR THE FINANCIAL YEARS 01 JULY 2023 TO 30 JUNE 2028	COMPILATION OF GENERAL VALUATION ROLL FOR THE FINANCIAL YEARS 01 JULY 2023 TO 30 JUNE 2028	ACTIVE	Panel Contract	UMZ/2022-23/BTO/001	UMZ/2022-23/BTO/REV/001	S C B PROPERTY VALUERS AND	902000	-748650	2022/10/28	2025/10/27	36	N/A	2023/03/09	2023/05/16	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	30 JUNE 2028															
0000000016	SOLANI CONCRETE SLAB	SOLANI CONCRETE SLAB	EXPIRED	Construction Contracts	UMZ/IFRA/CAP/008	UMZ/2022-23/INFRA/CAP/008	ROUTE17 CVE TRADING AND PROJECTS	568588.75	-568585.88	2022/12/13	2023/06/12	6	N/A	2023/02/28	2023/04/11	NOT SET
0000000017	construction of auction pens phase 03	construction of auction pens phase 03	EXPIRED	Construction Contracts	umz/2021/led/2022/01	umz/2021/led/2021-2022/012	QHOLO CIVILS	2565255.26	-2091379.73	2022/06/23	2023/03/30	9	N/A	2023/03/02	2023/06/30	ON DELIVERY
0000000019	SUPPLY AND DELIVERY OF VOLUMETRIC	UMZ/2021-22/C&CS/PS/001	EXPIRED	Purchase Agreement	"UMZ/2021-22/C&CS/PS	UMZ/2021-22/C&CS/PS/001	QHOLO CIVILS	298632		2022/07/15	2022/10/15	3	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	PARK HOMES OFFICES															
0000 0000 20	LEASE, INSTALLATION, MONITORING, AUTOMATION AND MAINTENANCE OF MULTIFUNCTIONAL PRINTING	UMZ/CS/S G/2021- 2023/	EXPIRED	Service Level Agreement	UMZ/CS/S G/2021- 2023/	UMZ/CS/S G/2021- 2023/	GENBIZ TRADING 1001	6425 68.32		2021/12/ 13	2023/1 2/13	24	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	G/PHOTOCOPYING MACHINES															
0000 0000 21	PROVISION OF A COLLABORATIVE ELECTRONIC DOCUMENT MANAGEMENT SYSTEM AND	UMZ/CS/S G/2021-2023/001	ACTIVE	Service Level Agreement	UMZ/CS/S G/2021-2023/	UMZ/CS/S G/2021-2023/001	BLAQCHIL D DIGITAL X	1590766	-387800	2022/01/17	2024/01/17	24	N/A	2023/06/07	2023/06/29	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	RECORDS MANAGEMENT FOR UMZIMVUBU MUNICIPALITY															
0000 0000 22	SUPPLY DISTRIBUTION OF ALTERNATIVE ENERGY (PARAFFIN) TO INDIGEN	UMZ/2022/BTO/001	ACTIVE	Service Level Agreement	UMZ/2022/BTO/001	UMZ/2022/BTO/001	BTH EVENTS PTY LTD	2816000		2022/03/09	2024/03/09	24	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	T HOUSEHOLDS															
0000 0000 23	PROVISION OF MUNICIPAL FLEET TRACKING SYSTEM FOR THE PERIOD OF THREE YEARS	UMZ/2020-21/BTO/TRACKING SYSTEM/03	ACTIVE	Panel Contract	UMZ/2020-21/BTO/TRAC	UMZ/2020-21/BTO/TRACKING SYSTEM/03				2021/05/05	2024/05/05	36	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 24	SUPPLY AND DELIVERY OF OFFICE STATIONERY	UMZ/BTO/STATIONERY-001	ACTIVE	Service Level Agreement	UMZ/BTO/STATIONERY-0	UMZ/BTO/STATIONERY-001	MYOZA MYOZA TRADING	1000000	-944266.13	2021/05/07	2023/09/07	28	N/A			NOT SET
0000 0000 25	PROVISION AND IMPLEMENTATION OF ELECTRONIC CONSUMER TRACING AND VETTIN	UMZ/2020-21/BTO/REVENUE/001	ACTIVE	Service Level Agreement	UMZ/2020-21/BTO/REVE	UMZ/2020-21/BTO/REVENUE/001	BSA Consulting CC	746253.22		2021/02/16	2024/02/16	36	N/A			ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	GSERVICES FOR THE PERIOD OF THREE YEARS															
0000 0000 26	APPOINTMENT OF MUNICIPAL PANEL FOR REPAIRS AND MAINTENANCE	UMZ/2019-20/BTO/FL T/001	ACTIVE	Panel Contract	UMZ/2019-20/BTO/FL T/	UMZ/2019-20/BTO/FL T/001		10		2022/11/03	2025/11/03	36	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	FOR MUNICIPAL FLEET FOR PERIOD OF 3 YEARS															
0000 0000 27	ELECTRIFICATION OF 289 HOUSEHOLDS IN MDAKEN I VILLAGE 2021/22 FINANCIAL YEAR	UMZ/2021-22/INFRA/INEP/003	EXPIRED	Service Level Agreement	UMZ/2021-22/INFRA/IN	UMZ/2021-22/INFRA/INEP/003	SIYA AND AYA ENGINEERING	6027742.01		2021/06/18	2021/12/18	6	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 28	CELLPHONE TOOLS OF TRADE FOR COUNCILLORES FOR A PERIOD OF TWO YEARS CONTRACT	UMZ/2021-22/CS/ICT/004	ACTIVE	Panel Contract	UMZ/2021-22/CS/ICT/0	UMZ/2021-22/CS/ICT/004				2021/12/21	2023/12/21	24	N/A			NOT SET
0000 0000 29	SUPPLY AND DELIVERY OF MUNICIPAL	UMZI/BTO/CATRIDGES/001	EXPIRED	Panel Contract	UMZI/BTO/CATRIDGES/0	UMZI/BTO/CATRIDGES/001				2021/05/14	2023/06/14	25	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	AL CARTRIDGES AND TONERS															
0000 0000 30	TURNKEY PROJECTS FOR MKUNGWINI 300(19) RURAL HOUSING PROJECT	UMZ//2021 - 22/INFRA/ECDHS/001	EXPIRED	Construction Contracts	UMZ//2021 - 22/INFRA/E	UMZ//2021 - 22/INFRA/ECDHS/001	Liyema Civils and Plant Hire C	3235250		2022/01/13	2022/09/13	8	N/A			NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 31	TURNKEY PROJECTS FOR DANDEE 300(37) RURAL HOUSING PROJECT	UMZ//2021 - 22/INFRA/ECDHS/002	EXPIRED	Construction Contracts	UMZ//2021 - 22/INFRA/E	UMZ//2021 - 22/INFRA/ECDHS/002	DOCRAINE	5585934.81		2021/12/22	2022/08/22	8	N/A			NOT SET
0000 0000 32	Network Maintenance Contract	UMZ/2022-21/CS/ICT/005	EXPIRED	Service Level Agreement	"UMZ/2022 - 21/CS/ICT/	UMZ/2022-21/CS/ICT/005	CMQ Trading Enterprise	300000		2021/06/21	2023/06/21	24	N/A	2023/03/15	2023/03/16	ON DELIVERY
0000 0000 33	NKUNGWINI TO MOMPILWANA	NKUNGWINI TO MOMPILWANA	EXPIRED	Construction Contracts	UMZ/INFRA/CAP/005	UMZ/2022-23/INFRA/CAP/005	ALFRED NDZO TECHNOLOGIES	1743658.75	-1427154.89	2023/01/09	2023/07/08	6	N/A	2023/05/15	2023/06/22	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	ACCESS ROAD MAINTENANCE	ACCESS ROAD MAINTENANCE														
0000 0000 34	BUMBENI ACCESS ROAD MAINTENANCE	BUMBENI ACCESS ROAD MAINTENANCE	EXPIRED	Construction Contracts	UMZ/INFRA/CAP/003	UMZ/2022-23/INFRA/CAP/003	AYA-LWAZI 227 CONSULTING	1320315	-1320315	2023/01/11	2023/07/10	6	N/A	2023/02/21	2023/04/30	ON DELIVERY
0000 0000 35	SAPHUK ANDUKU COMMUNITY HALL	SAPHUKA ANDUKU COMMUNITY HALL	EXPIRED	Construction Contracts	UMZ/INFRA/MIG/004	UMZ/2022-23/INFRA/MIG/004	MAPHOZANA TRADING	2669138.9	-2605413.96	2023/01/11	2023/07/10	6	N/A	2023/01/31	2023/06/07	ON DELIVERY
0000 0000 36	MANXIWENI ACCESS	MANXIWENI ACCESS	EXPIRED	Construction Contracts	UMZ/INFRA/CAP014	UMZ/2022-23/INFRA/CAP/014	SLATSHA TRADING AND	1472514.05	-1398888.37	2023/01/18	2023/07/17	6	N/A	2023/03/02	2023/05/17	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	ROAD-NEW	ROAD-NEW					PROJECTS									
0000 0000 37	UMNDINI TO MAGONTSINI ACCESS ROAD MAINTENANCE	UMNDINI TO MAGONTSINI ACCESS ROAD MAINTENANCE	EXPIRED	Construction Contracts	UMZ/INFRA/CAP/006	UMZ/2022-23/INFRA/CAP/006	KING SOYISILE CON & PLANT HIRE	1021893	-746825.28	2023/01/11	2023/07/10	6	N/A	2023/04/30	2023/06/22	ON DELIVERY
0000 0000 38	LOKWE ACCESS ROAD MAINTENANCE	LOKWE ACCESS ROAD MAINTENANCE	EXPIRED	Construction Contracts	UMZ/INFRA/CAP/012	UMZ/2022-23/INFRA/CAP/012	MBHAMPLA CIVILS (PTY) LTD	1560182.6	-1186495.11	2023/01/11	2023/07/10	6	N/A	2023/03/16	2023/06/30	ON DELIVERY
0000 0000 39	COMPLETION OF ELECTRIFICATION	COMPLETION OF ELECTRIFICATION	EXPIRED	Construction Contracts	INFRA/CAP/EL/EC/001	UMZ/2022-23/INFRA/CAP/EL/EC/001	YAKHALU NGISA ENGINEER	9883170.54	-7475923.26	2023/01/24	2023/07/23	6	N/A	2023/03/24	2023/05/31	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	N IN VARIOUS WARDS THROUGH TURNKEY APPROACH	IN VARIOUS WARDS THROUGH TURNKEY APPROACH					RING SERVICES									
0000 0000 40	MAMTWA ANI CONCRETE SLAB	MAMTWA NI CONCRETE SLAB	EXPIRED	Construction Contracts	UMZ/INFRA/CAP/009	UMZ/2022-23/INFRA/CAP/009	NQOLO CIVIL (PTY) LTD	569152.25	-569152.25	2023/01/11	2023/07/10	6	N/A	2023/04/26	2023/04/26	ON DELIVERY
0000 0000 41	CONSTRUCTION OF VULNAR	UMZ/2022-23/VULNARABLE	EXPIRED	Construction Contracts	VULNARABLE WARD11	UMZ/2022-23/VULNARABLE	MAZONO NO CIVIL & BUILDING CONS	195760.95	-195760.95	2022/12/05	2023/02/04	2	N/A	2023/03/09	2023/03/09	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	ABLE HOUSE IN WARD 11	WARD 11 (INFRA)				WARD 11 (INFRA)										
0000 0000 42	CONSTRUCTION OF VULNERABLE HOUSE IN WARD 18	UMZ/VULNERABLE WARD 18 (INFRA)	EXPIRED	Construction Contracts	VULNERABLE WARD18	UMZ/VULNERABLE WARD 18 (INFRA)	NKAMANGANA CONSTRUCTION	196370.24	-74862	2022/11/21	2023/01/20	2	N/A	2023/01/31	2023/01/31	ON DELIVERY
0000 0000 43	SUPPLY, DELIVERY AND INSTALL FENCING MATERIAL	UMZ/2022-23/LED/003	EXPIRED	Construction Contracts	UMZ/2022-23/LED/003	UMZ/2022-23/LED/003	BRAGGING RIGHT TRADING AND PRO	943287.5	-507713.5	2022/10/21	2023/03/20	5	N/A	2023/01/31	2023/01/31	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	AL ON 50HA OF ULM															
0000 0000 44	CONSTRUCTION OF MUNICIPAL OFFICES	CONSTRUCTION OF MUNICIPAL OFFICES	ACTIVE	Construction Contracts	UMZ/17- 18BHU/00 7	UMZ/2017- 2018/INFRA/ A/BHU/007	ZAMASIV UNO JV	8500 0000	- 2330127. 29	2018/09/ 05	2023/0 9/30	61	N/A	2023/ 02/21	2023/06/30	NOT SET
0000 0000 45	UPGRADING OF EMAXES IBENI TOWN STREET S PHASE 2	UPGRADING OF EMAXES IBENI TOWN STREETS PHASE 2	EXPIRED	Construction Contracts	UMZ/21- 22/OTP/00 1	UMZ/2021- 22/INFRA/ OTP/001	MABONA CIVILS & PLANT HIRE	1797 7459. 24	- 8411881. 62	2022/01/ 13	2023/0 4/18	15	N/A	2023/ 02/22	2023/06/21	ON DELIV ERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 46	PROFESSIONAL SERVICES IN THE PANEL OF CONSULTANTS	PROFESSIONAL SERVICES IN THE PANEL OF CONSULTANTS	ON HOLD	Panel Contract	UMZ/2019-20	UMZ/2019-20/INFRA/MIG/006		1000000		2019/08/12	2022/12/01	40	N/A			ON DELIVERY
0000 0000 47	PROVISION OF UMZIMVUBU OCCUPATIONAL HEALTH SERVICES AND	PROVISION OF UMZIMVUBU OCCUPATIONAL HEALTH SERVICES AND	ACTIVE	Service Level Agreement	UMZ/2022-23/CS/HR/00	UMZ/2022/23/CS/HR/001	WISKNO PROJECTS	1000000	-42320	2023/01/13	2026/01/13	36	N/A			ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	EMPLOYEE WELLNESS SERVICES	EMPLOYEE WELLNESS SERVICES														
0000 0000 48	SUPPLY AND DELIVERY OF FOOD PARCELS	SUPPLY AND DELIVERY OF FOOD PARCELS	ACTIVE	Service Level Agreement	C&CS/2022-23/04	C&CS/2022-23/04	KIMBIS TRADING	6262683.2	-1304725.65	2023/01/24	2025/01/24	24	N/A	2023/03/09	2023/06/30	ON DELIVERY
0000 0000 49	SECURITY SERVICES FOR ADDITIONAL FOR	SECURITY OF ADDITIONAL SITES FOR EMAXESI	EXPIRED	Service Level Agreement	UMZ/2020-21/PS/002	UMZ/2020-21/C&CS/PS/002	PHIKO SECURITY	2953986.6	-573891.98	2021/04/01	2023/03/31	24	N/A	2023/03/09	2023/05/17	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	EMAXES IBENI AND KWABH ACA	BENI AND KWABHAC A														
0000 0000 50	BANKING SERVICES CONDUCT CASH -IN- TRANSIT BANKING SERVICES FOR A PERIOD OF 12 MONTHS	BANKING SERVICES CONDUCT CASH -IN- TRANSIT BANKING SERVICES FOR A PERIOD OF 12 MONTHS	ACTIVE	Service Level Agreement	UMZ/22-23	UMZ/C&C S/22-23	PHIKO SECURITY	1993 49.28	-83062.2	2022/08/ 04	2023/0 8/04	12	N/A	2023/ 03/09	2023/06/03	ON DELIV ERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	PERIOD OF 12 MONTHS															
0000 0000 51	PROVISION OF SECURITY SERVICES IN EMAXESIBENI MUNICIPAL PREMISES/FACILITIES	Security Services at Emaxesibeni	EXPIRED	Service Level Agreement	UMZ/19-20/CS/PS/002	UMZ/2019-20/C@CS/PS/002	PHIKO SECURITY	20101803.19	-1797650.97	2020/04/28	2023/04/27	36	N/A	2023/03/09	2023/05/11	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 52	PROFESSIONAL ENGINEERING SERVICES FOR THE ELECTRIFICATION OF VILLAGES	PROFESSIONAL ENGINEERING SERVICES FOR THE ELECTRIFICATION OF VILLAGES	EXPIRED	Service Level Agreement	UMZ/20-21/INFRA/ELC0	UMZ/2020-21/INFRA/ELEC/001	CARIFRO CONSULTING ENGINEERS	399770.5	-399770.5	2021/01/28	2023/04/20	27	N/A	2023/03/16	2023/03/16	ON DELIVERY
0000 0000 53	ELECTRIFICATION OF 247 HOUSEHOLDS IN DINANA	ELECTRIFICATION OF 247 HOUSEHOLDS IN DINANA	EXPIRED	Construction Contracts	UMZ/21-22/INEP/004	UMZ/2021-22/INFRA/INEP/004	SHAKE'S POWER BUSINESS ENTER	6110973.35	-152963.88	2021/09/16	2023/04/20	19	N/A	2023/03/15	2023/03/15	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	VILLAGE 2021/22	VILLAGE 2021/22														
0000 0000 54	UNDERGROUND OPTIC FIBRE CABLING	UNDERGROUND OPTIC FIBRE CABLING	EXPIRED	Service Level Agreement	UMZ/21-22/ICT/002	UMZ/2021-22/CS/ICT/002	CMQ Trading Enterprise	1858043	-268093	2022/02/14	2023/06/30	17	N/A	2023/03/16	2023/03/16	NOT SET
0000 0000 55	PANEL OF PROFESSIONAL SERVICES PROVIDERS IN CIVIL FOR A PERIOD	PANEL OF PROFESSIONAL SERVICES PROVIDERS IN CIVIL FOR A PERIOD OF TWO YEARS	ACTIVE	Service Level Agreement	UMZ/INFRA/PMU/001	UMZ/2022-23/INFRA/PMU/001	UGQOLO MA HOLDINGS	10000000	-798660.33	2023/01/13	2025/01/12	24	N/A	2023/03/16	2023/06/08	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	OF TWO YEARS															
0000 0000 56	PANEL OF PROFESSIONAL SERVICES PROVIDERS IN CIVIL FOR A PERIOD OF TWO YEARS	PANEL OF PROFESSIONAL SERVICES PROVIDERS IN CIVIL FOR A PERIOD OF TWO YEARS	ACTIVE	Service Level Agreement	UMZ/22-23/INFRA/PMU/	UMZ/2022-23/INFRA/PMU/001	MATAYA SPECIALIST ENGINEER	1000000	-4104978.52	2023/01/13	2025/01/12	24	N/A	2023/03/16	2023/06/30	NOT SET
0000 0000 57	REPAIRS AND MAINTENANCE	REPAIRS AND MAINTENANCE OF	EXPIRED	Construction Contracts	UMZ/22-23/INFRA/001	UMZ/2022-23/INFRA/RFQ/001	BAVIX TRD & PROJECT	123510	-123510	2023/02/10	2023/04/09	2	N/A	2023/03/27	2023/03/27	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	OF NGCOZANA BRIDGE	NGCOZANA BRIDGE					S (PTY) LTD									
0000 0000 58	PANEL FOR REPAIRS AND MAINTENANCE OF STREET SLIGHTS (KWABHACA AND EMAXESIBENI)	PANEL FOR REPAIRS AND MAINTENANCE OF STREETS LIGHTS (KWABHACA AND EMAXESIBENI)	ACTIVE	Service Level Agreement	UMZ/2022-23/INFRA/ST	UMZ/2022-23/INFRA/RM-STL/001	NWS CONSULTING ENGINEER PTY LTD	1000000	-548763.79	2022/11/01	2024/10/30	24	N/A	2023/03/28	2023/05/17	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 59	PROVISION OF ASSESSMENT FOR POPIA COMPLIANCE AND DEVELOPMENT OF POPIA POLICY AND STANDARDS OPERATING PROCEDURES	PROVISION OF ASSESSMENT FOR POPIA COMPLIANCE AND DEVELOPMENT OF POPIA POLICY AND STANDARDS OPERATING PROCEDURES	EXPIRED	Service Level Agreement	UMZ/2022-23/OMM/L S/0	UMZ/2022-23/OMM/L S/004	BLUE CYCLE TRADING SERVICES	672750	-672750	2023/01/11	2023/06/10	5	N/A	2023/04/20	2023/06/08	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	PROCEDURES															
0000 0000 60	PANEL OF PROFESSIONAL SERVICES PROVIDERS IN CIVIL ENGINEERING FOR A PERIOD OF TWO YEARS	PANEL OF PROFESSIONAL SERVICES PROVIDERS IN CIVIL ENGINEERING FOR A PERIOD OF TWO YEARS	ACTIVE	Service Level Agreement	UMZ/2022-23/INFRA/PM	UMZ/2022-23/INFRA/PMU/001	BM INFRASTRUCTURE DEVELOPMENT	1000000	-258250	2023/01/13	2025/01/12	24	N/A	2023/05/17	2023/05/17	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 61	PROVISION OF INTERNAL AUDIT AND CONSULTING SERVICES ACTIVITIES	PROVISION OF INTERNAL AUDIT AND CONSULTING SERVICES ACTIVITIES	ACTIVE	Service Level Agreement	UMZ/2022-23/OMM/IA/0	UMZ/2022-23/OMM/IA/001	BONAKUDE CONSULTING (PTY LTD)	1000000	-449111.2	2023/01/05	2026/01/04	36	N/A	2023/04/24	2023/06/29	NOT SET
0000 0000 62	PANEL FOR REPAIRS AND MAINTENANCE OF	PANEL FOR REPAIRS AND MAINTENANCE OF STREETS	ACTIVE	Service Level Agreement	UMZ/2022-23/INFRA/RM	UMZ/2022-23/INFRA/RM-STL/001	Mabheshe Electrical Projects a	1500000	-2139905.97	2022/11/01	2024/10/30	24	N/A	2023/04/30	2023/06/30	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	STREET SLIGHTS (KWABHACA and EMAXESIBENI)	LIGHTS (KWABHACA and EMAXESIBENI)														
0000 0000 63	CENTULE-NTSHONG GWENI ACCESS ROAD MAINTENANCE	CENTULE-NTSHONG WENI ACCESS ROAD MAINTENANCE	EXPIRED	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/020	ULUNTU DEVELOPERS	1100550	-781002.95	2022/12/23	2023/06/22	6	N/A	2023/05/10	2023/06/30	ON DELIVERY
0000 0000 64	SIFOLWENI TO NOMKHOKOTHO	SIFOLWENI TO NOMKHOLOKOTHO ACCESS	EXPIRED	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/009	ISIVUNO ESIHLE CONSTRUCTION	2308850.64	-2308850.79	2022/12/23	2023/06/22	6	N/A	2023/04/11	2023/06/30	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	ACCESS ROAD MAINTENANCE	ROAD MAINTENANCE														
0000 0000 65	COMPLETION OF SILINDINI ACCESS ROAD AND BRIDGE	COMPLETION OF SILINDINI ACCESS ROAD AND BRIDGE	EXPIRED	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/001	NQOLO CIVIL (PTY) LTD	1798162.14	-1798161.79	2022/12/15	2023/06/14	6	N/A	2023/04/13	2023/06/14	ON DELIVERY
0000 0000 66	PROVISION OF VETTING AND SCREENING	PROVISION OF VETTING AND SCREENING SERVICES	ACTIVE	Service Level Agreement	UMZ/2022-23/CS/HR/00	UMZ/2022-23/CS/HR/003	DZAMA TRADING	1000000	-18160	2023/02/17	2026/02/16	36	N/A			ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	SERVICES															
0000 0000 67	PROVISION OF AUCTIONEER SERVICES FOR A PERIOD OF THREE YEARS	PROVISION OF AUCTIONEER SERVICES FOR A PERIOD OF THREE YEARS	PENDING AUTH	Service Level Agreement	UMZ/2022-23/BTO/SCM/	UMZ/2022-23/BTO/SCM/002	MOZI AUCTIONEERS			2023/01/17	2026/01/16	36	N/A			NOT SET
0000 0000 68	NDINDINDI ACCESS ROAD MAINTENANCE	NDINDINDI ACCESS ROAD MAINTENANCE	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/019	H V N TRADING ENTERPRISE	1319668.25	-224336.25	2023/02/17	2023/08/16	6	N/A	2023/05/17	2023/05/17	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 69	SODLADLA TO TABANKULU ACCESS ROAD MAINTENANCE	SODLADLA TO TABANKULU ACCESS ROAD MAINTENANCE	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/004	Mdzita Holdings	1183355.75	-800479.63	2023/02/14	2023/08/13	6	N/A	2023/04/26	2023/06/30	ON DELIVERY
0000 0000 70	NTIBANE ACCESS ROAD AND BRIDGE MAINTENANCE	NTIBANE ACCESS ROAD AND BRIDGE MAINTENANCE	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/017	NOMALI TRADING ENTERPRISE	1824475	-597402.49	2023/02/27	2023/08/26	6	N/A	2023/04/30	2023/04/30	ON DELIVERY
0000 0000 71	SUPPLY AND DELIVERY	SUPPLY AND DELIVERY	EXPIRED	Purchase Agreement	UMZ/2022-23/BTO/SCM/	UMZ/2022-23/BTO/SCM/004	ULTIMATE RELIANCE TRADING	3059862.5	-1004179.02	2023/02/24	2023/05/23	3	N/A	2023/04/12	2023/04/12	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	Y OF 4 VEHICLES	OF 4 VEHICLES														
0000 0000 72	PROVISION OF INSURANCE FOR VARIOUS MUNICIPAL ASSETS FOR A PERIOD OF THREE YEARS	PROVISION OF INSURANCE FOR VARIOUS MUNICIPAL ASSETS FOR A PERIOD OF THREE YEARS	ACTIVE	Service Level Agreement	UMZ/2022-23/BTO/SC M/	UMZ/2022-23/BTO/SC CM/001	NDZILA INVESTMENTS	1000000	-132876.32	2022/10/21	2025/10/20	36	N/A	2023/06/30	2023/06/30	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 73	CONSTRUCTION OF VULNERABLE HOUSE IN WARD 19	CONSTRUCTION OF VULNERABLE HOUSE IN WARD 19	EXPIRED	Construction Contracts	UMZ/22-23/INFRA/004	UMZ/2022-23/INFRA/004	SIYA AND LUCKY TRADING ENTERPR	197422.02	-185025.62	2023/03/15	2023/05/14	2	N/A	2023/04/12	2023/06/30	NOT SET
0000 0000 74	BETSHWANA ACCESS ROAD MAINTENANCE	BETSHWANA ACCESS ROAD MAINTENANCE	ACTIVE	Construction Contracts	UMZ/22-23/INFRA/CAP/	UMZ/2022-23/INFRA/CAP013	MZONTSUNDU CONSTRUCTION	1598558.65	-1598558.48	2023/03/10	2023/09/09	6	N/A	2023/04/12	2023/06/30	NOT SET
0000 0000 75	LUBALEKO ACCESS ROAD	LUBALEKO ACCESS ROAD MAINTENANCE	ACTIVE	Construction Contracts	UMZ/22-23/INFRA/CAP/	UMZ/2022-23/INFRA/CAP/011	KUYAZAN YWA CONSTRUCTION	1359156.25	-1088324.06	2023/03/10	2023/09/09	6	N/A	2023/04/12	2023/05/29	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	MAINTENANCE															
0000 0000 76	REPAIRS AND MAINTENANCE OF CABAANA BRIDGE	UMZ/2022-23/INFRA/RFQ/002	EXPIRED	Service Level Agreement	UMZ/2022-23		TLM CIVIL	161600	-161600	2023/03/15	2023/05/15	2	N/A	2023/05/10	2023/05/10	ON DELIVERY
0000 0000 77	MAPHAKAMA ACCESS ROAD MAINTENANCE	UMZ/2022-23/INFRA/CAP/007	ACTIVE	Service Level Agreement	UMZ/2022-23/INFRA/C		BREAKING FORCE TRADING	1499841.62	-815644.49	2023/02/23	2023/08/23	6	N/A	2023/04/30	2023/05/31	ON DELIVERY
0000 0000 78	NGCWAYI TO LOWER	UMZ/2022-23/INFRA/CAP/010	ACTIVE	Service Level Agreement	UMZ/2022-23		MAKHALENDLOVU	1416081.25	-908488.5	2023/04/03	2023/10/03	6	N/A	2023/04/30	2023/06/07	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	BROOKS NEK ACCESS ROAD MAINTENANCE						CONSTRUCTION									
0000 0000 79	SITHINT ENI ACCESS ROAD MAINTENANCE	UMZ/2022-23/INFRA/CAP/016	ACTIVE	Service Level Agreement	UMZ/2022-23		KING JAFTA DEVELOPMENT PTY LTD	1046334.98	-873875.23	2023/03/10	2023/09/10	6	N/A	2023/04/30	2023/06/14	ON DELIVERY
0000 0000 80	PAPANANI ACCESS ROAD MAINTENANCE	PAPANANI ACCESS ROAD MAINTENANCE	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA	UMZ/2022-23/INFRA/CAP/021	Litto Trading Enterprise	1668414	-880897.5	2023/04/03	2023/10/03	6	N/A	2023/05/31	2023/06/29	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 81	CONSTRUCTION OF SHOOTING RANGE	CONSTRUCTION OF SHOOTING RANGE	ACTIVE	Construction Contracts	UMZ/2022-23/C&CS/PS/	UMZ/2022-23/C&CS/PS/006	LUPHAWU TRADING (PTY) LTD	8432 193.3 9	- 1913943. 91	2023/04/03	2023/12/02	8	N/A	2023/05/31	2023/06/29	ON DELIVERY
0000 0000 82	PROVISION OF SECURITY SERVICES FOR EMAXESIBENI MUNICIPAL PROPERTIES 2023	PROVISION OF SECURITY SERVICES FOR EMAXESIBENI MUNICIPAL PROPERTIES 2023	ACTIVE	Service Level Agreement	UMZ/2022-23/C&CS/PS	UMZ/2022-23/C&CS/PS/005	PHIKO SECURITY	3201 3000	- 1670741. 53	2023/05/09	2026/05/09	36	N/A	2023/06/06	2023/06/30	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 83	LEASE, INSTALLATION, MONITORING, AUTOMATION AND MAINTENANCE OF MULTIFUNCTIONAL PRINTING/PHOTOCOPYING MACHINES	LEASE INSTALLATION MONITORING AUTOMATION AND MAINTENANCE OF MULTIFUNCTIONAL PRINTING/PHOTOCOPYING MACHINES FOR THE OFFICES OF	ACTIVE	Service Level Agreement	UMZ/CS/S G/2021-2023	UMZ/CS/S G/2021-2023/002	GENBIZ TRADING 1001	642568.32	-5896.17	2022/12/13	2025/12/13	24	N/A	2023/06/07	2023/06/07	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	ES FOR THE OFFICES OF UMZIMVUBU LOCAL MUNICIPALITY FOR PERIOD 2 YEARS	UMZIMVUBU LOCAL MUNICIPALITY FOR PERIOD 2 YEARS														
0000000084	COMPLETION OF NOPHOYI CLUSTER SPORT FACILITY	COMPLETION OF NOPHOYI CLUSTER SPORT FACILITY	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA	UMZ/2022-23/INFRA/CAP/018	TWIZZA CIVILS AND BUILDING	1689281	-1146580.13	2023/02/23	2023/08/23	6	N/A	2023/06/08	2023/06/29	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	FACILITY															
0000 0000 85	DONGA REHABILITATION OF UMZIMVUBU LOCAL MUNICIPALITY	DONGA REHABILITATION OF UMZIMVUBU LOCAL MUNICIPALITY	ACTIVE	Service Level Agreement	UMZ/2022-23/LED/DONG	UMZ/2022-23/LED/DONGA/05	NKWALI AM TRADING PTY LTD	994750	-994750	2023/05/09	2023/08/09	3	N/A	2023/06/08	2023/06/29	ON DELIVERY
0000 0000 86	SOGONI ACCESS ROAD MAINTENANCE	SOGONI ACCESS ROAD MAINTENANCE	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CAP	UMZ/2022-23/INFRA/CAP/022	UZOLO TRD PTY LTD	1400000	-1400000	2023/04/26	2023/10/26	6	N/A	2023/06/21	2023/06/30	ON DELIVERY
0000 0000 87	SUPPLY AND DELIVERY	SUPPLY AND DELIVERY	ACTIVE	Purchase Agreement	UMZ/22-23/LED/004	UMZ/2022-23/LED/004	K K THE REAL CLASS	1095000	-442500	2023/05/08	2023/08/07	3	N/A	2023/06/23	2023/06/30	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	Y OF WOOL PRESSES FOR 28 SHEEP SHEARING SHEDS OF ULM	OF WOOL PRESSERS FOR 28 SHEEP SHEARING SHEDS OF ULM					INVESTMENTS									
0000 0000 88	EMAXESIBENI EXTENSION 6 SERVICES	EMAXESIBENI EXTENSION 6 SERVICES	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/030	MABONA CIVILS & PLANT HIRE	7306160.79	-2561740.31	2023/04/03	2024/04/02	12	N/A	2023/06/26	2023/06/29	NOT SET
0000 0000 89	PHEPHENI SPORTS	PHEPHENI SPORTS	ACTIVE	Construction Contracts	UMZ/2022-23/MIG/001	UMZ/2022-23/INFRA/MIG/001	INTLANGULA 86	7175499.49	-5792728.54	2023/05/12	2024/03/11	10	N/A	2023/06/26	2023/06/30	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	FACILITY PHASE 2	FACILITY PHASE 2					TRADING ENTERPRI									
0000 0000 90	MT AYLIFF MULTI PURPOSE CENTRE PHASE 5	MT AYLIFF MULTI PURPOSE CENTRE PHASE 5	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/29	QHOLO CIVILS	4348237.69	-1422917.43	2023/04/03	2023/10/02	6	N/A	2023/06/30	2023/06/30	ON DELIVERY
0000 0000 91	UPGRADING OF MOUNT FRERE POUND PHASE 1	UPGRADING OF MOUNT FRERE POUND PHASE 1	ACTIVE	Construction Contracts	UMZ/22-23/CCS/PS/007	UMZ/2022-23/C&CS/PS/007	QHOLO CIVILS	1794242.73	-810632.7	2023/05/08	2023/09/07	4	N/A	2023/06/30	2023/06/30	NOT SET
0000 0000 92	ICT SCHOOLS	ICT SCHOOLS DEVELOP	ACTIVE	Purchase Agreement	UMZ/2022-23/CS/ICT/0	UMZ/2022-23/CS/ICT/002	Khulani Office Solutions	595763.2	-595763.2	2023/06/28	2023/09/27	3	N/A	2023/06/30	2023/06/30	NOT SET

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	DEVELOPMENT COMPUTERS	MENT COMPUTERS														
0000 0000 93	UMZIMVUBU FREE WI-FI IN WARD 21 TOLENI COMBINED SCHOOL	UMZIMVUBU FREE WI-FI IN WARD 21 TOLENI COMBINED SCHOOL	ACTIVE	Service Level Agreement	UMZ/2022-23/CS/ICT/0	UMZ/2022-23/CS/ICT/001	ACCESS TECHNOLOGY CONSULT	1485636.7	-1485636.7	2023/06/23	2024/06/23	12	N/A	2023/06/30	2023/06/30	ON DELIVERY
0000 0000 94	VOVENI ACCESS ROAD MAINTENANCE	VOVENI ACCESS ROAD MAINTENANCE	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/031	KHULABH UNGANE TRADING ENTERPRISE	1236980.2	-562404.63	2023/06/09	2023/12/08	6	N/A	2023/06/30	2023/06/30	ON DELIVERY

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0000 95	PROVISION OF TRAVEL MANAGEMENT AGENCY SERVICES FOR A PERIOD OF 2 YEARS	PROVISION OF TRAVEL MANAGEMENT AGENCY SERVICES FOR A PERIOD OF 2 YEARS	ACTIVE	Service Level Agreement	UMZ/2022-23/BTO/SCM/	UMZ/2022-23/BTO/SCM/003	SWIFT TRAVEL AND TOURS	5000 0000		2023/03/10	2025/03/09	24	N/A			ONCE OFF
0000 0000 96	PROVISION OF TRAVEL MANAGEMENT AGENCY SERVICES	PROVISION OF TRAVEL MANAGEMENT AGENCY SERVICES	ACTIVE	Service Level Agreement	UMZ/2022-23/BTO/SCM/	UMZ/2022-23/BTO/SCM/003	ALLENIO AIRLINE	5000 0000		2023/03/10	2025/03/09	24	N/A			ONCE OFF

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	ES FOR A PERIOD OF 2 YEARS	FOR A PERIOD OF 2 YEARS														
0000 0000 97	PROVISION OF TRAVEL MANAGEMENT AGENCY SERVICES FOR A PERIOD OF 2 YEARS	PROVISION OF TRAVEL MANAGEMENT AGENCY SERVICES FOR A PERIOD OF 2 YEARS	ACTIVE	Service Level Agreement	UMZ/2022-23/BTO/SC M/	UMZ/2022-23/BTO/SC CM/003	CINDYS TRAVEL AGENCY	5000 0000		2023/03/10	2025/03/09	24	N/A			ONCE OFF

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000000098	Panel Of Service Providers For Training Services	Panel Of Service Providers For Training Services	ACTIVE	Service Level Agreement	UMZ/2022-23/CS/HR/00	UMZ/2022-23/CS/HR/002	SONANI TRAINING COMMUNICATION	50000000		2023/03/28	2026/03/27	36	N/A			ONCE OFF
0000000099	Panel Of Service Providers For Training Services	Panel Of Service Providers For Training Services	ACTIVE	Service Level Agreement	UMZ/2022-23/CS/HR/00	UMZ/2022-23/CS/HR/002	KHULANI HR CONSULTANCY	50000000		2023/03/28	2026/03/27	36	N/A			ONCE OFF
0000000100	Panel Of Service Providers For	Panel Of Service Providers For	ACTIVE	Service Level Agreement		UMZ/2022-23/CS/HR/002	THRU-GRACE CONSULTANCY	50000000		2023/03/28	2026/03/27	36	N/A			ONCE OFF

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	Training Services	Training Services														
0000000101	Panel Of Service Providers For Training Services	Panel Of Service Providers For Training Services	ACTIVE	Service Level Agreement	UMZ/2022-23/CS/HR/00	UMZ/2022-23/CS/HR/002	LIMSA PTY LTD	5000000		2023/03/28	2026/03/27	36	N/A			ONCE OFF
0000000102	Panel Of Service Providers For Training Services	Panel Of Service Providers For Training Services	ACTIVE	Service Level Agreement	UMZ/2022-23/CS/HR/00	UMZ/2022-23/CS/HR/002	One Vision Academy	5000000		2023/04/04	2026/04/03	36	N/A			ONCE OFF
0000000103	CONSTRUCTION OF	CONSTRUCTION OF CHITHWA	ACTIVE	Construction Contracts	UMZ/2022-23/C&CS/09	UMZ/2022-23/C&CS/09	NKWALI AM	5535227.33		2023/05/12	2024/04/11	11	N/A			ONCE OFF

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
	CHITHWA RECREATIONAL PARK-PHASE 1	RECREATIONAL PARK-PHASE 1					TRADING PTY LTD									
0000000104	Supply And Delivery of Law Enforcement Uniform	Supply And Delivery of Law Enforcement Uniform	PENDING AUTH	Service Level Agreement	UMZ/2022-23/C&CS/PS/	UMZ/2022-23/C&CS/PS/003	FG UNIFORMS CC	2700994		2023/04/03	2026/04/02	36	N/A			ONCE OFF
0000000105	Semeni Access Road Maintenance	Semeni Access Road Maintenance	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/025	MZONTSUNDU CONSTRUCTION	1446539		2023/05/26	2023/11/25	6	N/A			ONCE OFF

Contract No	Contract Description	Contract Title	Status	Contract Type	Original Contract No	Bid/Quotation No	Appointed Bidder Name	Contract Val	Balance	Contract Start Date	Contract End Date	Duration in Months	Review Date	Date 1st Paid	Date Last Paid	Pay Frequency
0000 0001 06	Lugelweni Access Road Maintenance	Lugelweni Access Road Maintenance	ACTIVE	Construction Contracts	UMZ/2022-23/INFRA/CA	UMZ/2022-23/INFRA/CAP/015	ALFRED NDZO TECHNOLOGIES	1554319		2023/05/26	2023/11/25	6	N/A			ONCE OFF



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 Mrukwa (Term ended on the 31st of October 2021) Cllr M. H. Ngqasa (Appointed on the 8th of November 2021) Cllr N.F Ngonyolo (Term ended on the 31st of October 2021)
Chief Whip	Cllr N.F Ngonyolo (Appointed on the 8th of November 2021) Cllr N.G Mdzinwa (Term ended on the 31st of October 2021)
MPAC Chairperson	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. Noqhakala 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



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

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

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Statement of Financial Position	6
Statement of Financial Performance	7
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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

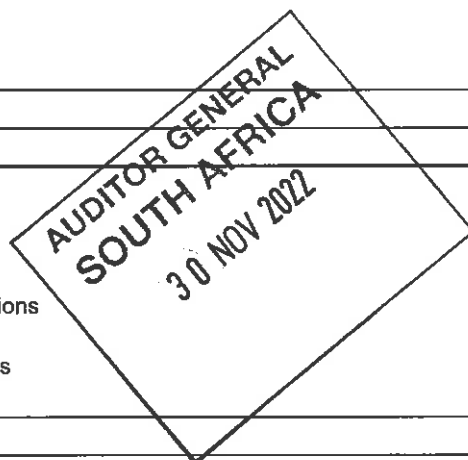
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Umzimvubu Local Municipality

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

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* 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.

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* 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

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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)	
STATEMENT OF FINANCIAL POSITION						
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.

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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.

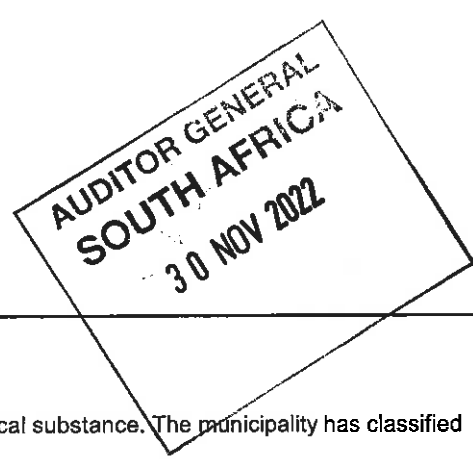
Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows 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.

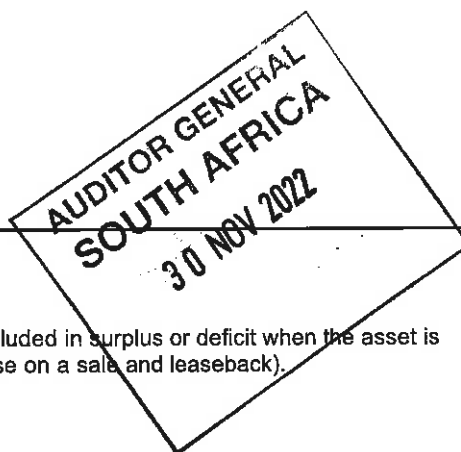
Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

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

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies



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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

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.

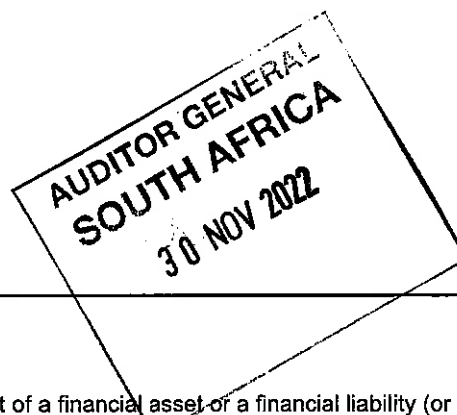
Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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.

Umzimvubu Local Municipality

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Accounting Policies

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.

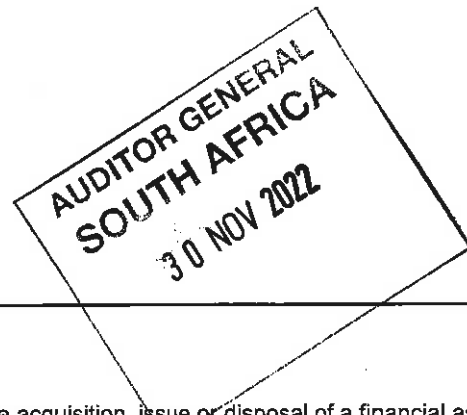
A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued 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.

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies



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.

Umzimvubu Local Municipality

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Accounting Policies



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

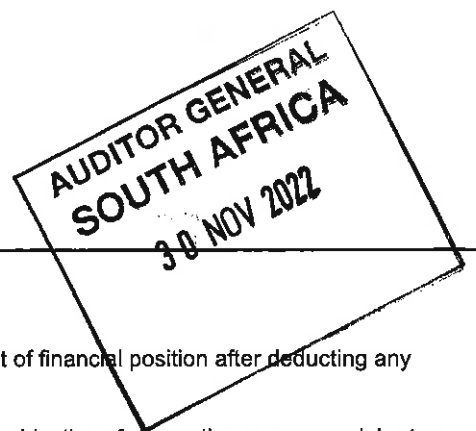
Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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).

Umzimvubu Local Municipality

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Accounting Policies



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.

Umzimvubu Local Municipality

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Accounting Policies



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;

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

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Accounting Policies

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, a municipality recognises the obligation at the higher of:

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

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

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

Decommissioning, restoration and similar liability

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficit.

1.12 Revenue from exchange transactions

Umzimvubu Local Municipality

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Accounting Policies



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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Accounting Policies

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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Accounting Policies

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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Accounting Policies

1.14 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

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

1.15 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

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

1.16 Leases

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

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

Operating leases - lessor

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

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

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

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

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

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Accounting Policies

1.16 Leases (continued)

Operating leases - lessee

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

1.17 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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Accounting Policies

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

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

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

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

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

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

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

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

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

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

1.18 Employee benefits

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

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

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

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Accounting Policies

1.18 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

Post-employment benefits

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

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

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

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Accounting Policies

1.18 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

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Accounting Policies

1.18 Employee benefits (continued)

Other post retirement obligations

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

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

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

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

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.19 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-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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Accounting Policies

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

Umzimvubu Local Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

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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Accounting Policies

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:

Grp 1	Presentation of Financial Statements	Expected impact:
<ul style="list-style-type: none">• Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	April 1, 2021	

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:

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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

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Notes to the Annual Financial Statements

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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

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	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 2021

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

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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

2022

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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
Mayoral chain	17,719	-	17,719	-
				Accumulated impairment losses
				Carrying value
				17,719

Reconciliation of heritage assets 2022

Mayoral chain

Opening balance	17,719	Total
		17,719

Reconciliation of heritage assets 2021

Mayoral chain

Opening balance	17,719	Total
		17,719

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
Current liabilities

2,107,000
11,635,252

1,998,000
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

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 inflation rate	+1%	436,000	269,000	705,000	6%
	-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		-		
Non-current liabilities	7,076,782	4,886,339		
	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

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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

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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

Annual Financial Statements for the year ended June 30, 2022

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

Annual Financial Statements for the year ended June 30, 2022

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

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
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
Monatory 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
30 NOV 2022

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

Annual Financial Statements for the year ended June 30, 2022

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

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
51. Contingencies (continued)		
Umzimvubu Local Municipality vs Thandeka Mgeyi and 4 others Case No.2914/2019	400,000	400,000
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.		
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	200,000	200,000
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.		
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	200,000	50,000
Demand for full payment of monies paid by the Director of Nomthwa 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.		
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	-	908,312
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.		
The matter is finalised as the Municipality has paid the judgement debt.		
Notemba Millicent Mpiti vs Umzimvubu Local Municipality	-	200,000
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.		
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

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

	2022	2021
51. Contingencies (continued)		
Umzimvubu Local Municipality vs M Zibuke Clothing & Multipurpose & Another: Case No. 2570/2017	300,000	200,000
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.		
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		20,000
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.		
Prince Mbusi Mdlalose vs Umzimvubu Local Municipality Case No. 3359/2019	850,000	850,000
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.		
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		1,500,000
The municipality is claiming for the refund of its money which was claimed fraudulently consequently was paid to Nedbank. Nedbank is defending the matter contending that it was correct in releasing the refunds to the account holder.		
The matter was withdrawn from the roll.		
Umzimvubu Local Municipality vs Cllr Sobane Khulile Mnukwa		200,000
The Municipality initiated hearing against the Mayor for a motor vehicle accident involving the Mayoral Motor Vehicle.		
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	200,000	200,000
26 May 2021, the matter was before Court and was postponed to 06 July 2021 and the Court directed that the Municipality file its replying affidavit. Municipality has since filed its heads of arguments and awaiting date of hearing.		
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.		

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	2022	2021
51. Contingencies (continued)		
Momelezi Methusi vs Umzimvubu Local Municipality Case No. 206/2020	80,000	80,000
Claim in respect of collision allegedly as a result of recklessness and negligent driving of the defendant's driver/employee. The matter was before court and the Municipality called its witnesses. The leading of witness evidence has since concluded. Awaiting delivery of judgement.		
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	910,209	910,209
Claim in respect of services allegedly rendered in 2015, 2016 and 2019. The matter has been defended and consultation with the client is due. 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.		
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	700,000	700,000
High Court Application wherein the EFF seeks to declare ULM's dress code policies unlawful and unconstitutional and in the alternative to review and set aside ULM's dress code policies. A notice of intention to oppose was served and filed. Also, answering Affidavit has also been prepared, served and filed. Awaiting Applicant's reply, if any.		
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	400,000	200,000
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.		
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	500,000	500,000
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.		
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	400,000	-
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).		
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 Bhekizulu vs Umzimvubu Local Municipality and others	-	-
Application to declare immovable property belonging to the respondent that of the applicant as well as compelling the deed register to effect a rectification transfer.		
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	440,000	-
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.		
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	950,000	-
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.		
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.		

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	2022	2021
51. Contingencies (continued)		
Geollocate 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

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52. Related parties

Receivables from related parties

Staff and councillors 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 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



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					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 Ntinzi	649,164	378,679	54,097	-	10,714	1,092,654
Remuneration of the Manager Infrastructure and Planning - LJ Moleko	649,164	378,679	54,097	41,150	10,554	1,133,644
Remuneration of the Manager Chief Operations Officer - N Zembe	715,793	417,546	59,649	76,593	11,615	1,281,196
Remuneration of the Manager Corporate Services - TT Madotyeni-Ngcongca	649,164	378,679	40,573	-	10,647	1,079,063
Remuneration of the Manager Community Services - KP Dlamini-Tshazi	649,164	378,679	36,065	-	10,519	1,074,427
	4,848,329	2,828,192	370,458	191,636	77,534	8,316,149

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.

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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

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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

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	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

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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

Annual Financial Statements for the year ended June 30, 2022

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

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 receivabels 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 chnages 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;	228	223	97,8%	Resignations & Retirement
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	7	7	100%	None
3	Percentage of Section 57 Managers including Municipal Managers who	7	14%	14%	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
	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	135	59%	59%	None
8	Percentage of councillors who attended a skill development training within the current 5 year term	55	100%	100%	None
9	Percentage of staff complement with disability	6	2	33,3%	Be improved by conducting disability campaigns
10	Percentage of female employees	128	128	56%	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
11	Percentage of employees that are aged 35 or younger	50	50	22%	None
12	Adoption and implementation of a HRD including Workplace Skills Plan	228	135	59%	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

	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	51528	49467	14 705	14 705	100%
2	Percentage of indigent households with access to basic electricity services	1234	1234	1122	1136	101 %
3	Percentage of indigent households with access to free alternative energy sources	SOLAR = 2020 Paraffin = 2200	2022 1750	1822 1750	2014 2200	110% 125 %s

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%

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 (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	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		
2	Submission of AFS after the end of financial year	AFS submitted on the 31st of August 2023		
		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	R228,636	R136,112	60%
		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	R441,640	R112,571	25%
		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	R99,220	R75,337	76%
		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	R16,009	R20,975	0%
		Indicate MIG budget for the year under review	Indicate actual expenditure on MIG budget	Achievement percentage
8	Percentage of MIG budget appropriately spent	R52,786	R52,675	99.8%
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		

