

2021/22



**MANDENI  
LOCAL  
MUNICIPALITY**

# ANNUAL REPORT

## Volume I

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## REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

# CHAPTER 1

## – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD



It is with great honor and humility that we present our achievements and appreciate challenges experienced by the Municipality during the said financial year. The 2021/22 financial year marks the final cycle of the Integrated Development Planning five-year cycle. In our effort in reducing poverty and under-development and improve the quality of life for our community, the municipality remains committed to democratic governance to ensure that our short, medium and long-term strategies, priorities and plans are implemented.

We are committed to render good services to communities such as transformation of the lives of our people, clean governance as well as implementing creative and innovative ways to ensure that our service delivery targets are effectively and efficiently achieved. This report will highlight the municipal performance in light of six municipal Key Performance Areas.

This includes; Municipal Transformation and Institutional development, Basic Service Delivery, Local Economic Development, Good governance and Public Participation,

Financial Viability and Management and Spatial Rational and Environmental Management.

The KZN floods have had a devastating impact on the service delivery to public, economy of the country, and the health and livelihoods of its citizens. During this crisis, the municipality strived to function and provide essential services such as water, sanitation, electricity and solid waste removal.

However, this floods had a trickling-down effect on Mandeni Municipality some of the projects and programs that were planned to be achieved were not achieved. Projects such as roads were damaged by floods , and pose a negative impact in achievement of targets that were set during beginning of 2021/22 financial year, some of these projects were then redirected to this current financial year, in other projects that were planned to be achieved were not achieved due poor performance by some of the service providers.

Despite those challenges' municipality managed to achieve the roads projects, such as Road rehabilitation at Richard Circle, road rehabilitation at Stratton circle, road rehabilitation at Mathews both of these are in Ward 3. The Municipality also ensure that rural gravel roads repaired and maintained in-house are prioritize so that public from rural areas have an access to roads, that are in satisfactory standard, the target of 250 Km that was set at the beginning of 2021/22 financial was over achieved with 376.23 KM. The municipality further ensure that safety of the community are taking into consideration, 25 speedhumps were constructed in ward 2,3,7,10, 13;14 and 15

The housing projects were also delayed due to floods. This led to a number of Key Performance indicators not being achievable.

The municipality managed to successfully procured Ndulinde Library Park-home to ensure that community that are residing in rural areas have an access to education hence Chapter 2 section 29 of the RSA constitution states that every one has the right to acquire basic education including the adult education. A consistency waste collection activity from all 18 wards as per the approved collection schedule, is still operated well, in order

to promote sec 24 of the Constitution which states that everyone has a right to get environment that is not harmful to the health and well being. As well as procurement of Crew Cap and Cherry piker. The grass cutting was also achieved where the empowering local contractors to perform such services in all Mandeni wards.

In terms of job creation through infrastructure projects, EPWP the municipality managed to employ 821 participants were recruited. The municipality also maintained its consistency in term of ensuring that the completion of the PMS Assessment tool, as part of the requirements by the Provincial COGTA were submitted timeously with competence being noted.

Municipal staff were also empowered during the financial period under review with officials undertaking minimum competency training as well as training in their specific fields. The municipality fosters and encourages a learning environment in order to pursue education to staff. In terms of governance, the municipality ensured that the Audit Committee and Performance Audit Committee and the MPAC were fully functional and achieved their legislative mandates, however at times MPAC has had a few challenges which usually step from the fact that most their members are ward councilors and as a result challenges of meetings had been slightly experience in terms of quarterly targets. However, this does not mean that their legislative mandates were compromised.

In the midst of the national pandemic, the municipality has successfully managed to conduct all IDP roadshows and has successfully drafted and adopted the full IDP which include all relevant stakeholders as per the requirement set forth in the Municipal Systems Act as well as the Municipal Finance Management Act.

As the municipality, we, as ever, understand the significant of maintaining a successful working relationship with our suppliers to foster growth within the SMME sector. In this regard we have ensured that 100 percent of our creditors are paid within 30 days.

Furthermore, there was also a successful program conducted for youthful drivers and

education. 823 jobs were created through LED/EPWP initiatives.

In light of the Covid-19 Pandemic, Mandeni Municipality will be guided through a post-COVID-19 transition to continue to serve our community, minimize negative economic impacts, and maximize our economic recovery. Mandeni municipality will be aspiring towards a “New Normal”: As a result of the pandemic, the municipality itself, the services it provides, and the ways in which those services are delivered will be changed and adapted.

I would like to reiterate the support of the council to working in conjunction with the administration of the municipality in transforming the lives of our people, by implementing practices of good governance, working with integrity, honesty and transparency and maintaining a financially viable organization that delivers on its promises of quality service delivery to all people residing within Mandeni Municipality.

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Mr. T.P Mdlalose

Honourable Mayor



## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

### 1.1. COMPONENT B: EXECUTIVE SUMMARY

#### 1.1.1. MUNICIPAL MANAGER'S OVERVIEW



Firstly, I would like to thank the staff, councillors, members of the communities and stakeholders for the support and commitment shown in 2021/22 financial.

In 2021/22, we achieved a number of service delivery goals as well as increase in performance and financial management of our municipality. We have sustained unqualified audit with matters, though our intention is to achieve unqualified audit opinion without matters. In the previous financial year, the municipality acquired the same audit opinion.

As the Accounting Officer of the Municipality, it is an honour and privilege to present the 2021/22 Annual Report. The purpose of the report is to reflect on the work carried out in the 2021/22 Financial Year in line with the approved Top Layer Service Delivery and Budget Implementation Plan (SDBIP) or Comprehensive Departmental SDBIPs and to provide detailed feedback on performance against targets to various stakeholders including the community, government departments and other interested parties.

The report also ensures that accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period under review. This report originates from the approved Municipal Strategic Objectives and Service Delivery and Governance Priorities as contained in the approved Municipal Integrated Development Plan.

The 2021/22 Financial Year was one of the challenging years for the municipality where it started with vacancies in the Political Leadership in the Office of the Speaker and Mayor. However, both positions were filled towards the end of the first quarter of the Financial Year.

The Municipality towards the end of second Quarter of the Financial embarked on a Council Strategic Session Review where amongst other objectives were to:

- ✓ To take stock of progress made in implementing the Municipal Five-Year Strategic Document (Integrated Development Plan) since the beginning of the term of Office.
- ✓ To acknowledge successes and failures or challenges and thus review the strategies in effort to maintain focus by the Municipality in attainment of its long-term vision.
- ✓ To bring new Leadership (Administration and Political) with speed on the Municipal Strategic approach and direction and further solicit new ideas and inputs in

advancing the Municipal Mandate which quality and sustainable service delivery.

- ✓ To review and refine key service delivery focus area for the remaining period of this term of Office of Council.
- ✓ Enhanced monitoring and evaluation approach for sustainability.
- ✓ To ensure that the Municipal Strategic Business Plan (Integrated Development Plan) is in keeping with the new Strategic Development Agenda and new Legislative Frameworks hence credible and remain the main delivery mechanism for Quality Service Delivery.
- ✓ As the Accounting Officer of the municipality, I also ensure that the relevant legislation such as RSA Constitution and MFMA are implemented accordingly. Section 124 of the MFMA in conjunction with section 219 of the Constitution, stated that the disclosure concerning councilors, directors and officials this must be included to the AFS of the municipality which contain the information of salaries, allowance and benefits of political officer bearers and councilors of the municipality. Those benefits, allowance and salaries are crafted within the upper limits of the framework that is in section 219 of the Constitution.

The Administration remained stable during the course of the Financial year though arrival of Covid-19 in South Africa and the world brought serious negative implications on the service delivery and municipal operations. The impact of the national lockdown resulted in a number of people losing their income thus reducing the municipal revenue as more and more people could not afford to pay for rates and services hence increasing of debt owed to the municipality. The Municipality had to revive the Revenue Enhancement and Debt Management Steering Committee to explore other various streams of revenue for sustainability of the municipality.

In relation to Senior Managers operations, all 6 posts are filled within the municipality. Mandeni municipality works co-operatively in terms of sharing information with sector

departments such as COGTA. COGTA assesses and guides the municipality with certain municipal operations. Provincial and national treasury activities such as assessing Section 72 reports (budget and mid-year) have also occurred before the 25<sup>th</sup> of January, during each financial year.

Departments such as agriculture, Home affairs, Social Welfare and Human Settlement visit various wards to provide services through OSS programmes (Operation Sukhuma Sakhe). Grants are provided by Human Settlements to build RDP houses. As section 26 of RSA Constitution states that everyone has the right to access adequate housing.

The strategic planning session with our council has resulted in a service delivery plan which is already being implemented in all 18 wards in Mandeni. The plan is not an overnight fix but a short, medium and long term to ensure that all communities within the Mandeni Municipal area have basic essential services.

Establishment of the Mandeni Municipality is as a category A Municipality which has an exclusive municipal executive and legislative authority in its area. Mandeni municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.

The Municipality approved bylaws in order to guide the community to conduct their businesses. The top five strategic risks experienced by the Municipality are, Non-Infrastructure Assets, Failure to account, disclose, maintain and safeguard the municipal assets; Human Settlements-Failure to ensure reliable and equitable provision of house. Recruitment and Selection whereby the inability to attract and retain staff is experienced.

Possible failure to respond timeously and effectively in the event of a disaster or disruption. Driver's License Testing Centre leads to inadequate driver's license testing centre management which could result to suspension of center license by the department of transport.

The municipal overall performance as a result of these challenges remained satisfactory but all efforts shall be put in place to ensure that there is improved level and quality of service delivery to the Community with high level of speed.

Yours Faithfully

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**Mr. S. G. Khuzwayo**

**Municipal Manager**

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.2.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

#### INTRODUCTION TO BACKGROUND DATA

Mandeni Local Municipality is located along the northern coast of KwaZulu-Natal approximately 50km north of eThekweni Metro and south of the uMhlathuze Municipality. It lies along the N2 National and Provincial corridor, as well as the north-south rail link connecting the economic hubs of Durban and Richards Bay. As such, the municipality is strategically located to provide services and derive economic benefits from these economic hubs. Mandeni Local Municipality is one of the four (4) local municipalities that make up the iLembe District. The other local municipalities are KwaDukuza, Maphumulo and Ndwedwe.

Mandeni Municipality covers approximately 545.48km<sup>2</sup> and is made up of 17 Electoral Wards. The municipality is predominantly rural in character, with Ingonyama Trust land accounting for the majority of its land mass. There are four Traditional Council areas within the municipality's area of jurisdiction, namely:

#### **Map 1: Mandeni Locality Map**



Mandeni Local Municipality has excellent regional transportation linkages with the national road – N2 – serving the province, the two major ports of Durban and Richards Bay, the railway line which serves as an important link between the ports as well as the hinterland parts of South Africa and the airports – both existing and proposed, including the Isithebe airstrip.

The identification of the eThekweni-uMhlathuze Corridor places Mandeni Local Municipality in an advantageous position as it is located in between these two municipalities. It stands to benefit hugely from economic activities that will accrue as a result of this initiative.

Mandeni Local Municipality also functions as an important service centre for a substantial rural hinterland which lies to the west beyond the eNdlinde Hills. There are no other service centres in the tribal areas and therefore the urban centre of Mandeni serves as an important sub-regional service centre for the 'shadow corridor of poverty' which tracks the 'development corridor' along the coast. Mandeni is in fact arguably the only place along the coast where the development corridor and the shadow corridor of poverty meet, and hence the acknowledgement of its potential in the Provincial Spatial Framework.

Mandeni Local Municipality is made up of 18 wards. There are four Traditional Authorities namely, iNkosi uMhlongo, iNkosi uMathonsi, iNkosi uMcambi and Nkosi uNgcobo. The majority of the land within the municipality is owned by Traditional Authorities. Some of the wards fall within these Traditional Authorities, such as Ward 1,2,8, and 9 which fall under Macambini Traditional Authority, ward 6,11, and 16 falls under eLangeni Traditional Authority and ward 5,7,12,13,14,15 and 17 falls under the Mathonsi Traditional Authority.

Informal settlements with limited to no facilities or infrastructural services occur on the periphery of the developed areas and within the Isithebe Industrial area and Sundumbili Township. This is also evident in the periphery of the well-established Sundumbili Township and Mathonsi tribal authority area eastwards of the hinterland. Village centres such as Wangu in the west and Nyoni in the north-eastern side comprise of commercial and service development in the two tribal authorities of Mathonsi & Macambini.

The Mandeni Municipality is strongly committed to develop its character as an area of scenic beauty and strong developmental contrasts. As a potential and growing tourist destination, it will enhance its visual and aesthetic appeal. The municipality aims at improving physical and functional integration by establishing a functional town centre. The Mandeni municipality aims at increasing economic efficiency of the Municipal area and ensuring that there is improved investor confidence therefore attracting more development to occur within the area.

#### **COMMENT ON BACKGROUND DATA:**

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The key findings were derived from the community survey which was conducted in 2016 by stats SA . Some of the data/information that was obtained is used for comparison purpose. The table below illustrates the population, sex and dependency ratio. The findings illustrate demographic profile from the national to local level (Mandeni Municipality).

**Table 1.3.1 Population Details**

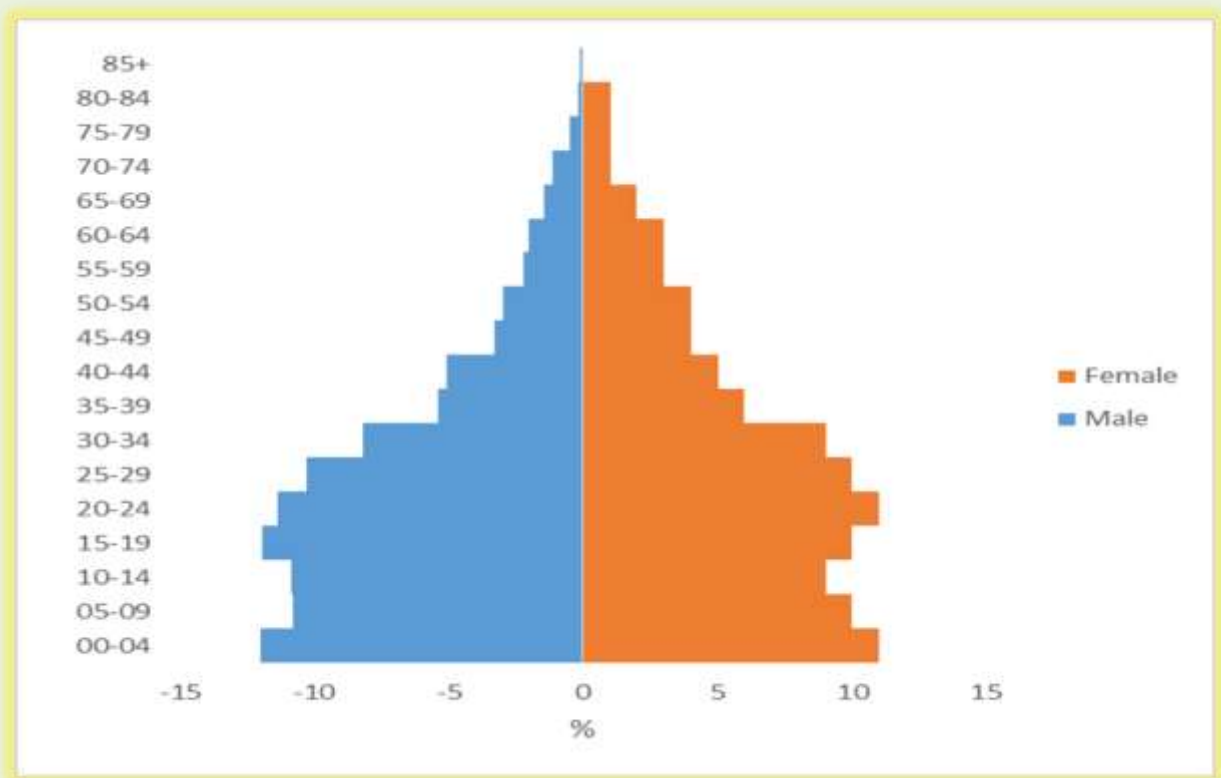
Indicator	Sub Indicator	Population	% of population
Population	Population	147 808	
Population Composition	Young (0-14)	47 242	32%
	Youth (15-34)	60 385	41%
	Adults (35-64)	33 426	20%
	Elderly (65+)	6 755	7%
Gender	Male	70 257	48,0%
	Female	77 551	52,0%

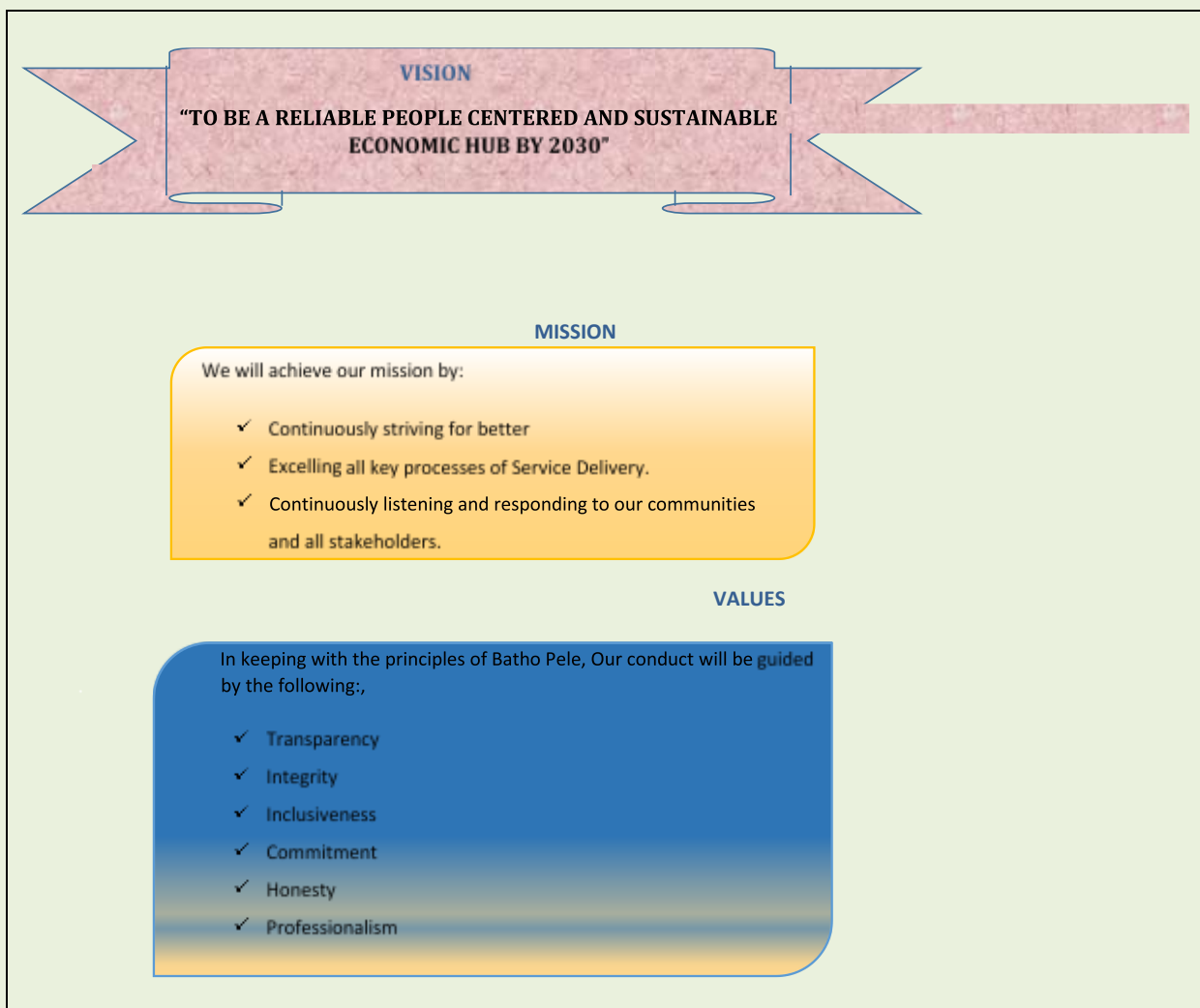
	Male	Female
0 – 4	8447	8411



5 – 9	7590	7799
10 – 14	7638	7357
15 – 19	8393	7909
20 – 24	7994	8261
25 – 29	7238	7921
30 – 34	5768	6900
35 – 39	3796	4577
40 – 44	3579	3818
45 – 49	2318	3287
50 – 54	2110	2755
55 – 59	1571	2213
60 – 64	1431	1970
65 – 69	1032	1726
70 – 74	803	1093

75 – 79	337	720
80 – 84	120	458
5+	92	376





## 1.3 SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

The Technical Services Department (TSD) is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- Technical Administration/Planning and Projects (PMU);
- Roads and Storm Water Repairs and Maintenance;
- Parks, Verges and Open Spaces Maintenance;

- Municipal Buildings Repairs and Maintenance (Works);
- Electricity Distribution; Street lighting; installations and Mechanical Workshop.

The municipality has initiated a process towards the establishment of a Programme Management Unit (PMU) to create sufficient capacity within this department and reposition the municipality to deliver sustainable infrastructural services. The PMU will comprise of appropriately qualified, skilled and experienced personnel. It will manage all major capital projects, bring expertise, develop systems and procedures and transfer skills and knowledge to municipal staff to leave behind a well capacitated unit on exit.

Mandeni Municipality holds Infrastructure Development Summit started in November 2013 in order to bring together all relevant stakeholders from varying sectors of society to engage and discuss the infrastructure related challenges facing the municipality and identify possible solutions. Solutions were identified; programmes and action plans were developed to help the municipality to achieve its true potential. The recommendations have been incorporated into the organisational strategy.

#### COMMENT ON ACCESS TO BASIC SERVICES:

All formal households have access to basic civil engineering services. Informal areas within the urban edge have been provided with a minimum level of basic services since 2007. The provision of services to the informal areas is as a result of rural-urban migration and new family formation which makes planning difficult. An assessment is made annually to determine the backlogs to be addressed based on available funding. Theft and vandalism disrupt the provision and maintenance of services.

Even though Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of

free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

## 1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW

### 1.4.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Organizational development function falls under the Human Resource Section. Its main objectives are: To manage organizational design and business modelling, co-ordinate culture and change management, administer job descriptions, job evaluation system management, and to develop and maintain an effective employee performance appraisal system and awards process.

The organizational strategic performance however sits in the office of the Municipal Manager, with functions of providing Strategic Scorecard provides the Council with a measurable tool enabling them to fulfil their oversight role in overseeing strategy implementation and consist of the following key elements:

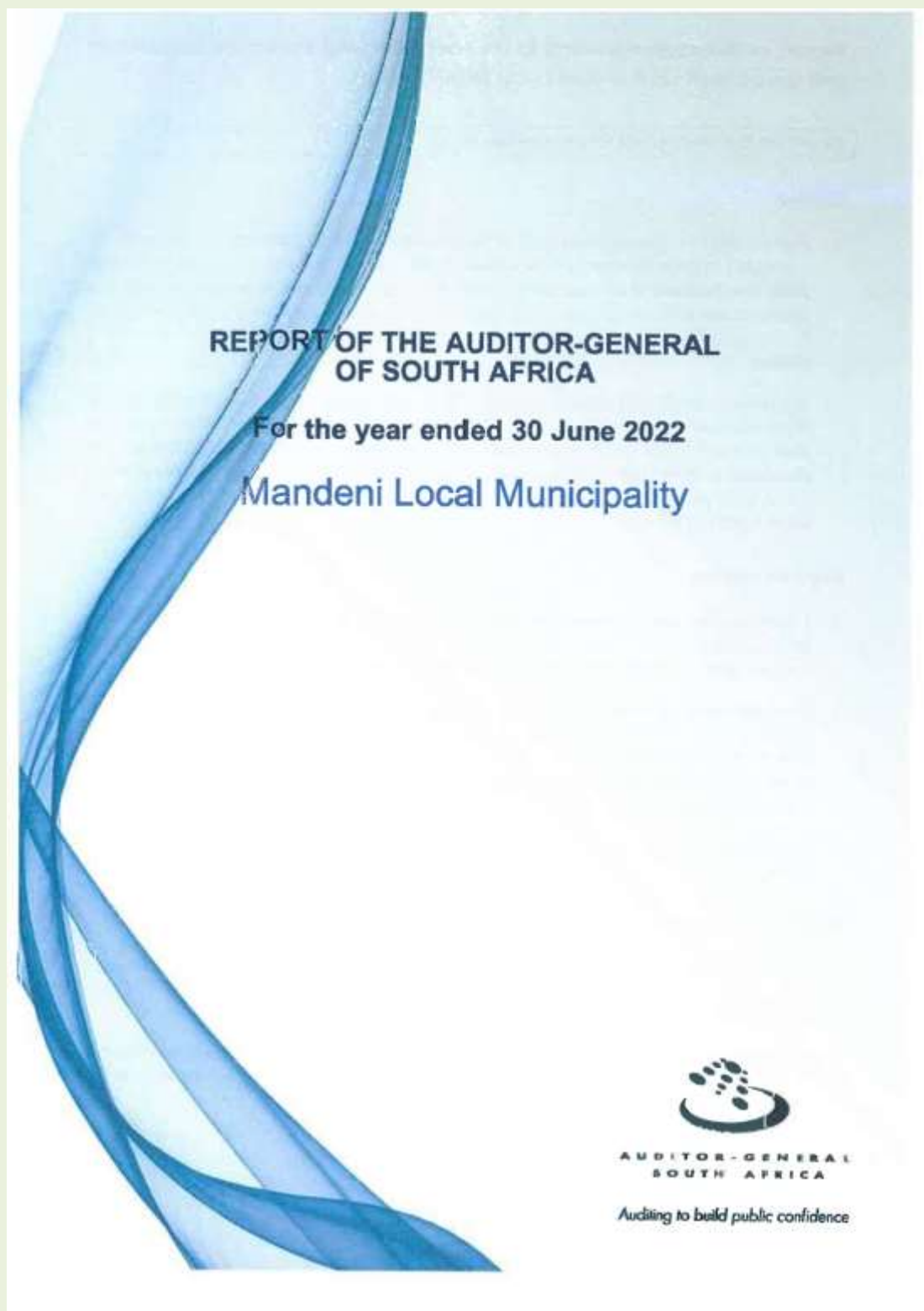
- Strategic Outcomes
- Strategic Key Performance Indicators
- Strategic projects

This document, the Mandeni Municipality Employment Equity Plan (EEP) is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all occupational levels and levels in the workforce.

The Mandeni Municipality Employment Equity Plan (EEP) which covers the period of 2012 to 2018 is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best

Practice. The (EEP) addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in the all occupational levels and levels in the workforce.

## 1.5. AUDITOR GENERAL REPORT



## Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Mandeni Local Municipality

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Mandeni Local Municipality set out on pages ... to ..., which comprise the appropriation statement, statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts 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 Mandeni Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (SA Standards of 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 (Act No. 9 of 2021) (DoRA).

#### Basis for opinion

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

#### Emphasis of matters

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

#### Material impairments

7. As disclosed in note 4 to the financial statements, the municipality reported material impairments of R55,87 million (2020-21: R43,91 million) on receivables from exchange transactions as the recoverability of these amounts was doubtful.



8. As disclosed in note 5 to the financial statements, the municipality reported material impairments of R33,57 million (2020-21: R31,02 million) on receivables from non-exchange transactions as the recoverability of these amounts was doubtful.
9. As disclosed in note 6 to the financial statements, the municipality reported material impairments of R67,67 million (2020-21: R64,89 million) on statutory receivables as the recoverability of these amounts was doubtful.

#### **Other matter**

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

#### **Unaudited disclosure notes**

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

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

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

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

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the *basic service delivery* key performance area presented in the municipality's annual performance report for the year ended 30 June 2022.
19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected key performance area.

### Other matters

21. I draw attention to the matters below.

#### Achievement of planned targets

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

#### Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of basic service delivery key performance area. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Annual financial statements

26. 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 current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

27. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 17 and 25(7A).

## Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that has been specifically reported in this auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this 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

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
33. Controls and processes including reviews over financial reporting were not effectively implemented by senior management in specific areas, which resulted in material adjustments.
34. Controls and processes over compliance monitoring were not effectively implemented by senior management to ensure that there is no occurrence of non-compliance matters resulting in irregular expenditure.

#### Other reports

35. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported [performance information or compliance with legislation](#).
36. [The Provincial Department of Human Settlements together with the municipality is investigating](#) allegations of fraudulent acts surrounding the approval of housing beneficiaries covering the period 21 August 2019 to 30 June 2020. The investigation is still in progress at the date of my report.
37. The Department of Co-operative Governance and Traditional Affairs is investigating allegations of maladministration, fraud and corruption covering the period 29 September 2019 to 30 June 2020. The investigation was still in progress at the date of my report.

38. The municipality is conducting an internal forensic investigation concerning allegations of alleged misappropriation and fraudulent use of Fuel Master Tag on the municipality's fleet which occurred during the period 29 January 2022 to 16 February 2022. The investigation was finalised on 02 July 2022 and the municipality is in the process of implementing the corrective actions.

AUDITOR - GENERAL

Pietermaritzburg

30 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

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

### **Financial statements**

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

### **Communication with those charged with governance**

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

## 1.6. STATUTORY ANNUAL REPORT PROCESS

The Municipal Finance Management Act No. 56 of 2003, Chapter 12, prescribes that every municipality must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129. The purpose of an annual report is –

1. to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
2. to provide a report on performance against the budget of the municipality or municipal entity for the financial year; and
3. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.
  - 3.1 The annual report of municipality must include –
  - 3.2 the annual financial statements of the municipality, and in addition if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);
  - 3.3 the Auditor-General's audit report in terms of section 126 (3) on those financial statements; and
  - 3.4 The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit those statements to the Auditor-General for auditing and the accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements

relate, submit those statements to the parent municipality of the entity and the Auditor-General for auditing. The Auditor-General must audit those financial statements and submit and audit report to the accounting officer of the municipality or entity within three months of the receipt of the statements.

The mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. The council of a municipality must consider the annual report of the municipality of municipal entity, and by no later than two months from the date on which the annual report was tabled in council, adopt an oversight report containing council's comments on the annual report which must include a statement whether the council-

1. Has approved the annual report without reservations;
2. Has rejected the annual report; or
3. Has referred the annual report back for the revision of those components that can be revised.

In order to give effect to the above legislative requirements, Mandeni Municipality adheres to the table above in order to ensure the communities of Mandeni Municipality are able to view the contents of the Annual Report on time; the table serves as a strict and legislated guide.

The 2021/22 Financial Year rendered the municipality an unqualified audit with matters as confirmed by Auditor General reports as the AG. The Municipality has developed comprehensive interventions to address these challenges and will be monitored through relevant structures.



# CHAPTER 2

## – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

#### CHAPTER 2

#### 2. GOVERNANCE

#### INTRODUCTION TO GOVERNANCE

The nature of governance within the Municipality is such that it is spread in four major components with various structures exercising some authority and accountability in various levels. The following depicts the governance components:

- Political Governance Structure, this governance structure deals with the political governance of the Municipality through Political Office Bearers, Council, Committees;
- Administrative Governance Structures, this governance structure on the other hand focuses on the administration and management of the Municipality is vested in the Municipal Manager who is the Accounting Officer. The Municipal Manager is assisted by the Senior Management Team of the Executive Managers. The Municipal Manager is tasked with the establishment, development and management of sound and effective municipal administration;
- Intergovernmental Relations, the Executive Mayor is the custodian of the intergovernmental relations fora. There are various structures that have been established at the local and provincial level to promote engagement between Municipalities, Sector Departments, State Entities, and etc;
- Public Accountability and Participation, the Mayor assisted by the Municipal Manager is responsible for the community engagement and participation in the affairs of the Municipality, such as IDP, budget processes, public meetings/Mayoral Izimbizo, etc;

- Corporate Governance, the Municipal Manager assisted by Senior Managers is responsible for the Corporate Governance of the Municipality. This entails risk management & anti-corruption and fraud, internal audit, Supply Chain Management, Oversight Committees, Policies and By-laws, integrated reporting, etc.

## 2.1. POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Mandeni Municipality comprises of the elected councillors and the respective senior managers and the way they actually work together on a day-to-day basis in order to achieve organizational goals

The political governance of the Municipality is derived from the Constitution of 1996 which directs in Section 151 (3) that the Municipality has the right to govern on its own initiative, the local government affairs of the local community. The legislative and executive authority of the Municipality is vested in the Municipal Council.

The Municipal Systems Act Chapter 7 Section 50-52 directs that the Municipality must within its administrative and financial capacity establish and organise its administration in a manner that would enable the Municipality to respond to the needs of the community, facilitate the culture of public service and accountability. The Administration of the Mandeni Municipality under the stewardship of the Municipal Manager who exercises the administrative governance of the Municipality.

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

In compliance with Section 151(3) of the Constitution, Section 53 of the Systems Act (Act 32 of 2000) and the Municipal Structures Act (Act 117 of 1998) Mandeni Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each Political Office Bearer of the Municipality and of the Municipal Manager is defined and adhered to accordingly.

The Political Leadership of the Municipality comprises of elected Councillors through both the Ward System and Proportional Representation, is led by the Mayor. On the other side the Administration of the Municipality is composed of Executive Management appointed in terms of Section 56 and 57 of the Municipal Systems Act as amended. The Municipal Manager is the head of Administration. In order to realise the Constitutional mandate of the Municipality these two components, including the Community have to work together.

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## 2.1 POLITICAL GOVERNANCE

### COUNCIL

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision-makers, councillors are also actively involved in community work and the various social programmes in the Municipal Area and also through the ward committees established in each of the 18 wards. The municipality's political affairs are managed through an Executive Committee (EXCO) headed by the Mayor. There are different Portfolio Committees, each headed by a member of the Executive Committee member established to ensure effective governance.

## EXECUTIVE COMMITTEE

The Honourable Mayor of the Municipality assisted by members of the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in concert with the Executive Committee.

## PORTFOLIO COMMITTEES

Section 80 committees are established to advise the Mayor on policy matters and any other matter to be considered by the Mayor. They are assigned to specialise in a specific functional area of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. They are appointed by Council and the Chairperson is appointed by Council.

The municipal administrative departments report to council via EXCO through its Portfolio Committees of relevance in terms of the key performance areas. The following are the portfolio committees that have been established:

- Community Service and Public Safety
- Economic Development Planning and Human Settlement
- Budget and Treasury
- Infrastructure Development and Technical Services
- Local Public Administration and Human Resources
- Special Programmes

Section 79 committees are permanent committees appointed to advise the Municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. MPAC inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of section 129 of the Municipal Finance Management Act.

## RULES COMMITTEE

This committee is normally chaired by the Speaker of Council and is normally composed of Chief Whips of all political parties represented in Council and other members that Council may add.

### Terms of Reference

- Look at the implementation of Councillor Code of Conduct and adherence thereto
- Look at the implementation of Council Rules of Order and Standing Orders
- Advise Speaker and Council on matters needing attention
- Look at Council Dress Code and other matters related to council activities.
- Advise the Speaker and Council on matters requiring disciplining of councillors when Rules and Standing Orders are broken.
- Advise the Speaker and Council on the appointment of Ad Hoc committees when need arises
- Regularly reports to Council on its work and activities.
- Regulate Internal Functioning of Council and its committees.

## AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE

In terms of section 166(2) of the MFMA, Council has an Audit Committee which is an independent advisory body which must advise the Municipal Council, the political office-

bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal financial control;
- Risk management;
- Performance management; and
- Effective governance.



HIS WORSHIP: THE MAYOR Cllr. T.P Mdlalose

The Mayor is the leader of the council and has a number of roles which are both legislative and functional. The legislative requirements are outlined in Section 73 and 73AA of the Local Government Act 1989.

The LG Act states that the functions of the Mayor of a Council include:

- - Providing guidance to Councillors about what is expected of a Councillor, including in relation to the role of a Councillor under section 65, and the observation of the Councillor - Conduct Principles and the Councillor Code of Conduct under section 76B, 76BA and 76C
- - Acting as the principal spokesperson for the Council
- Supporting good working relations between

Councillors

- - Carrying out the civic and ceremonial duties of the Office of the Mayor



**HIS WORSHIP: THE DEPUTY MAYOR Cllr. B.L  
MAGWAZA**

The Executive Deputy Mayor exercises the powers and performs the duties of the Executive Mayor if the Executive Mayor is absent or not available or if the office of the Executive Mayor is vacant.



**Cllr. ST Magwaza**





**Cllr. M Shelembe**



**Cllr. MS Mdunge**



**Cllr. SZ Mdletshe**



**Cllr M Mthembu**

## COUNCILLORS

Councillors are elected by the local registered voters in terms of the local segment of the Voter's Roll to serve a predetermined term of office on the local council as representatives of their respective constituencies. Mandeni Local Municipality has a total of 35 seats. Eighteen (18) of these seats are allocated to ward councillors who are elected by each of the eighteen wards. Another seventeen (17) seats are allocated to parties through the proportional representation system of elections.

## ALLOCATION OF COMMITTEES

Mandeni Local Municipality has five (5) Section 80 Committees established by Council. Each one of these committees is chaired by the members of Executive Committee, and the allocation is as follows:

A. ECONOMIC DEVELOPMENT AND HUMAN SETTLEMENT			
1. CLLR	SZ	MDLETSHE	ANC -Chairperson
2. CLLR	MC	MKHALIPHI	ANC
3. CLLR	S	NTULI	ANC
4. CLLR	NS	NCUBE	IFP

5. CLLR	F	GINA	IFP
6. CLLR	N	KHUZWAZYO	EFF
7. CLLR	SS	MDUNGE	ANC

B. INFRASTRUCTURE DEVELOPMENT TECHNICAL SERVICE			
1. CLLR	ST	MAGWAZA	ANC – Chairperson
2. CLLR	DGP	MTHEMBU	ANC
3. CLLR	S	MTHEMBU	ANC
4. CLLR	ST	THWALA	ANC
5. CLLR	BA	MCHUNU	IFP
6. CLLR	M	NCANANA	IFP
7. CLLR	SJ MATHONSI		AIC

C. LOCAL PUBLIC ADMINISTRATION HUMAN RESOURCE			
1. CLLR	MS MDUGE	IFP -Chairperson	
2. CLLR	S MABHIDA	ANC	
3. CLLR	N NXUMALO	ANC	
4. CLLR	S NAICKER	DA	
5. CLLR	SJ MATHONSI	ANC	
6. CLLR	Z NXUMALO	IFP	
7. CLLR	X MATHONSI	ANC	

D. FINANCE			
1. CLLR	CLLR	TP MDLALOSE	ANC -Chairperson
2. CLLR	T MHLONGO	ANC	

<b>3. CLLR</b>	<b>NO DLADLA</b>	<b>ANC</b>
<b>4. CLLR</b>	<b>P NSELE</b>	<b>EEF</b>
<b>5. CLLR</b>	<b>BA MCHUNU</b>	<b>IFP</b>
<b>6. CLLR</b>	<b>LS ZUNGU</b>	<b>IFP</b>

<b>E. COMMUNITY SERVICES AND PUBLIC SAFETY</b>		
<b>1. CLLR</b>	<b>BL MAGWAZA</b>	<b>ANC -Chairperson</b>
<b>2. CLLR</b>	<b>SS MDUNGE</b>	<b>ANC</b>
<b>3. CLLR</b>	<b>MB NGIDI</b>	<b>ANC</b>
<b>4. CLLR</b>	<b>CL MTHEMBU</b>	<b>ANC</b>
<b>5. CLLR</b>	<b>SP NAICKER</b>	<b>DA</b>
<b>6. CLLR</b>	<b>PP NSELE</b>	<b>EFF</b>
<b>7. CLLR</b>	<b>BA KHUMALO</b>	<b>IFP</b>

#### **POLITICAL DECISION-TAKING**

The Standing Rules and Orders of Council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by Council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council:

- a) Approval of Budget
- b) The imposition of rates and taxes, levies and duties.
- c) The passing of By-laws.
- d) The raising of loans.

Other matters are delegated to the Executive Mayor in terms of Section 59 of the Municipal Systems Act. The Executive Mayor must report to Council on the execution of duties delegated to her. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councillor.

Before a Council passes a resolution on any of the following matters it shall first require the Mayor to play his executive role and submit a report and recommendation to the full sitting of Council.

- a) The passing of By-laws
- b) The approval of budgets
- c) The imposition of rates
- d) The raising of loans
- e) The approval of the IDP and any amendments or reviews of this plan.
- f) The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.
- g) And any other powers and functions as prescribed by various pieces of legislation.

#### MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

<b>Chairperson</b>	<b>CLLR S SHANDU</b>	<b>ANC</b>
<b>Member</b>	<b>CLLR SS MDUNGE</b>	<b>ANC</b>
<b>Member</b>	<b>CLLR S NKWANYANA</b>	<b>EFF</b>
<b>Member</b>	<b>CLLR S MATHONSI</b>	<b>IFP</b>

#### FUNCTIONS

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

## REPORTING

The MPAC reports directly to the municipal council and the chairperson of the MPAC must liaise directly with the speaker on the inclusion of reports of the MPAC in the council agenda. As the MPAC is a committee of the council, its reports are submitted directly to the council without being submitted to the Executive Committee. The chairperson of the MPAC liaises directly with the speaker on the inclusion of its report in the council agenda, and the committee staff ensures that the documentation is physically included in the agenda of the council meeting.

## COMPONENT B: ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and if necessary review the staff establishment, in line with organizational objectives and development priorities. This mechanism provides for the review of the organizational structure at the beginning of the financial year, which entails revisiting each Department and Business Units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). The organizational design and the structure of the

Municipality are such that it seeks to respond to both national and local government priorities of:

- a) Municipal Institutional Development & Transformation.
- b) Basic Service Delivery
- c) Local Economic Development
- d) Municipal Financial Viability
- e) Good governance
- f) Building Local Economies to create more employment & sustainable livelihood.
- g) Improve local public services and broaden access to services
- h) Promote more active community participation in local government
- i) Effective, accountable and clean local government

The Municipal Manager is the Head of Administration and plays a pivotal role in the functioning of the Municipality. The Municipal Manager subject to policy direction by Council must organize the Administration in the manner that enables Council to hold the Municipal Manager accountable for the overall performance of the Municipality.

As head of the administration, the municipal manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the municipality's performance management system, and is responsive to the needs of the local community to participate in municipality. The municipal manager manages communication between the political structures and office-bearers and the administration.

In order to be able to give fruition to the requirement to run an efficient, economical and accountable administration, the operations of the municipality are divided into six directorates:

- a) Office of the municipal Manager
- b) Budget and Treasury



- c) Corporate Services
- d) Community Services and Public Safety
- e) Economic Development, Planning and Human Settlements
- f) Technical Services and Infrastructure Development

#### TOP ADMINISTRATIVE STRUCTURE



**MUNICIPAL MANAGER**  
**Mr. S.G Khuzwayo**

Municipal Manager is responsible for the operations and performance in the following sections:

- Responsible for setting up effective and sound local administration;
- Coordinates the compilation of IDP;
- Responsible for PMS of the Municipality;
- Oversees the management of internal audit;
- As the Accounting Officer has overall responsibility for finances of the Municipality;
- Advice Political Office Bearers and Council on various issues;
- Responsible for compliance of the Municipality with various pieces of legislation;
- Must ensure community participation in the affairs of the Municipality;
- Legal Services; and
- Risk Management



**CHIEF FINANCIAL OFFICER**  
**Miss N.N. Mngomezulu**

Chief Financial Officer is responsible for the operations and performance in the following sections:

- Financial Planning and Treasury;
- Supply Chain Management;
- Expenditure Control;
- Credit Control and Debtors;
- Revenue Control; and
- Asset Management and
- Property Valuations;



**DIRECTOR: CORPORATE SERVICES**

**Mr. V.P Zulu**

Corporate Services Director is responsible for the operations and performance in the following sections:

- Information and Communications Technology;
- Administration and Auxiliary Services;
- Human Resources and
- Council Secretariat

**DIRECTOR: TECHNICAL SERVICES**

**Mr. K. Gumede**



Technical Services Director is responsible for the operations and performance in the following sections:

- Electrical Services;
- Roads and Storm water;
- Mechanical Workshop;
- Municipal Buildings;
- Waste Management;
- Parks, Verges and Gardens;
- Project Management.



**DIRECTOR: ECONOMIC DEVELOPMENT  
& PLANNING HUMAN SETTLEMENTS**

**Mr. Mbongwa**

Economic Development & Planning Human Settlements is responsible for the operations and performance in the following sections:

- Local Economic Development;
- Development Planning;
- Strategic Planning/IDP;
- Human Settlements and
- Building Control.



**DIRECTOR: COMMUNITY SERVICES  
AND PUBLIC SAFETY.**

**Mrs. Kutwana-Gomana**

The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections:

- Library Services;
- Parks, Verges and Gardens Community Facilities;
- Community Development;
- Public Safety
- Fire and Rescue Services and Disaster Management;
- Security Services
- Cemeteries & Crematoria and
- Waste Management

### 2.3. INTERGOVERNMENTAL RELATIONS

#### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The municipality strengthened the functioning of the following structures established according to the provisions of the Intergovernmental Relations Framework Act no 13 of 2005. These high level strategic forums are as follows: IDM Intergovernmental Relations Forum, Executive Mayors Forum, District Speakers Forum, Municipal Managers Forum, Chief Financial Officers Forum, IDP Representative Forum and PMS Forum.

The above forums are established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres. Such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.

## NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mayor and Municipal Manager of Mandeni LM attend the Premier's Co-ordinating Forum (PCF). The IDM enjoys the advantage of having the Mayor as the Chairperson of SALGA, which then puts the Region in a better position to influence SALGA in strategic issues that are of interest to the Region and South Africa as a whole. Members of the Mayoral Committees (MMCs) also attend, and in some cases chair SALGA working groups. The IDM also sends representatives to SALGA Provincial and National Members' Assemblies.

Inter-Governmental Forums (IGR) are functioning well at District level. The Mayors IGR Forum has a year programme scheduled for monthly meetings. The Speakers', Chief Whips' and MMCs' Forums as well as the Troika meetings are operating. The MMCs also have established relations with their respective Member of Executive Committees (MECs) and in some cases, national government departments as well.

## PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality participates in the Premiers' Inter-Governmental Forum as well as the Provincial Speaker's Forum.

The Municipal Managers also have a Provincial and National Forum. In all these Forums, issues pertaining to service delivery and matters of common interest are discussed.

Information and best practices are shared and the interaction with Province and other municipalities is valuable to have a better co-ordination and co-operation.

Various forums in which officials participate are also structured at Provincial level, e.g.

Communication Forum and SALGA Technical workgroups.

Councillors and Officials also participate in SALGA working groups in which valuable information is shared.

## RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Mandeni Municipality has no municipal entities; however, the Enterprise Ilembe has been established within the Ilembe District Municipality.

## DISTRICT INTERGOVERNMENTAL STRUCTURES

IGR in the Ilembe District was initially introduced in 2006 and has since developed fully. There is coordination in the functions of the District family of municipalities. It has provided a platform for the District municipalities to plan and synchronise all the programmes and projects that are inter-reliant as provided by the IDP's.

There are 10 Forums within the district, with the District Intergovernmental Forum being the highest authority. All Forum are constituted by senior officials from the Local Municipalities, District Municipality, Provincial and National Sector Departments. Each forum meets as indicated in the structure above to discuss issues pertaining to its portfolio and functions with an aim to devise a plan on how these entities can collectively work towards achieving their respective IDP objectives and National priorities/outcomes.

The Sub-Forums then report to the Technical Support Forum (made up by Municipal Managers) for discussion and recommendation. The Technical Support Forum in turn reports to the District Intergovernmental Forum (Mayors Forum).

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

#### 2.4. PUBLIC MEETINGS

Public participation is an institutionalised function in our Municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction. The evolution of ward-based planning and the related establishment of ward committee system have elevated community participation to higher level in terms of legal provision and institutionalisation of the process. Mandeni Local Municipality, through the Office of the Speaker, liaise continuously with communities through ward committee members and other stakeholder forums.

In order to facilitate maximum participation by ward committee members, the Municipality provides stipends for each member.

In the promotion of public accountability and participation members of the public are invited to attend all meetings of the Council and its committees. Another mechanism of public participation is conducted through Mayoral Budget and Integrated Development Plan (IDP) Izimbizo's. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to illicit the needs of the community in order to provide input for the new financial year. A second Izimbizo is held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and illicit responses thereto

## 2.5. IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act as promulgated in 2000 describes the various core processes that are essential in realizing a system of developmental local government. These aspects include participative governance, IDP, performance management and reporting, resource allocation and organisational change. These processes are linked into a single cycle at the local level that will align various sectoral initiatives from national and provincial government departments with municipalities own capacities and processes, including alignment with district initiatives.

The process plan is a document that is developed for this very purpose it outlines the framework/process for the alignment and engagement in the review of the Integrated Development Plan. This is done in alignment with parallel processes like the Budget and the Performance Management System. Every year around the end of August, the Municipality finalize a Process Plan which is approved by Full Council, once approved a public notice is posted to our website and various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs. The very same Process Plan is posted on the Mandeni website where different activities and milestones are reflected in terms of the IDP review and PMS and Budget implementation and monitoring. The Mandeni Municipality has a structured program of public participation. This program is reflected in the Process Plan and forms the basis for citizenry engagement framework which is currently mooted in a form of a public participation policy.

The following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voices are accommodated in the planning, execution and review of the IDP, Budget and PMS processes:



- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on PMS Progress/SDBIP and IDP)
- Monthly Community Meetings by Councillors (due to financial constraints-are held once in two months /6 meetings per annum per ward)
- Project Based Meetings
- Sector Plan Based Engagements
- Executive committee
- Full Council Meeting
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Municipal Property Rates Act (MPRA)
- Service Standard or Charter
- Community Based Planning
- Complaints Register: Customer Care and Batho Pele Engagements
- Sukuma Sakhe – Premier’s Flagship Tool for Accelerated Service Delivery at a Ward Base Level
- Attendance to invitations by Interest groups
- Partnerships and MOUs: MIDI,

- Inaugural State of the Municipal Address (SOMA)

The public participation mechanisms/forums listed above are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, quarterly and annually as reflected in our Process Plan, the intergovernmental relations and citizenry participation system model is presented for adoption by Full Council which forms the basis for Public Participation Policy.

#### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Municipality formulated a programme with ward numbers, dates, time and venues for public meetings in relation to IDP review. The programme included stakeholders such as the business community and the rate payers. All the stakeholders were engaged on IDP review, Budget and Performance Management System in terms of the KPAs and KPIs. At the end IDP representative forum meeting resolutions were taken after participation by sector departments and NGO's, which were relevant to partake in the discussion of Mandeni IDP review all our meetings were successful with meaningful participation of the public.

#### IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	YES/NO
Does the municipality have impact, outcome, input, output indicators?	NO
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	YES
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align to the section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	YES
Were the indicators communicated to the public?	YES

Were the four quarter aligned reports submitted within stipulated time frames?	YES
* Section 26 of Municipal Systems Act 2000 T 2.5.1	

## COMPONENT D: CORPORATE GOVERNANCE

Corporative governance is a link between all three spheres of government as enshrined in the constitution of the country. Inter-governmental relations are working relations between spheres of government for realization of a service delivery. In terms of the mandate of each sphere per the constitution, the expectation is that spheres of government complement each other. This is done for the purpose of best practice and service delivery.

Corporate Governance within Mandeni Municipality entails *Risk Management, Anti-Corruption and Fraud, Internal Audit, Audit and Audit Performance Committee, Municipal Public Accounts Committee and Supply Chain Management* which is unpacked below

### 2.6. RISK MANAGEMENT

The Mandeni Local Municipality subscribes to the Public Sector Risk Management Framework as well as other international best practices to identify, analyse, treat, monitor and communicate risks internally

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act Number 56 of 2003) stipulates that the Accounting Officer of the Municipality is responsible for managing the financial administration of the municipality and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

Risk Management unit does implement risk management processes, developing operational risk registers and acting at an operational level to mitigate risks. The focus of these

approaches is to identify risks that may prevent the organisation from achieving its strategic objectives, and implement control measures to mitigate these risks.

The Municipality has in the current year of assessment a dedicated individual to co-ordinate the function of risk management under the Risk and Compliance Officer. This individual has been ably guided by an independent risk chairperson, the Enterprise Risk Committee, the Audit and Performance Committee, the Accounting Officer and all senior management and management in the formulation of the risk register. Furthermore, this individual has ensured that there has been quarterly sitting of the risk management committee and that risks are monitored and reported on a quarterly basis. Internal audit has also played a significant role in this area in ensuring that the municipality complies with the requirements of the Municipal Finance Management Act.

The Audit and Performance Committee has also been actively involved in the risk management process with areas of slow or no progress being reported during Audit and Performance Committee meetings

Furthermore, the 2021/2022 year was the third year in which the risk committee sat separately from TOP Management Committee and it was the third year in which the committee was chaired by an independent person. This year proved quite successful in terms of Enterprise Risk Management, as there was an overall increase in the maturity of the municipality in terms of culture, process and organization of Enterprise Risk Management.

The Municipality ensured that there was a successful risk assessment process conducted during the commencement of the period and it should be noted that this process was attended by the risk chairperson, the audit committee chairperson and representatives from the District. During this process the strategic (top 20 risk register was developed) as well as the administrative risk register (risks that fell outside the strategic risk appetite) as well as the ICT risk register. There was also the identification of fraud risks which were included in the strategic risk register. This risk assessment also ensured focus was given to IDP priority

areas and the National KPA's to ensure that risks aligned to programs within the Municipality, Regionally, Provincially and Nationally.

During the 2021/2022 year of assessment there was also a shift to ensure that there were dedicated risk champions appointed per department who could ensure that the risk process was adequately being followed within specific departments. The process of training risk champions has occurred on a high level however there is a district wide commitment to train all risk champions in the current year of assessment.

### STRATEGIC RISKS FOR 2021/2022 FINANCIAL YEAR

NO.	RISK DESCRIPTION	ROOT CAUSES	ACTION PLANS
1	Poor maintenance of roads and storm water channels	<ol style="list-style-type: none"> <li>1. Infrastructure backlog</li> <li>2. Aging road infrastructure</li> <li>3. Damage of roads and stormwater infrastructure consequent to water and sanitation infrastructure maintenance by district municipality</li> <li>4. Uncoordinated Allocation of land on peripheral areas by traditional leaders resulting in increased storm water catchment</li> <li>5. Non-collection of waste resulting in blockage of storm water</li> <li>6. Insufficient resources (Plant &amp;</li> </ol>	<ol style="list-style-type: none"> <li>1. Monthly meter audit through billing unit. <ol style="list-style-type: none"> <li>i. check disconnections vs reconnections.</li> <li>ii buying history of the customers.</li> </ol> </li> <li>2. include budget to maintain and upgrade ageing infrastructure.</li> <li>3. Use of aluminium and overhead instead of underground and copper cables.</li> </ol>

		equipment, funding and capacity limitations such as Skilled Technicians.  7. Disasters.	4. Conduct Skills Audit  Risk Owner: Director corporate
2	Failure to ensure reliable and adequate supply of electricity within municipal distribution license area.	1. Illegal connections and tempering of meters resulting in financial loss  2. Unstable supply due to illegal connections  3. Ageing infrastructure  4. Cable theft  5. Inadequate training of electrical staff resulting in non-quality of supply of electricity.  6. Shortage of Human Resources and equipment	1. Finalize the cleaning exercise of beneficiary list and align it to HSS system  2. Review Housing Sector Plan
3	Failure to attract and retain investors	1. Unstable political environment 2. Negative Covid-19 impact 3. Influx of foreigners  4. Non-compliance with labour and business compliance laws  5. Lack of standard guidelines for Ithala	1. Follow up on Ithala estate to implement standard guidelines for investors.  2. Conduct quarterly business compliance inspections.  3. Have meeting with company management

		<p>state operation</p> <p>6. Ageing infrastructure (roads, buildings, water, etc) at isithebe.</p>	<p>development Partnership Structure and Mandeni Economic Growth and De regarding non-compliance with business regulation.</p> <p><i>* Improve compliance;</i></p> <p><i>* Improve state of the park;</i></p> <p><i>* Ageing infrastructure;</i></p> <p><i>* Issue of reservoir;</i></p>
4	Failure to ensure reliable and equitable provision of houses	<p>1. Delays in meeting housing targets to housing beneficiaries</p> <p>- Improper planning</p> <p>2. Recent looting event resulting in halting of housing project</p> <p>3. Poor beneficiation administration</p> <p>- Inadequate beneficiary list</p> <p>- Double allocation and missing of beneficiaries</p> <p>4. Change of implementing agent of the housing project</p> <p>5. Inadequate Housing Subsidy System</p> <p>-Lack of tracking allocation of houses to</p>	<p>1. Finalise the cleaning exercise of beneficiary list and align it to HSS system</p> <p>2. Review Housing Sector Plan</p>



		beneficiaries	
5	Inability to eradicate Human settlement backlogs	<ol style="list-style-type: none"> <li>1. Land Ownership issues</li> <li>2. Dispersed rural settlements</li> <li>3. Geographical profile of the municipality (prone to Natural Disasters)</li> <li>4. High rate of destitute and homeless beneficiaries</li> </ol>	<ol style="list-style-type: none"> <li>1. Conduct review of municipal housing sector plan.</li> <li>2. Identification of suitable land for human settlements.</li> <li>3. packaging of housing project funding applications for approval by Department of Human Settlements</li> </ol>
6	Stagnant rate of housing delivery and development	<ol style="list-style-type: none"> <li>1. Maladministration. (Misappropriation of allocation of RDP houses, Poor communication between Human Settlement and Mpofana municipality)</li> <li>2. Political interference.</li> <li>3. Non existence of sector plan</li> <li>4. No strategic environmental plan</li> <li>Poor allocation of houses by councillors.</li> <li>5. Non availability of bulk infrastructure / services</li> <li>6. Shortage of land development of human settlement</li> </ol>	<ol style="list-style-type: none"> <li>1. Re-appointment of new service provider.</li> <li>2. Forensic investigation to be conducted through the Department of Human Settlements</li> </ol>

		<p>7. Movement of individuals from different places after they have registered for housing.</p> <p>8. Delayed in finalisation in title deeds.</p> <p>9. Shortage of land for development of human settlement.</p> <p>10. Ingonyama Trust</p> <p>-land issues</p> <p>-Privately owned</p>	
7	<p>Possible failure to respond timeously and effectively in the event of a disaster or</p> <p>Disruption</p>	<p>1. Illegal electricity connections</p> <p>2. Geographic spread of municipality</p> <p>3. Unsafe beach</p>	<p>1. Establish relationships with other municipalities to assist in nearby areas in the event of disaster through memorandum of agreement.</p> <p>2. Finalize the assessment (Section 78 report) to determine the state of readiness of in-sourcing of fire rescue services management within the municipality</p>
8	<p>Lack of municipal cemeteries and failure to maintain existing cemeteries</p>	<p>1. Existing grave site are full</p> <p>2. Failure to maintain grave sites</p> <p>3. Lack of dedicated personnel</p>	<p>1. Finalise the study to identify the land for grave site</p>

		<p>for cemeteries</p> <p>4. Inability to identify suitable land for grave site</p>	<p>2. Engage the district on the possibility of the use of district cemeteries;</p> <p>i. Follow up on the communication letter sent to district</p> <p>3. Develop a task team that will deal with the issue of grave sites. (Task Team should be led by MM and should include political leadership not limited to Mayor Speaker and DM).</p> <p>(i) Communicate with Amakhosi to identify a grave site.</p> <p>(ii) Purchase a site from Isithebe</p>
9	Failure to ensure sustainable waste management solutions	<p>1. Regular break down of waste trucks</p> <p>2. Delays in collection of waste.</p> <p>3. Reliance on EPWP personnel to carry out the operation</p> <p>4. Lack of landfill site</p> <p>5. Lack formalised recycling</p>	<p>1. Finalise establishment of Waste Recycling Site (this is not budgeted for due to fact that the municipality was relying on the iLembe Recycling project which unfortunately failed) however the municipality have budgeted for the Bailer machine &amp; Weigh pad</p>

		<p>programme</p> <p>6. Illegal dumping</p>	<p>2. Identify recycling site</p> <p>3. Explore the option of creating 12 months contracts of general workers to assist in collections of waste and other community services. (4 employees were permanently employed to assist in the waste collection).</p> <p>i. Minutes of the meetings.</p> <p>ii. Management resolution.</p> <p>(iii) 8 Permanent employees to be employed on permanent basis.</p> <p>3. Conduct an awareness of Waste Management By-law (Fine Register)</p> <p>4. Procure additional x1 Compactor Truck (Awaiting for delivery)</p>
10	Unavailability of Landfill site within the district	<p>1. Inability to identify a suitable site</p> <p>2. Financial Constrains on the part of the local municipality.</p>	<p>1. Establishment of material recovery centre within the local municipality.</p>

			2. Establishment of landfill site
11	Inability to attract and retain staff	<p>1. Insufficient budget to fill in vacant position</p> <p>2. Limitation to attract and retain staff due the size of the municipality</p> <p>- Low salary scales and incentives</p> <p>3. Delays in recruitment process due to unavailability of required skills (scare skills)</p> <p>4. Inadequate Organogram resulting in lack of segregation of duties</p>	<p>1. Conduct job analysis to identify redundant positions;</p> <p>i. Establish job combinations where relevant</p> <p>2. Review In-service and internship programme policy to include;</p> <p>i. Consider in-service training and internship programmes from external parties.</p> <p>3. Develop a plan to identify and prioritize filling of critical positions</p>
12	Failure to manage effective systems of debt and revenue collections	<p>1. Culture of non-payment of municipal services by residents</p> <p>2. Non-collection of rates on properties under Ngonyama Trust land and those that are not owned by Department of Public Works</p> <p>3. Non-payment by government</p>	<p>1. Revisit the data cleansing exercise of consumer's Masterfile; (i.e. Appoint a service provider who have access to Bureau (Service provider have and ii. Update and integrate data with the consumer's Masterfile)</p> <p>2. Conduct training on all system upgrades; (i. Obtain a</p>

		<p>departments</p> <p>4. Illegal connections</p> <p>5. Non-alignment of budget with SCOA</p> <p>data strings</p> <p>6. Delays in performing debtor's reconciliation</p> <p>7. Non-alignment of billing with valuation</p> <p>roll</p> <p>8. Consumers with a culture of non-payment</p> <p>for services rendered</p> <p>9. Consumer Disgruntlement on the quality of services delivery</p> <p>10. High reliance on systems managed by service providers</p>	<p>list of all system upgrades and ii. Obtain training registers)</p> <p>3. Conduct meter audits; - Analyze variance report on a monthly basis (3 billing variance report has been signed quarterly)</p> <p>4. Appoint Senior Accountant - The position was included in a 5- year organogram.</p> <p>Start Date: 26/05/2022</p> <p>Due Date: 30/06/2023</p> <p>5. Develop a Revenue Enhancement Strategy;</p> <p>6. To have different server (issue of interface when there's a system breakdown.</p> <p>7. House to house visit</p> <p>8. Changing of personal details form.</p>
13	Inability to facilitate an effective	1. Insufficient budget to fill in	1. Conduct job analysis to

skills development programme	<p>vacant position</p> <p>2. Limitation to attract and retain staff due the size of the municipality</p> <p>- Low salary scales and incentives</p> <p>3. Delays in recruitment process due to unavailability of required skills (scare skills)</p> <p>4. Inadequate Organogram resulting in lack of segregation of duties</p>	<p>identify redundant positions;</p> <p>i. Establish job combinations where relevant</p> <p>2. Review In-service and internship programme policy to include;</p> <p>i. Consider in-service training and internship programmes from external parties.</p> <p>3. Develop a plan to identify and prioritize filling of critical positions</p>
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## 2.7. ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI CORRUPTION STRATEGY

The Municipality has taken an active role in dealing with fraud and anti-corruption. Firstly, the municipality through its council has adopted the fraud prevention policy and strategy in June 2021 which was workshopped to Council during policy review session.

The municipality has also ensured that in the current year (2021/2022) there is a dedicated budget set aside for fraud hotline, which is being initiated as a District wide initiative. Furthermore, an action plan is in progress to address all the challenges pertaining to fraud related issues.

The iLembe District Family of Municipalities, headed by the Mayor, his Worship Cllr. Thobani Shandu, and iLembe Enterprise and Sector Departments in the KwaZulu-Natal province successfully launched iLembe District Municipality Fraud Hotline Services on the 23<sup>rd</sup> of June 2022 at Mandeni Municipality in an effort to stop the widespread corruption activities in government.

4.3 District Risk Officers conducted District awareness campaigns and launching of Fraud Hotline on the 23<sup>rd</sup> of June 2022. The following Presentations were done by the following stakeholders;

- **KZN Office of the Premier (OTP)** - Ethics, Conflict of Interest and Fraud & Corruption
- **COGTA** - Role of KZN COGTA in addressing the issue of fraud and corruption in Local Government.
- **Public Service Commission** - Good Governance and Ubuntu in the Public Service, through the Constitutional Values and Principles.
- **Deloitte** - District Hotline Services and the iLembe District Municipality (IDM) Expectations.
- **Auditor General** - Role of the Auditor General when issues of Fraud and Corruption are suspected or discovered, as well as the impact of Fraud and Corruption on the Audit Opinion.



## 2.8. INTERNAL AUDIT

In terms of Section 62 (c) of the Municipal Finance Management Act no 56 of 2003 (MFMA), the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—

- (a) that the municipality has and maintains effective, efficient and transparent systems—
  - (i) of financial and risk management and internal control; and
  - (ii) of internal audit operating in accordance with any prescribed norms and standards;

Furthermore, Section 165 (1) of the MFMA, states that each municipality must have an internal audit unit.

Section 165 (2) states that the internal audit unit of a municipality must—

- (a) prepare a risk-based audit plan and an internal audit program for each financial year;
- (b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—
  - (i) internal audit;
  - (ii) internal controls;
  - (iii) accounting procedures and practices;

- (iv) risk and risk management;
- (v) performance management;
- (vi) loss control; and
- (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and
- (viii) Perform such other duties as may be assigned to it by the Accounting Officer.

Regulation 14 (1) (a) of the Local Government: Municipal Planning & Performance Management Regulations of 2001, prescribe that a municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

The Municipality had, within its Organizational structure, a dedicated internal audit unit in the 2021/22 year of assessment. Furthermore, the municipality has an independent audit committee with four (4) members of sufficient skills and experience to ensure adequate oversight over internal audit as well as municipal activities as a whole.

The 2021/2022 year of assessment was a successful year for the internal audit unit with the following key achievements being noted:

- The first year in which internal audit plan was completed without any delays
- The first audit of technical services and grant spend
- The acknowledgement by governance structures such as Treasury and CoGTA on the strength of the internal audit unit and the ability of the internal audit unit to perform majority of audits in house
- The successful workshopping and review of the Internal Audit Charter
- The undertaking of four quarterly PMS assessments

- The reduction on the use of consultants for specific internal audit projects
- The successful support of MPAC for Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Furthermore, the internal audit unit had ensured that there was quarterly sitting of the audit committee as well as quarterly reports of the audit committee to council.

The internal audit unit also ensured that it complied with its statutory requirements of performing four quarterly audits as per the developed and approved internal audit plan and then tabling each quarterly report with follow ups to audit committee for consideration. The unit also successfully oversaw the development of the 2021/2022 internal audit plan which was approved by the audit committee on the 28<sup>th</sup> of June 2021.

In regards to the 2021/22 scheduled audits the following key areas were reviewed and tabled to audit committee for consideration.

PROJECT	FOCUS AREAS
<b>Revenue and Debt Management</b>	<ul style="list-style-type: none"> <li>• Accuracy of billing and collections</li> <li>• Reconciliations (Revenue and debtors)</li> <li>• Debt collection procedures</li> <li>• Debt policy and Indigent Policy</li> <li>• Test Debt collection system (Existence and Completeness) and alignment to SAGE</li> <li>• Collection trends per sector (Business, government and household) – Current year debt management issue has escalated and hence collection trends need to be</li> </ul>

	<p>retested in detail</p> <ul style="list-style-type: none"> <li>• Recording of revenue</li> </ul>
<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>• Turnaround time for completion of procurement process (Ordering; Receiving process, Invoicing and Reconciliation)</li> <li>• Planning (Procurement plan), Policy review and awareness</li> <li>• Contract and Project Management (Standard operating procedures, organogram and testing of high value and long-term contracts)</li> <li>• Performance assessment of service providers and contractors</li> <li>• Contract and Project Management (Completeness of Contract register and supporting documentation)</li> <li>• Review of supplier database (capturing, editing and approval of suppliers), performance monitoring of suppliers</li> <li>• Review of supplier database (suppliers in service of the state, suppliers who are employees, blacklisted suppliers)</li> <li>• Creditor (including payments).</li> </ul>

	<ul style="list-style-type: none"> <li>• Supplier return process and quality verification of goods and services received</li> <li>• Completeness of Supplier documents</li> </ul>
<b>Unauthorized, irregular, fruitless and wasteful expenditure</b>	<ul style="list-style-type: none"> <li>• Investigations of irregular expenditure resulting from approved deviations.</li> <li>• Investigations of unauthorized, irregular, fruitless and wasteful expenditure incurred.</li> </ul>
<b>Physical verification of employees against payroll reports</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury Circular (PT/MF) 1 of 2017/20218</li> </ul>
<b>Asset Management</b>	<ul style="list-style-type: none"> <li>• Fleet Management – Policy and application</li> <li>• Test read/write access to the SAGE PASTEL system</li> <li>• Compliance with the fleet management policy and submission of exception reports relating to fuel, accidents and insurance)</li> <li>• Fixed Asset Register (Completeness)</li> </ul>

- |  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• Fixed Asset Register (Existence)</li> <li>• Impairment testing (sample basis)</li> <li>• Repairs and Maintenance (Capitalisation versus Expenditure)</li> <li>• Formation of asset disposal committee and effectiveness of this committee</li> <li>• Review the controls for impairment testing of moveable and immovable assets</li> <li>• Fixed Asset Register reconciliation</li> <li>• Additions and Disposals</li> <li>• Investment property (Completeness, Rights, Existence and Valuation)</li> <li>• Under Construction WIP Assets – WIP valuation and transfers to Fixed Asset Register</li> </ul> |
|--|--|

ICT	<ul style="list-style-type: none"> <li>• ICT Governance</li> <li>• DRP and BCP</li> <li>• ICT Security and awareness</li> <li>• ICT Assets</li> <li>• Assessment of the nature of the project management function (Outsourced EPCM vs In-house Project Management Personnel)</li> </ul>
Performance Management System (PMS)	<ul style="list-style-type: none"> <li>• Review the SDBIP, organizational scorecard, departmental scorecards, Section 57 Performance agreements to the Integrated Development Plan (IDP) for alignment</li> <li>• Presentation of SDBIP Consistency, Measurability, Relevance Reliability</li> <li>• Compliance with laws and regulations</li> <li>• Review of POE's against reported information on the SDBIP</li> </ul>

Reviews of Annual Financial Statements	<ul style="list-style-type: none"> <li>• Review Accounting Policies and compliance with GRAP</li> <li>• Ensure that the AFS agrees to the Trial balance and General Ledger</li> <li>• Perform review of financial statements for validity, accuracy and completeness</li> <li>• Review working paper file and ensure that it agrees to information on the AFS, TB and GL</li> <li>• Follow-up on AG findings.</li> </ul>
Reviews of Annual Performance Report	<ul style="list-style-type: none"> <li>• Review the adequacy and effectiveness of controls around the performance information and the following areas will be included in the audit scope, but not restricted to the following: <ul style="list-style-type: none"> <li>- Review credibility of POE files (Reliability of Performance Information);</li> <li>- Review the processes with which performance information is processed, collated, filed, analyzed and reported in line with the FMPPI;</li> <li>-</li> </ul> </li> <li>• Follow-up on AG findings.</li> </ul>



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## 2.9. AUDIT AND PERFORMANCE AUDIT COMMITTEE

File Reference:  
Report Number:  
Audit Committee

Author : Mondli Makhunga  
Designation : Chairperson of the

CONFIDENTIAL  
FOR CONSIDERATION

The Honourable Speaker  
MANDENI MUNICIPAL COUNCIL

**SUBJECT: AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT FOR THE PERIOD ENDED 30 JUNE 2022**

**DATE: 18 JANUARY 2022**

### 1. INTRODUCTION

The Audit and Performance Committee (**Herein referred to as the “Audit Committee”**) is pleased to present its Report for the financial year ended 30 June 2022. This report covers work done or overseen by the Audit Committee during this financial period (i.e) from 01 July 2021 to 30 June 2022.

### 2. LEGISLATIVE REQUIREMENTS

- 2.1. The purpose of this report is to apprise the Council of Mandeni Municipality of the work done by the Audit Committee during the 2021/22 financial year as prescribed by section 166 of the Municipal Finance Act No. 56 of 2003, as amended (“the MFMA”), read with circular 65 published by the National Treasury and regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations of 2001.
- 2.2. Section 166 of the Municipal Finance Management Act, Act 56 of 2003 obliges every Municipality to establish an independent Audit Committee which must advise the Municipal Council and the Management of the Municipality on matters relating to internal controls, internal audits, risk management, accounting policies, adequacy, reliability and accuracy of the financial reporting information, performance management, effective governance, compliance with the MFMA, the Annual Division of Revenue Act (‘DoRA’), any other applicable legislation and any other issues referred to it by the Municipality.

- 2.3. In carrying out our oversight responsibilities, the Audit Committee is guided by the formal terms of reference “The Audit Committee Charter”. This Charter is reviewed annually and submitted to the Council for approval.

### 3. THE AUDIT COMMITTEE COMPOSITION AND ATTENDANCE

- 3.1. During the period under review, the Audit Committee consisted of four (4) members with diverse skills. The Audit Committee met **six (6)** times which is in line with its Charter which requires that the Audit Committee meets at least four times in a given financial year.
- 3.2. The table below sets forth the particulars of the members, dates of appointment and their attendance at the meetings of the committee:

	Meetings Attended	25 Aug 2021	31 Aug 2021	15 Dec 2021	20 Dec 2021	23 Mar 2022	30 May 2022
Mr. M Makhunga (Chairperson)	6	✓	✓	✓	✓	✓	✓
Mr. H Mpungose	6	✓	✓	✓	✓	✓	✓
Mrs N Khanyile 01/04/22 – to date	1	-	-	-	-	-	✓
Mr B Mhlongo 01/04/22 – to date	1	-	-	-	-	-	✓
Mr. BP Mngadi 27/03/19 – 31/03/22	5	✓	✓	✓	✓	✓	N
Mr. M Thango 31/10/20 – 31/03/22	5	✓	✓	✓	✓	✓	N

✓ = Present

N = No longer a member

- = New Member (before joining the committee)

## **4. AUDIT COMMITTEE'S RESPONSIBILITY**

The Audit Committee hereby reports that it has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and regulation 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001.

Furthermore, the Audit Committee reports that it has operated in terms of the Audit Committee Charter read in conjunction with the Internal Audit Charter.

### **4.1. The Internal Audit Function**

- 4.1.1.** Section 165 of the MFMA, prescribes that every Municipality must have an Internal Audit Unit that operates under the direction and control of the Audit Committee. This entails that, functionally the Internal Audit Unit is directly accountable to the Audit Committee while accountable administratively to the Office of the Municipal Manager.
- 4.1.2.** The operational activities of the Internal Audit Unit are regulated by Section 165 of the MFMA, circular 65 published by the National Treasury, the International Standards for the Professional Practices of Internal Auditors (ISPPIA) and the Internal Audit Charter.
- 4.1.3.** The Chief Audit Executive reports administratively to the Municipal Manager and functionally to the Audit Committee to ensure the Internal Audit Function's independence.
- 4.1.4.** The activities of the Internal Audit Unit are guided by the Annual Audit Coverage Plan which is approved by the Audit Committee at the end of the financial year preceding the year under review. The Audit Committee monitors the progress of the implementation of the annual internal audit plan.
- 4.1.5.**
- 4.1.6.** During this financial period, the internal audit work was performed by the internal staff and the external staff sourced from the external service providers. At the expiration of its contract, a panel of three (3) service providers was appointed and has now resumed the task.
- 4.1.7.** At the date of this report, with the exception of the changes listed below, all other projects planned for execution were completed :
  - (i) Due to the involvement of the CAE in Risk Management, these review processes were rolled forward to the 2022/23 financial period:
    - Review of the Risk Management processes; and
    - Review of the fraud and corruption of activities.

(ii) Due to the time and budgets constraints, these reviews have been rolled forward to the 2022/23 financial period as well:

- Review of Spatial and Development; and
- Review of Economic Development.

**4.1.8.** The Audit Committee approved the Internal Audit Plan for the 2021/22 financial period. This plan was submitted to the Council for noting and to COGTA.

**4.1.9.** The Audit Committee approved the Internal Audit Charter and reviewed the Audit and Performance Audit Committee Charter for approval by the council.

**4.1.10.** Audit Committee, would like to commend the Council for approving the Committee's request of re-introducing the co-sourcing model to augment the capacity of the Internal Audit Unit. This model has enabled us to execute and complete the work within planned timelines and has also given us access to a variety of specialist skills whenever they are needed (e.g Information Technology Audits and Review of Financial Statements). Furthermore, the quality of the work has been enhanced.

**4.1.11.** In conclusion, the Audit Committee would like to commend the Accounting Officer, the Senior Management, the Internal Audit Function and the Staff of the Municipality for ensuring that work is done despite the limitations imposed by the covid-19 pandemic and the July 2021 unrest that we experienced over the past twenty-four months.

### **System of Internal Control**

**4.1.12.** The Audit Committee received assurance from the Internal Audit Function, the Risk Management Function and the Auditor General during the financial year.

**4.1.13.** The Audit Committee monitored the progress achieved by the Management in implementing remedial actions to prevent the recurrence of findings identified by the Internal Audit and the Auditor General. The audit committee acknowledges management's efforts to strengthen internal controls within the municipality.

**4.1.14.** The Audit Committee noted that findings regarding UIFW expenditure have been reduced drastically, during the period under review. To curb the instances of UIFW further, the Audit Committee has recommended the following:

- Probity audit must be performed prior to the award of tenders;
- Amendment of the SCM policy to include that the user departments must initiate the procurement of services at least six (6) months prior to the expiry of the contracts;
- Disciplinary action must be taken should the SCM policies be breached.

**4.1.15.** Regarding the fruitless and wasteful expenditure emanating from Telkom and Eskom, COGTA volunteered to assist the municipality in this regard as this

seems to be a cross-cutting issue experienced by municipalities. As such, the management has welcomed the offer made by COGTA. To this end, the Manager Treasury was assigned to facilitate the meeting with Telkom and Eskom.

- 4.1.16.** Inventory Management – a number of control gaps identified in the Inventory Management system should be addressed and monitored for effective implementation. Management has commenced with implementing controls to remedy the identified findings.
- 4.1.17.** Fruitless expenditure on a stolen e-fuel ring and an unauthorised debit order relating to FNB was reported and rectified during the year and further new controls were introduced to prevent the reoccurrence of similar events.
- 4.1.18.** We, therefore, encourage management to monitor the controls in place and adhered to them to prevent the recurrence of UIFW expenditure. We are of the opinion that these can be averted by improving planning, adopting good contract management practices and strict compliance with the SCM processes.
- 4.1.19.** During the previous financial period, the internal audit performed a review of the ICT general controls and application controls and reported a number of exceptions which require attention. Since the ICT Manager has been employed this review has been prioritised and is being monitored by the Audit Committee.

## **4.2. Risk Management Function**

- 4.2.1.** The Municipality appointed an external Risk Management Chairperson to provide guidance and oversee the risk management-related issues and report to the senior management and the audit committee.
- 4.2.2.** The Risk and Compliance Officer and an intern resigned in June 2022 which may affect the risk management function. Management has prioritized filling these vacancies.
- 4.2.3.** The Audit Committee reviewed the quarterly management risk reports presented by the Risk Management Function which dealt with the followings:
- Progress on implementation of mitigations for Operational, Information Technology, Fraud and Strategic risks;
  - Emerging and materialised risks identified and discussed;
  - Reviewed the report on the Anti-Fraud initiatives that are implemented to manage fraud risk;
  - Provided oversight on other significant exposure areas and mitigation controls.

## **4.3. Audit on Performance Information**

- 4.3.1.** The Audit Committee has noted the efforts of the Performance Management Unit and the management in providing accurate performance information however the nature of repeat findings regarding the appropriateness of the evidence provided indicates that further training intervention is required in this area.
- 4.3.2.** The next review by the Audit Committee will be performed during quarter one of the 2021/22 financial period and the review of the Annual Performance Report for the 2020/21 financial period will be done prior to submission to the External Auditors on the 31 August 2021.

#### **4.4. External Audit by Auditor-General**

- 4.4.1.** During the period under review, the Audit Committee assessed the progress on the action plan, which addresses the issues raised by the Auditor-General in their previous report.
- 4.4.2.** At the date of this report, all five (5) significant findings reported by the Auditor General had been resolved by the Municipality.
- 4.4.3.** In the previous financial year, the Auditor-General relied on a number of areas which were audited by the Internal Auditors –
- Supply chain management
  - Performance information
  - Revenue and debt management
  - Information technology
- 4.4.4.** The audit committee reviewed the Auditor-General's external audit strategy which included the audit budget and the human resources to be deployed to the Municipality.

#### **4.5. Financial Management and Reporting**

- 4.5.1.** The Audit Committee reviewed the adequacy and effectiveness of the Municipality's system of internal financial control and reporting through the reports provided by the Internal Audit Function.
- 4.5.2.** The Audit Committee notes the efforts made by the management in the quest of reducing the debtors' book through the credit control policy interventions. Continuous engagements are taking place between parties to long outstanding debtors. The dependence of the Municipality on grant funding also remains a challenge.
- 4.5.3.** As at the end of the 4th quarter, 70% of the capital budget had been spent. This is concerning as it reflects a 30% underperformance on Capital Expenditure. These items will continue to be on the agenda of the Audit Committee Meetings for continuous monitoring.

#### **4.6. Review of financial statements and accounting policies**

- 4.6.1.** The plan for the preparation of the Annual Financial Statements for the year ended 30 June 2022 was submitted to the Audit Committee.
- 4.6.2.** The Internal Audit Unit assisted in ensuring that the Annual Financial Statements comply with the South African Statement of Generally Recognised Accounting Practices (GRAP) and the accounting policies adopted by the Municipality. The audit committee reviewed this processed.

### **5. RECOMMENDATIONS**

- 5.1.** the Audit Committee recommends that the new Disciplinary Board be appointed (since the previous Board's tenure has ended) in line with the Financial Misconduct Procedures and Criminal Proceedings Regulations requirement and include External Independent Members of which one must be a labour law practitioner. The previous Board comprised the Municipal Manager, The Audit Committee Member, the Director: Corporate Services and the Chief Audit Executive.
- 5.2.** Furthermore, we recommend that all investigations to be conducted in pursuit of matters referred to this Board be performed by external service providers.
- 5.3.** Council together with management should implement a vigorous debt collection strategy, this will ensure that the municipality enhances its revenue collection.
- 5.4.** Further training on performance management must be provided to the staff and management to ensure that accurate, reliable and complete financial and performance information is produced. From the reports submitted to us, capturing of key performance indicators and providing supporting evidence has proven to be the challenge.
- 5.5.** The Municipality should perform reconciliations of all key accounts monthly and prepare financial statements at least on a quarterly basis to avoid discovering errors and discrepancies at the year-end.
- 5.6.** Risk Management – the Municipality should prioritise and finalise the filling of vacant posts under the risk management function to ensure timely identification and mitigation of risks facing the municipality.
- 5.7.** We also urge the Municipality to implement recommendations and outstanding actions on:



- IT Governance and IT General Controls presented to it by the Internal Audit Unit
- Inventory Management presented to it by the Internal Audit Unit

We thank the Council and management for increasing the budget of the Internal Audit Unit. This has enabled the Internal Audit Unit to incorporate the Applications Controls and General Controls Reviews into the 2021/22 plan.

## 6. CONCLUSION

Overall, the Audit Committee has noted a positive improvement in the functioning of the municipality and will seek to monitor the implementation of Internal and External Audit Recommendations quarterly. The Audit Committee is of the opinion that management is committed to the implementation of appropriate systems of internal controls and to effect corrective measures to address the findings identified by both Internal Audit and the Auditor General.

On behalf of the Audit Committee



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**Mr. Mondli Makhunga**  
**Chairperson**  
**Mandeni Municipal Audit Committee**  
**19 JANUARY 2022**



## AUDIT RESPONSE PLAN

**NAME OF THE MUNICIPALITY** : **MANDENI**

Type of Opinion : Unqualified

Type of Opinion Previous Year : Unqualified

Adequacy of Response :

**Year** : **2021/2022**

Nature Of Audit Query	Audit Query	Audit Response
<b>Emphasis of the matter</b>		
<b>Annual Financial Statement</b>	The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	Training interventions on the GRAP standards and use of the latest AFS preparation checklist
<b>Procurement and contract management</b>	Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 17 and 25(7A).	1. The SCM Manager will engage the CIDB to offer webinar on all matters related to the act and practice notes to the SCM practitioners and management team

Nature Of Audit Query	Audit Query	Audit Response
		<p>2. Bid documents to be revised to include the CIDB requirements on the contract values and grading</p> <p>3. This requirement shall form part of the bid specifications.</p> <p>4. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will investigate issues relating to irregular expenditure and report to the Accounting Officer and Council on whether:</p> <p><i>- there are any financial losses occurred in these transactions;</i></p> <p><i>- expenditure incurred due to the negligence of any official/s and as such disciplinary actions are required</i></p>
<b>Annual Performance Report</b>	I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance	Review of all indicators in line with the FMPPi will be done to ensure that indicators meet the SMART criteria and the

Nature Of Audit Query	Audit Query	Audit Response
	information of basic service delivery key performance area. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.	requirements of the MSA

## 2.10 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE



		<p><i>letter from the ward councillor and a certified affidavit was submitted, indicating that the bidder was exempt from paying for municipal services.</i></p> <p><i>The above was considered irregular since the SCM policy did not indicate that in the event the bidder is exempted from paying municipal services; the bidder can submit the letter from the ward councillor and a certified affidavit.</i></p>	
Rural Emergency Services	Metro Project management of fire rescue management services	<p>The reason the appointment was considered irregular on 01 July 2019 was that;</p> <p><i>the bid to award Rural Metro was adjudicated by three (3) senior managers instead of four (4), which is a contravention of municipal SCM Regulations paragraph 29 (2) which prescribes that a bid adjudication must consist of at least four senior managers of the municipality.</i></p>	R4 158 157.05
Conlog	Smart metering	<p>The reasons why payments to Conlog were considered irregular expenditure since 2018/2019 until 2020/2021 financial year are as follows;</p> <p><i>The contract with Conlog was extended on a month-to-month commencing on 01 September 2018 and expiring on 31 August 2019 without following proper procurement processes.</i></p> <p><i>After expiry of month-to-month contract in August 2019, the municipality continued to use Conlog without any</i></p>	R103 319.67



#### **REASONS FOR IRREGULAR EXPENDITURE**

There were two reasons which resulted in this contract ending up incurring irregular expenditure;

- *When the specifications for security services were drafted, the number of municipal sites to be guarded were reduced based on the municipality's approach to have some of its sites secured through the alarm monitoring system and camera surveillance CCTV instead of warm bodies. This was done to reduce the high cost of security services.*
- *With the political transition which took place around September 2019, the council took a resolution to have close protectors for political office bearers (Honourable Mayor, Honourable Deputy Mayor and Honourable Speaker) outsourced from a private security company hence a total of six (6) close protectors to be outsourced.*

**Total**

**R6 203 692.96**

#### **RECOMMENDATIONS**

It is recommended;

- a) THAT, the Municipal Public Accounts Committee recommends to Council to write-off the irregular expenditure amount of R13 382 711.35 having conducted the investigations;
- b) THAT, the Municipal Public Accounts Committee notes that R10 301 770.86 of the above amount has already been written-off by Council having investigated by council committee which is the Municipal Public Accounts Committee;
- c) THAT, it be noted that there were no financial losses occurred in this transaction;
- d) THAT, it be noted that the expenditure incurred did not occur due to the negligence but in good faith and as such no disciplinary action is required;



		<p>contract in place since the services were still required.</p> <p>The municipality did not have a contract with Conlog however; it still needed the Conlog services therefore payments made without the contract were considered irregular.</p>	
Yakhalungisa	Electrification of 311 in Khenana Ward 10	<p>The reason that payments to Yakhalungisa are considered as irregular since 2019/2020 financial year was as a result of non-compliance with local content requirements.</p>	R544 641.53
KwaDukuza IT	Supply and deliver network licences	<p>The urgency of the goods being procured led to SCM not to verify the tax matters of KwaDukuza IT before appointment as is standard practice for all bids.</p>	R172 500.00
Young & Satharia	Construction of a Swimming Pool in Ward 15 for R3 711 654.75	Extension of period of panel	R83 407.92
Sivest	Construction of a Sportsfield in Ward 5, Enembe for R5 761 002.60		R243 331.71
Total			R7 179 018.68

**Table B – Irregular expenditure from Security Contract;**

Supplier	Description of project	Original Price	Bid Price after variation order	Expenditure as at 30 June 2022	Irregular expenditure as at 30 JUNE 2022
ProSecure	Security Services	R15 825 366.00	R18 123 367.83	R6 203 692.96	R6 203 692.96



MARDEN MUNICIPALITY Period ended 30 June 2022 REGISTER FOR IRREGULAR EXPENDITURE												
Date reported to Mayor	Date identified	Reasons for Irregular Expenditure	Payment status	Supplier	Department Responsible	AMOUNT EXCLUDING VAT	VAT PORTION	Amount Paid (VAT INCL)	Was there value for money for expenditure incurred?	Were the goods/services or product delivered?	Resolution No.	Written Off
JULY												
25-Jun-22	Jun-21	Appointed service provider was tax non-compliant at date of appointment	Paid	KenDeJazz IT	Corporate Services	R149 130.43	R23 369.57	R172 500.00	Y	Y	C112	172 500.00
24-Jul-20	Jun-20	Expired Contract	Paid	Conting	BRTO	R 40 844.43	R 6 126.67	R 46 971.10	Y	Y	C29 & C112	46 971.10
24-Jul-20	Jun-20	Presquefying criteria no properly applied	Paid	Ischika Emergency Services	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 278 954.42	R 41 843.16	R 320 797.58	Y	Y	C29 & C112	320 797.58
AUGUST												
24-Jul-20	Jun-20	Expired Contract	Paid	Conting	BRTO	R 48 986.78	R 7 349.81	R 56 346.57	Y	Y	C29 & C112	56 346.57
24-Jul-20	Jun-20	Presquefying criteria no properly applied	Paid	Ischika Emergency Services	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 278 954.42	R 41 843.16	R 320 797.58	Y	Y	C29 & C112	320 797.58
24-Jul-20	Jun-20	Electrification of 311 connection in Koenema ward 10 - Electronic products	Paid	Yakhalungisa Engineering	Technical service	R 70 117.15	R 10 617.67	R 80 634.72	Y	Y		
24-Jul-20	Jun-20	Expired contract	Paid	Leahy Consulting	Technical service	R 72 628.63	R 10 879.29	R 83 407.92	Y	Y	C12 & C112	83 407.92
24-Jul-20	Jun-20	Additional sites not included in the	Paid	Young & Seidela	Community services	R 717 888.92	R 107 680.34	R 825 549.26	Y	Y	C112	825 549.26
SEPTEMBER												
24-Jul-20	Jun-20	Presquefying criteria no properly applied	Paid	Ischika Emergency Services	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 278 954.42	R 41 843.16	R 320 797.58	Y	Y	C29 & C112	320 797.58
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community services	R 890 390.97	R 132 056.35	R 1 012 424.32	Y	Y	C112	1 012 424.32
OCTOBER												
24-Jul-20	Jun-20	Presquefying criteria no properly applied	Paid	Ischika Emergency Services	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 308 789.59	R 46 315.43	R 355 084.93	Y	Y	C29 & C112	355 084.93
24-Jul-20	Jun-20	Electrification of 311 connection in Koenema ward 10 - Electronic products	Paid	Yakhalungisa Engineering	Technical service	R 403 494.18	R 59 522.63	R 464 006.81	Y	Y	C29 & C112	464 006.81
24-Jul-20	Jun-20	Expired contract	Paid	Shed	Technical service	R 155 867.85	R 23 335.15	R 178 902.80	Y	Y	C12 & C112	178 902.80
24-Jul-20	Jun-20	Expired contract	Paid	Mechanics Nardamula & Associates	Technical service	R -	R -	R -	Y	Y		
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community services	R 397 412.27	R 59 811.64	R 457 024.11	Y	Y	C112	457 024.11
24-Jul-20	Jun-20	Presquefying criteria no properly applied	Paid	Ischika Emergency Services	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29 & C112	156 138.40

24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro	Corporate	R	308 789.50	R	46 315.43	R	355 084.83	Y	Y	C29 & C112	355 084.83
24-Jul-20	Jun-20	Expired contract	Paid	Shire	Technical service	R	45 475.00	R	6 821.25	R	52 296.25	Y	Y	C12 & C112	52 296.25
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community	R	437 354.05	R	63 603.11	R	502 957.16	Y	Y	C112	502 957.16
DECEMBER															
24-Jul-20	Jun-20	Proquallying criteria/no property applied	Paid	Ischuka	Community	R	156 138.40	R	-	R	156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro	Corporate	R	308 789.50	R	46 315.43	R	355 084.83	Y	Y	C29 & C112	355 084.83
24-Jul-20	Jun-20	Expired contract	Paid	Emergency Services	Services	R	10 550.15	R	1 582.52	R	12 132.67	Y	Y	C12 & C112	12 132.67
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community	R	427 591.35	R	64 138.70	R	491 730.05	Y	Y	C112	491 730.05
JANUARY															
24-Jul-20	Jun-20	Proquallying criteria/no property applied	Paid	Ischuka	Community	R	156 138.40	R	-	R	156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro	Corporate	R	308 789.50	R	46 315.43	R	355 084.83	Y	Y	C29 & C112	355 084.83
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community	R	427 591.35	R	64 138.69	R	491 730.02	Y	Y	C112	491 730.02
FEBRUARY															
24-Jul-20	Jun-20	Proquallying criteria/no property applied	Paid	Ischuka	Community	R	156 138.40	R	-	R	156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro	Corporate	R	308 789.50	R	46 315.43	R	355 084.83	Y	Y	C29 & C112	355 084.83
24-Jul-20	Jun-20	Expired contract	Paid	Emergency Services	Services	R	10 550.15	R	1 582.52	R	12 132.67	Y	Y	C12 & C112	12 132.67
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community	R	427 591.35	R	64 138.69	R	491 730.02	Y	Y	C112	491 730.02
MARCH															
24-Jul-20	Jun-20	Proquallying criteria/no property applied	Paid	Ischuka	Community	R	156 138.40	R	-	R	156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro	Corporate	R	308 789.50	R	46 315.43	R	355 084.83	Y	Y	C29 & C112	355 084.83
24-Jul-20	Jun-20	Expired contract	Paid	Emergency Services	Services	R	10 550.15	R	1 582.52	R	12 132.67	Y	Y	C12 & C112	12 132.67
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community	R	427 591.35	R	64 138.69	R	491 730.02	Y	Y	C112	491 730.02
APRIL															
24-Jul-20	Jun-20	Proquallying criteria/no property applied	Paid	Ischuka	Community	R	156 138.40	R	-	R	156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro	Corporate	R	308 789.50	R	46 315.43	R	355 084.83	Y	Y	C29 & C112	355 084.83
24-Jul-20	Jun-20	Expired contract	Paid	Emergency Services	Services	R	10 550.15	R	1 582.52	R	12 132.67	Y	Y	C12 & C112	12 132.67
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community	R	427 591.35	R	64 138.69	R	491 730.02	Y	Y	C112	491 730.02
MAY															
24-Jul-20	Jun-20	Proquallying criteria/no property applied	Paid	Ischuka	Community	R	156 138.40	R	-	R	156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro	Corporate	R	308 789.50	R	46 315.43	R	355 084.83	Y	Y	C29 & C112	355 084.83
24-Jul-20	Jun-20	Expired contract	Paid	Emergency Services	Services	R	10 550.15	R	1 582.52	R	12 132.67	Y	Y	C12 & C112	12 132.67
24-Jul-20	Jun-20	Additional sites not included in the	Paid	ProSecure	Community	R	427 591.35	R	64 138.69	R	491 730.02	Y	Y	C112	491 730.02



24-Jul-20	Jun-20	Prequalifying criteria no properly applied	Paid	Isichaka Ealingenemona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29	
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 308 769.50	R 46 315.43	R 355 084.93	Y	Y	C29	
JUNE												
24-Jul-20	Jun-20	Prequalifying criteria no properly applied	Paid	Isichaka Ealingenemona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29	
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 308 769.50	R 46 315.43	R 355 084.93	Y	Y	C29	
24-Jul-20	Jun-20	Additional sites not included in the original bid	Paid	ProSecure	Community services	R 855 182.70	R 128 277.40	R 983 460.10	Y	Y		
Total						R 11 840 661.28	R 1 602 650.09	R 13 382 711.36	Y	R -	R -	R 10 283 216.49

PREPARED BY: NIN MOJUMALO	SIGN:
SCM PRACTITIONER: DEMAND	
REVIEWED BY: PMA BHOBOZA	SIGN:
MANAGER SCM	



## CHAPTER 2: FRUITLESS AND WASTEFUL EXPENDITURE REPORTED TO COUNCIL BETWEEN 01 JULY 2021 TO 30 JUNE 2022

The following table details the breakdown of fruitless and wasteful expenditure which has been reported by 30 June 2022;

Fruitless and wasteful expenditure as at 30 June 2022 amounts to R1 086 535.64 and this figure includes amount of R613 998.46 regarding the E-Fuel ring however this matter is still under investigation by the municipality.

The amount of R662 634.00 relate to unauthorized debit order for fuel expenses which relate to FNB scam that has been uncovered. The municipality has launched the debit order dispute of R941 451.57. The bank acknowledged the dispute and whole amount of R941 451.57 has been recovered. **Refer to the attachments**

The amount of R2 580.91 which relates to interest from Eskom and Telkom has also been considered by the audit committee. It has been investigated by the MPAC and there is a council resolution for the write-off of these transactions.

No	Nature of Fruitless and Wasteful Expenditure	Supplier	Amount	Comments from Manager Treasury Services
1	Interest charged on overdue acc	Telkom	R63.98	<p>During the month of July 2021, there was a Civil unrest which disrupted activities in the lager part of KZN. Unfortunately, our offices were not immune from this disruption.</p> <p>Consequence to the delay in the receiving and processing of this invoice, Telkom acted in bad business faith and penalized us for a fault that was not of our own making.</p>
2	Interest charged on overdue acc	Telkom	R4.28	<p>During the month of July 2021, there was a Civil unrest which disrupted activities in the lager part of KZN. Unfortunately, our offices were not immune from this disruption.</p> <p>Consequence to the delay in the receiving and processing of this invoice, Telkom acted in bad</p>



				business faith and penalized us for a fault that was not of our own making.
3	Interest charged on overdue acc	Telkom	R771.59	<p>During the month of July 2021, there was a Civil unrest which disrupted activities in the lager part of KZN. Unfortunately, our offices were not immune from this disruption.</p> <p>Consequence to the delay in the receiving and processing of this invoice, Telkom acted in bad business faith and penalized us for a fault that was not of our own making.</p>
4	Interest charged on overdue acc	Telkom	R3.85	<p>During the month of July 2021, there was a Civil unrest which disrupted activities in the lager part of KZN. Unfortunately, our offices were not immune from this disruption.</p> <p>Consequence to the delay in the receiving and processing of this invoice, Telkom acted in bad business faith and penalized us for a fault that was not of our own making.</p>
5	Interest charged on overdue acc	Telkom	R0.39	<p>During the month of July 2021, there was a Civil unrest which disrupted activities in the lager part of KZN. Unfortunately, our offices were not immune from this disruption.</p> <p>Consequence to the delay in the receiving and processing of this invoice, Telkom acted in bad business faith and penalized us for a fault that was not of our own making.</p>
6	Interest charged on overdue acc	Eskom	R156.04	<p>Based on the recommendations of MPAC and Audit Committee we have created an invoice dedicated email in order for us to minimize the risk of delays in as far as the invoice processing is concerned. This has been timeously communicated with all our service providers.</p> <p>Unfortunately, the Municipality has been faced with IT related challenges which has resulted to us operating without emails, or emails bouncing back to the sender.</p>



				Therefore, the innovative idea of advancing and taking advantage of the 4 <sup>th</sup> industrial revolution might be having its own shortcomings.
7	Interest charged on overdue acc	Eskom	R139.25	<p>Based on the recommendations of MPAC and Audit Committee we have created an invoice dedicated email in order for us to minimize the risk of delays in as far as the invoice processing is concerned. This has been timeously communicated with all our service providers.</p> <p>Unfortunately, the Municipality has been faced with IT related challenges which has resulted to us operating without emails, or emails bouncing back to the sender.</p> <p>Therefore, the innovative idea of advancing and taking advantage of the 4<sup>th</sup> industrial revolution might be having its own shortcomings.</p>
8	Interest charged on overdue acc	Eskom	R1.61	<p>Based on the recommendations of MPAC and Audit Committee we have created an invoice dedicated email in order for us to minimize the risk of delays in as far as the invoice processing is concerned. This has been timeously communicated with all our service providers.</p> <p>Unfortunately, the Municipality has been faced with IT related challenges which has resulted to us operating without emails, or emails bouncing back to the sender.</p> <p>Therefore, the innovative idea of advancing and taking advantage of the 4<sup>th</sup> industrial revolution might be having its own shortcomings.</p>
9	Interest charged on overdue acc	Eskom	R4.60	Based on the recommendations of MPAC and Audit Committee we have created an invoice dedicated email in order for us to minimize the risk of delays in as far as the invoice processing is concerned. This has been timeously communicated with all our service providers.





				<p>Unfortunately, the Municipality has been faced with IT related challenges which has resulted to us operating without emails, or emails bouncing back to the sender.</p> <p>Therefore, the innovative idea of advancing and taking advantage of the 4<sup>th</sup> industrial revolution might be having its own shortcomings.</p>
10	Interest charged on overdue account	Department of Transport	R78.34	Management wish to express that the delay in the submission of invoices by the user Department resulted to the charge being effected by the Creditor.
11	Interest charged on overdue account	Eskom	R35.29	<p>Management note that there has been a change Management on the part of Eskom, this resulted to a communication breakdown between the Municipality and the Parastatal as a result invoices have not been received on time and the payment allocations on their side have not been made timeously.</p> <p>We have engaged with the Parastatal through the series of email and such is available as a Portfolio of Evidence</p>
12	Interest charged on overdue account	Eskom	R20.08	<p>Management note that there has been a change Management on the part of Eskom, this resulted to a communication breakdown between the Municipality and the Parastatal as a result invoices have not been received on time and the payment allocations on their side have not been made timeously.</p> <p>We have engaged with the Parastatal through the series of email and such is available as a Portfolio of Evidence</p>
13	Interest charged on overdue acc	Eskom	R38.62	Management note that there has been a change Management on the part of Eskom, this resulted to a communication breakdown between the Municipality and the Parastatal as a result invoices have not been received on time and the payment allocations on their side have not been made timeously, we have engaged with the Parastatal through the series of email and such is available as a Portfolio of Evidence



14	Interest charged on overdue acc	Adventure Travel	R985.90	This transaction in question was not effected by the service provider in good faith, the deduction was done while we were in dispute of the interest charge. Management has taken a decision to engage the service provider for a possible credit note, alternatively management will be forced to also deduct this transaction from the next invoice they will submit. It should however be noted that our wish is to have a meaningful dialogue where we will reach a harmonious agreement
15	Interest charged on overdue acc	Adventure Travel	R42.32	This transaction in question was not effected by the service provider in good faith, the deduction was done while we were in dispute of the interest charge. Management has taken a decision to engage the service provider for a possible credit note, alternatively management will be forced to also deduct this transaction from the next invoice they will submit. It should however be noted that our wish is to have a meaningful dialogue where we will reach a harmonious agreement
16	Interest charged on overdue acc	Adventure Travel	R215.21	This transaction in question was not effected by the service provider in good faith, the deduction was done while we were in dispute of the interest charge. Management has taken a decision to engage the service provider for a possible credit note, alternatively management will be forced to also deduct this transaction from the next invoice they will submit. It should however be noted that our wish is to have a meaningful dialogue where we will reach a harmonious agreement
17	Interest charged on overdue acc	Adventure Travel	R91,56	This transaction in question was not effected by the service provider in good faith, the deduction was done while we were in dispute of the interest charge. Management has taken a decision to engage the service provider for a possible credit note, alternatively management will be forced to also deduct this transaction from the next invoice they will submit. It should however be noted that our wish is to have a meaningful dialogue where we will reach a harmonious agreement



18	E-Fuel ring that was stolen is February from the trailer. The matter is still under investigation by the Municipality	FNB Petrol Card	R613 998.46	E-Fuel ring however this matter is still under investigation by the municipality.
19	Unauthorized debit orders	FNB	R662 634.90	Unauthorized debit order for fuel expenses which relate to FNB scam that has been uncovered. The municipality has launched the debit order dispute of R941 451.57. The bank acknowledged the dispute, to date we have managed to recover the amount of R278 716.67 and the balance of R662 634 will be settled before end of July 2022.
<b>TOTAL</b>			<b>R1 279 141.81</b>	

### **RECOMMENDATIONS**

**It is recommended THAT:**

- a) The Municipal Public Accounts Committee notes that the amount of R662 634.90, which was reported as fruitless and wasteful expenditure to Council, has been recovered by the municipality and will no longer be reported as such;
- b) The Municipal Public Accounts Committee notes that fruitless and wasteful expenditure amount of R613 998 which relates to FNB Petrol card is still under investigation by forensic auditors and will be disclosed in the financial statements as contingent asset;
- c) The fruitless and wasteful expenditure amount of R2 508.91 has already been investigated by the Municipal Public Accounts Committee and written-off by Council

## Sandile Manqele

**From:** Senzo S H. Makhoba  
**Sent:** Thursday, 11 August 2022 11:12  
**To:** Sandile Manqele  
**Subject:** FW: SB VISA AUTO CARD fraudulent debits - urgent UCN 11448261

**From:** Mpume Guzana <Mpume.Guzana@mandeni.gov.za>  
**Sent:** 01 Aug 2022 15:53  
**To:** Nozipho Mngomezulu <cfo@mandeni.gov.za>; Sizwe Khuzwayo <Sizwe.Khuzwayo@mandeni.gov.za>; Senzo S H. Makhoba <Senzo.Makhoba@mandeni.gov.za>; Mukelani Bhodoza <mukelani.bhodoza@mandeni.gov.za>  
**Cc:** Phakeme Shando <Phakeme.Shando@mandeni.gov.za>; Sanele Msomi <sanele.msomi@mandeni.gov.za>  
**Subject:** FW: SB VISA AUTO CARD fraudulent debits - urgent UCN 11448261

Good Day Colleagues,

Please note that all the unauthorised debit orders have been refunded on the municipal bank account

01 Aug 2022	FNB OB PMT EFT 934591	EFT 934591
01 Aug 2022	FNB OB PMT EFT 933841	EFT 933841
01 Aug 2022	FNB OB PMT EFT 932213	EFT 932213
01 Aug 2022	FNB OB PMT EFT 932201	EFT 932201
01 Aug 2022	FNB OB PMT EFT 933017	EFT 933017
01 Aug 2022	FNB OB PMT EFT 933003	EFT 933003

We can therefore remove this from Fruitless and wasteful expenditure report.

Thanks

**From:** Sanele Msomi  
**Sent:** Monday, 01 August 2022 3:49 pm  
**To:** Mpume Guzana <Mpume.Guzana@mandeni.gov.za>  
**Cc:** Mokonyama, Nomfundo <Nomfundo.Mokonyama@fnb.co.za>  
**Subject:** RE: SB VISA AUTO CARD fraudulent debits - urgent UCN 11448261

Good day ,

I confirm that the funds have been received by Mandeni Municipality as per below screen shot



01 Aug 2022	FNB OB PMT EFT 934591	EFT 934591
01 Aug 2022	FNB OB PMT EFT 933841	EFT 933841
01 Aug 2022	FNB OB PMT EFT 932213	EFT 932213
01 Aug 2022	FNB OB PMT EFT 932201	EFT 932201
01 Aug 2022	FNB OB PMT EFT 933017	EFT 933017
01 Aug 2022	FNB OB PMT EFT 933003	EFT 933003

**From:** Mpume Guzana <Mpume.Guzana@mandeni.gov.za>  
**Sent:** Monday, August 1, 2022 3:20 PM  
**To:** Sanele Msomi <sanele.msomi@mandeni.gov.za>  
**Subject:** FW: SB VISA AUTO CARD fraudulent debits - urgent UCN 11448261

Good Day Sanele,

Please confirm if these funds have cleared on our bank account.

Thanks

**From:** Mokonyama, Nomfundo <Nomfundo.Mokonyama@fnb.co.za>  
**Sent:** Monday, 01 August 2022 3:12 pm  
**To:** Sanele Msomi <sanele.msomi@mandeni.gov.za>; Mpume Guzana <Mpume.Guzana@mandeni.gov.za>  
**Cc:** Naidoo, Shantal <Shantal.Naidoo@fnb.co.za>  
**Subject:** RE: SB VISA AUTO CARD fraudulent debits - urgent UCN 11448261

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good Afternoon Sanele and Mpume,

We are pleased to advise that the reversals were successful and funds were credited into account number:  
 52940480587

FNB OB PMT EFT 933003	7,795.71	
FNB OB PMT EFT 933017	139,222.73	
FNB OB PMT EFT 932201	139,485.12	
FNB OB PMT EFT 932213	102,435.28	
S TRAN. DESCRIPTION	TRAN. AMOUNT	FEE
FNB OB PMT EFT 933841	134,044.75	
FNB OB PMT EFT 934591	139,651.31	

We trust that this is in order.

Kind Regards,



**Nomfundo Mokonyama**  
Account Executive Analyst  
Public Sector Banking, FNB Business

✉ [Nomfundo.mokonyama@fnb.co.za](mailto:Nomfundo.mokonyama@fnb.co.za)  
☎ +27 87 312 1355

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**From:** Mokonyama, Nomfundo

**Sent:** Friday, July 29, 2022 11:36 AM

**To:** Sanele Msomi <[sanele.msomi@mandeni.gov.za](mailto:sanele.msomi@mandeni.gov.za)>; Mpume Guzana <[Mpume.Guzana@mandeni.gov.za](mailto:Mpume.Guzana@mandeni.gov.za)>

**Subject:** RE: SB VISA AUTO CARD fraudulent debits - urgent UCN 11448261 CRM:000017620000118 - [External Email]

Good Day Sanele,

Following our discussion this morning, your dispute was successful and you will be refunded within 7-10 working days

Kind Regards,



**Nomfundo Mokonyama**  
Account Executive Analyst  
Public Sector Banking, FNB Business

✉ [Nomfundo.mokonyama@fnb.co.za](mailto:Nomfundo.mokonyama@fnb.co.za)  
☎ +27 87 312 1355

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**From:** Sanele Msomi <[sanele.msomi@mandeni.gov.za](mailto:sanele.msomi@mandeni.gov.za)>

**Sent:** Thursday, July 28, 2022 8:40 AM

**To:** Mokonyama, Nomfundo <[Nomfundo.Mokonyama@fnb.co.za](mailto:Nomfundo.Mokonyama@fnb.co.za)>; Mpume Guzana <[Mpume.Guzana@mandeni.gov.za](mailto:Mpume.Guzana@mandeni.gov.za)>

**Subject:** RE: SB VISA AUTO CARD fraudulent debits - urgent UCN 11448261 CRM:000017620000118 - [External Email]

Hi Nomfundo ,

We are just confirming that we still haven't got the refund .



**Nomfundo Mokonyama**  
Account Executive Analyst  
Public Sector Banking, FNB Business

✉ [Nomfundo.mokonyama@fnb.co.za](mailto:Nomfundo.mokonyama@fnb.co.za)  
☎ +27 87 312 1355

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**From:** Mpume Guzana <[Mpume.Guzana@mandeni.gov.za](mailto:Mpume.Guzana@mandeni.gov.za)>

**Sent:** Wednesday, July 27, 2022 11:01 AM

**To:** Sanele Msomi <[sanele.msomi@mandeni.gov.za](mailto:sanele.msomi@mandeni.gov.za)>; Mokonyama, Nomfundo <[Nomfundo.Mokonyama@fnb.co.za](mailto:Nomfundo.Mokonyama@fnb.co.za)>



### CHAPTER 3: DEVIATIONS REPORTED TO COUNCIL BETWEEN 01 JULY 2021 TO 30 JUNE 2022

1. The following five (5) deviations were reported to between 01 July 2021 and 30 June 2022 (*Refer to table below*).
2. The five (5) deviations are broken down per department as follows:
  - *Office of the Municipal Manager = 4*
  - *Corporate Services = 1*
  - *Community Services and Public Safety = 0*
  - *Budget and Treasury Office = 0*
  - *Economic Development Planning and Human Settlement = 0*
  - *Technical Services = 0*

Supplier	Description	Reason for deviation	Awarded amount and expenditure amount	Department
Maphingwana	Transportation of community members Mayor's IDP engagement meeting	Sole supplier	R42 000.00	OMM
Maphikela Holdings	Request for 5 taxis to transport people to Operation Mbo at Manqakazi Hall	Sole supplier	R6 000.00	OMM
Maphingwana	Hire taxis to be used to transport people (all wards of Mandeni municipality)	Sole supplier	R87 500.00	OMM
Maphingwana	Transportation for 12 Mandeni Boxing Team	Sole supplier	R6 500.00	OMM
Maphingwana	Transportation hire to transport 14 Councillors to	Sole supplier	R6 500.00	Corporate Services



	attend MFMP training at an external venue;			
<b>TOTAL</b>			<b>R148 500.00</b>	

#### **RECOMMENDATIONS**

It is recommended;

- a) THAT, Council notes the deviations;
- b) THAT, the deviations amount of R148 500.00 should be disclosed as a separate note in the financial statements;
- c) THAT, all the documents supporting the payment should clearly indicate the dates (i.e. requisitions, quotations, purchase orders, invoices, etc.);
- d) THAT, Council should consider establishing a panel of events organizers who will act as agents when dealing with taxi industry to avoid similar deviations;



# Mandeni Local Municipality

2 Kingfisher Road  
Mandeni  
4490

Telephone

+27 32 456 8200

Fax

+27 32 456 2504

Date

2022/06/01

Total Amount Paid

87 500.00

Reference

EP0017800

We wish to advise you that we have paid your account which particulars are shown below

Contact: BHEKI MASANGO  
Telephone: 073 290 6344  
Fax:

MAP001  
MAPHINGWANA TRADING CC  
P O BOX 31  
4490  
MANDENI

Remittance Advice

Invoice Date	Invoice Number	Description	Orig Inv Amount	Handling fee	Amount Paid
2022/06/01	007	MAPHINGWANA-TRANSPORT SERV	87 500.00	0.00	87 500.00

Total Discount Received

0.00

Total Amount Paid

87 500.00

Prepared by :

Senior Accountant Expenditure

Date:

2022 06/01

Authorised by :

Manager Treasury

Date:

01/06/2022

Released by :

Chief Financial Officer

Date:

01/06/2022

Released by :

Municipal Manager

Date:





**Mandeni Local Municipality**  
2 Kingfisher Road

Mandeni

Page of 1

To:  
MAP001  
MAPHINGWANA TRADING CC  
MATHONSI AREA  
MANDENI  
4490

VAT Registration 4760102586  
Telephone +27 32 466 8200  
Fax +27 32 466 2604

## Supplier Invoice

Account	Date	Order No	Supplier Invoice	GRV Number	Our Reference
MAP001	2022/06/01	PO08751	007	007	GRV08242

Allocation	Details	Qty	Price (In)	VAT	Total (Incl)
O1240-7/E00671/F00	TRASPORT AROUND MANDENI WARDS	1	87 500.00		87 500.00
Contr : Contrat > Transportation					

Total (Excl)	87 500.00
VAT	0.00
Total (Incl)	87 500.00
Discount	0.00
<b>Total (Incl)</b>	<b>87 500.00</b>

Prepared by:   
Senior Accountant Expenditure

Date: 2022/06/01

Prepared by:   
Chief Accountant: Expenditure and Payroll

Date: 01/06/2022

# MAPHINGWANA TRADING CC

Reg. No. 2009/017842/23

Tel. No.: 073 290 6344

P.O. Box 31  
Mandeni  
4490

31 May 2022

Mandeni Municipality  
2 King Fisher Road  
P.O. Box 144  
Mandeni  
4490  
VAT: 4750102586

MANDENI MUNICIPALITY

2022-05-31

## INVOICE No. 007

Quantity	Description	Unit Price	Total Price
35	To hire taxis to be used to transport peoples (all wards of Mandeni Municipality)	R2 500.00	R 87 500.00
	<b>GRAND TOTAL</b>		<b>R 87 500.00</b>

Yours faithfully

B.B. Masango

28/05/2022

MAPHINGWANA  
TRADING CC  
REG. NO: 2009/017842/23  
P.O. BOX 31  
MANDENI 4490  
KATHONNI AREA - MANDENI  
CELL: 073 290 6344/073 477 478



### BANKING DETAILS

Account Holder: Maphingwana Trading cc

Bank: First National Bank (FNB)

Account number: 42800107626

Branch Code: 220131

Branch: Greytown

Type of Account: Business Account

approved  
31/05/2022



# Mandeni Local Municipality

2 Kingfisher Road

PO Box 144

Mandeni  
4490

VAT Number

Telephone

Fax

Requested By :

Regulation No.

4750102586

+27 32 488 8200

+27 32 488 2584

KEON6905

Bule. Njapha

Page 1 of 1

## Purchase Order

To:

Supplier Code : MAP001

MAPHINGWANA TRADING CC

MAAA0186780

MATHONSI AREA

MANDENI

4490

Email: [mandeni400@gmail.com](mailto:mandeni400@gmail.com)

Tel: 073 290 8344

Fax:

Contact: BHEKI MASANGO

P O BOX 31

Account

Date

Order No

MAP001

5/30/2022

PO08723

Allocation

Allocation Description

Item Description

Ordered

Total (Incl)

1-8/E00828/F Contr : Contrac > Audio-visual Serv

35.000

87,500.00

as Trade for IDP Meetings in various wards

Total (Excl)

87,500.00

Tax

0.00

Total (Incl)

87,500.00

Discount

0.00

Total (Incl)

87,500.00

### CONDITIONS OF ORDER

1. No goods to be supplied without an official order and copy thereof, completed and signed by an authorized official of Mandeni Municipality.
2. All materials delivered must be accompanied by a delivery note.
3. Any materials delivered in excess of the quantity stated on this order will be sent back to the supplier and no payment will be made.

Prepared by: Nomzamo Nkomo

5/30/2022 4:18:26 PM

Authorized by:

Date: 5/05/2022

Capacity

CFD





Mandeni Local Municipality  
2 Kingfisher Road

Mandeni

To:  
MAP001  
MAPHINGWANA TRADING CC  
MATHONSI AREA  
MANDENI  
4480

# PURCHASE ORDER

## SCM Checklist

Page 1 of 1

5/30/2022 4:24:47 PM

Tax Registration 4750102558  
Telephone +27 32 456 8200  
Fax +27 32 456 2504

Account	Date	Order No
MAP001	5/30/2022	PO08723

Item Code	Item Description	Ordered	Prev	Quantity	Unit	Price (incl)	Disc. %	Tax	Total (incl)
O1358-8/E00828/7	35 Teds for IDP Meetings I	35.000	0.00	0.000		2,500.00			87,500.00
Total (Excl)									87,500.00
Total (incl)									0.00
Discount									87,500.00
									0.00
Total (incl)									87,500.00

### Compliance Checklist

Please tick

Supplier declared not in service of state	<input type="checkbox"/>
1 or 3 Written quotation have been obtained	<input type="checkbox"/>
Tax Compliant	<input type="checkbox"/>
MBD 4 Attached	<input type="checkbox"/>
Statement of Rates and Taxes / Lease Agreement / Affidavit & Proof of Resident	<input type="checkbox"/>

Remarks/motivation/narration:

MPK.  
Prepared by

HS  
Authorised by

# Requisition

## Mendeni Local Municipality

PO08723

Requisition: RE008905

Requested By:

Date: 25-Mar-22

Agent:

Bula Mphahle

Line Item	Item Code	Description	Supplier	Expected Date	Quantity	Expected Price	Project	Location Type	Agent	System
GL	01240-771E00671AF0041/2044/R01000001/EXEC	ICM291_MKPA01_GPP03_M4 YCOTransportation/Furniture/Supplies		07-Apr-22	6.00	18,000.00		Executive and Council	Phumela Mphahle	Request

Request for 35 beds to transport all wards to the IDP meetings for the following venues:

1. Mendeni Multi-purpose Hall
2. Shushane Hall
3. Mphahle Community Hall
4. Mendeni Hall
5. Mendeni Club

Total

18,000.00

Issued By

Date

Received By

Date

01358-671E00671AF0041/2044/1100/001/EXEC

# **MAPHINGWANA TRADING cc**

**Reg. No. 2009/017842/23**

**Tel. No.: 073 290 6344**

**P.O. Box 31  
Mandeni  
4490**

**30 May 2022**

**Mandeni Municipality  
2 King Fisher Road  
P.O. Box 144  
Mandeni  
4490  
VAT: 4750102586**

## **QUOTATION TO HIRE 35 TAXIS**

<b>Quantity</b>	<b>Description</b>	<b>Unit Price</b>	<b>Total Price</b>
<b>35</b>	<b>To hire taxis to be used to transport peoples (all wards of Mandeni Municipality)</b>	<b>R2 500.00</b>	<b>R 87 500.00</b>
	<b>GRAND TOTAL</b>		<b>R 87 500.00</b>

**Yours faithfully**

**B.B. Masango**

### **BANKING DETAILS**

**Account Holder: Maphingwana Trading cc**

**Bank: First National Bank (FNB)**

**Account number: 62800107626**

**Branch Code: 220131**

**Branch: Greytown**

**Type of Account: Business Account**

**MAPHINGWANA  
TRADING CC  
REG. NO: 2009/017842/23  
P.O. BOX 31  
MANDENI 4490  
MATHONISI AREA - MANDENI  
CELL: 073 290 6344/082 475 0100**



# **MANDENI LOCAL MUNICIPALITY**

## **Taxi Route for the May IDP Consultation:**

<b>Ward</b>	<b>Routes</b>	<b>Number of Taxis</b>
<b>EMacambini Purpose Hall</b>	<ul style="list-style-type: none"> <li>• Mnguni Store ,Dokodweni,Bendle School,Ngulule</li> <li>• Ebendle</li> <li>• Ohwebede</li> <li>• Mangeza</li> <li>• KwaMhlongo</li> <li>• Sinyabusi</li> <li>• Kwanqofela</li> </ul>	<b>03</b>
<b>Isibusishwe Hall</b>	<ul style="list-style-type: none"> <li>• Noyaka,</li> <li>• Machibini</li> <li>• Enkantolo,</li> <li>• Thulas</li> <li>• Zakheni</li> <li>• Sundumbili library</li> <li>• Ben Nzuza Corner</li> <li>• Siyavikela</li> <li>• kwaMaseko &amp;Mbewenhle</li> </ul>	<b>10</b>

Ward 15	<ul style="list-style-type: none"> <li>• Esihlahleni Container</li> <li>• Galeka Shelter</li> <li>• ZG Shekembuya</li> <li>• Ethel Mthiyane</li> </ul>	05
Isithebe Hall	<ul style="list-style-type: none"> <li>• Makhanya</li> <li>• Ezimbomvini</li> <li>• Thembeni</li> <li>• Sangweni elincane</li> <li>• Hlanganani</li> <li>• Nyoni</li> </ul>	06 taxis
Hlomendlini Hall	<ul style="list-style-type: none"> <li>• Akesh Store</li> <li>• Mgabedeli store</li> <li>• Emathankini</li> <li>• eMbotsheni</li> <li>• Tugela hall</li> <li>• Tafuleni</li> </ul>	06 Taxis
Mandeni Golf Club	<ul style="list-style-type: none"> <li>• Mandeni Academy</li> <li>• Umfolozi College</li> <li>• Padianeger</li> <li>• Down Town Tugela</li> <li>• New Ark</li> </ul>	03 taxis
<b>Total</b>		<b>35</b>

**To : Mandeni Municipality**

**From: Sundumbili Taxi Association**

**Date : 20 September 2021**

**Subject : Business with Mandeni Municipality**

Sundumbili Mandeni Taxi Association have elected the new leadership led Chairman Mr Bheki Masango and Treasurer Mr Makhanya .

For all our Taxi Routes and business with the Municipality use this company :

**Maphingwana Trading CC Reg No : 2009/017842/23 contact number 073 290 6344**

Hope for your usual support

Yours in commuter services

*S. D. Masango*

Mr D. Masondo.  
Rank Coordinator.

MANDENI/SUNDUMBILI  
& TUGELA TAXI OWNER'S  
ASSOCIATION

2022-01-28

• 308 4000  
Sundumbili 4497



093

Tel 032 466 2200  
Fax 032 466 2204 / 032 002 8741  
Email oco@mandeni.gov.za

2 Kingfisher Road, Mandeni, KwaZulu Natal, 4480, South Africa  
PO Box 144, Mandeni, 4460

www.mandeni.gov.za

### Deviation Form

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) a supply chain management policy may allow the accounting officer-

(a) To dispense with the official procurement processes established by the policy and to procure any require goods or services through any convenient process, which may include direct negotiations, but only -

- (i) In an emergency;
- (ii) If such goods or services are produced or available from a single provider only;
- (iii) For the acquisitions of special works of arts or historical objects where specifications are difficult to compile;
- (iv) Acquisitions of animals for zoos;
- (v) In any other exceptional case where it is impractical or impossible to follow the official processes and

(b) To ratify any minor breaches of the procurement process by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

2. The accounting officer must record the reasons for any deviations in terms of sub-regulation 1a and b and report them to the next meeting of the Council or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

Department..... DMU..... Delegated Signatory..... [Signature].....

Name..... Mr. MAMU..... Date..... 26/05/2022.....

Requisition number..... 06905.....

Reason for Deviation Local Tax Association  
Have monopoly on their permit  
to transport people in their areas  
we used 25 taxis for all day.  
We are using one company that  
we are given by the Association  
for the taxis to transport the

HEAD OF DEPARTMENT (SIGNATURE) [Signature]

APPROVED / NOT APPROVED

SCM MANAGER CONFIRM REASON GIVEN ABOVE

As per confirmation letter, taxi route & price provided.

R87500

SCM MANAGER (SIGNATURE) [Signature]

26/05/2022

DATE

CFO (SIGNATURE) [Signature]

CFO

APPROVED / NOT APPROVED

I, SIZWE S. KHUZWAYO in my capacity as an Accounting Officer / Acting Accounting Officer of Mandeni Municipality hereby approve / not approve the deviation from procurement processes as per paragraph 36 of the Municipal SCM Policy due to the above mentioned reasons.

COMMENTS

ACCOUNTING OFFICER (SIGNATURE) [Signature]

30/05/2022

DATE





# CENTRAL SUPPLIER DATABASE FOR GOVERNMENT

Report Date: 30 May 2022 10:38:26 AM

Report Run By: nana.gumede@nampw.gov.za

Origin of State Supplier: Mendeni - ICE Local Municipality

Supplier Number: MAAA0156780

Supplier Type: CIPC Company

## CSD Compliance History Report

### Supplier Information

Supplier number	Legal name	Trading name	Identifying number	Supplier has a bank account	Status change date
MAAA0156780	MAPHINGWANA TRADING		2003/017842/23	Yes	17 Jun 2018 20:20:20:323
Is supplier active	Supplier inactive reason	Supplier state	Supplier inactive date	Edited user	
Yes		In Use		ced.reverdy@nampw.gov.za	

### Supplier CIPC Business Status

Business status	Legal name	Trading name	Status change date
In Business	MAPHINGWANA TRADING		06 Apr 2018 02:11:43:063
Deregistration Process	MAPHINGWANA TRADING		29 May 2017 01:17:37:997
In Business	MAPHINGWANA TRADING		17 Jun 2018 20:20:20:367







# CENTRAL SUPPLIER DATABASE

FOR GOVERNMENT

Report Date:	30 May 2022 10:38:58 AM
Report Run By:	nomu.gumede@mmandeni.gov.za
Organ of State / Supplier:	Mmandeni - KZ Local Municipality
Supplier Number:	MAAAS156788
Supplier Type:	OPC Company

## CSD Compliance History Report

### Bank Account Information

Account holder	Bank account number	Bank name	Preferred account	Active bank account	Identifier linked at bank	Status change date
MAPHINGWANA TRADING CC	*****7828	FIRST NATIONAL BANK	Yes	Yes	Yes	28 Aug 2020 17:08:01:000
MAPHINGWANA TRADING CC	*****7828	FIRST NATIONAL BANK	No	Yes	Yes	28 Aug 2020 17:04:16:000
MA JIWANA TRADING CC	*****1580	FIRST NATIONAL BANK	No	No	Yes	28 Aug 2020 17:08:03:000
MAPHINGWANA TRADING CC	*****1580	FIRST NATIONAL BANK	Yes	Yes	Yes	28 Aug 2020 16:58:53:000

### Accreditation Verification

Note: CSD commenced with automatic verification of CSD certificates effective 9 February 2018. All information prior to this date should be manually verified by the Organ of State as per their current policies and procedures.

The highlighted records below reflects the most current accreditation information.

### Accreditation Body Verification

Name	Number	In Use	Registration Date	Expiry Date	Potentially Emerging	Description	Status	Edit User	Status Change Date
CIDB	10008135	Yes	25 Feb 2020 00:00:00.000	25 Feb 2023 00:00:00.000	Yes	PE 1CE	Active	ced.reverifybatch@treasury.gov.za	27 May 2022 13:08:19.000
CIDB	10008135	Yes	25 Feb 2020 00:00:00.000	25 Feb 2023 00:00:00.000	Yes	PE 1CE	Active	ced.reverifybatch@treasury.gov.za	27 May 2022 13:08:17.000
CIDB	10008135	Yes	24 Feb 2020 00:00:00.000	24 Feb 2023 00:00:00.000	Yes	PE 1CE	Active	ced.reverifybatch@treasury.gov.za	16 Mar 2020 19:06:43.000
CA	10008135	Yes	14 Jan 2013 00:00:00.000	08 Jun 2019 00:00:00.000	Yes	PE 1CE, 1GB	Expired	ced.reverifybatch@treasury.gov.za	25 Jan 2020 01:54:31.000
CIDB	10008135	Yes	14 Jan 2013 00:00:00.000	08 Jun 2019 00:00:00.000	Yes	PE 1CE, 1GB	Expired	ced.reverifybatch@treasury.gov.za	28 Jun 2019 08:15:23.000
CIDB	10008135	Yes	14 Jan 2013 00:00:00.000	08 Jun 2019 00:00:00.000	Yes	PE 1CE, 1GB	Active	ced.reverifybatch@treasury.gov.za	07 Mar 2018 10:49:42.433



# CENTRAL SUPPLIER DATABASE

FOR GOVERNMENT

Report Date	30 May 2022 10:38:36 AM
Report Run By	noma.gumede@nsars.gov.za
Organs of State (Suppliers)	Mandeni - ICZ Local Municipality
Supplier Number	MAAAAM181706
Supplier Type	CIPC Company

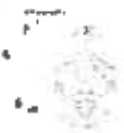
## CSD Compliance History Report

### Tooltip for Report

To promote administrative compliance, an active supplier's information will be re-verified on a regular basis. The frequency of batch re-verification of a supplier's information differs based on the type of information:

- CIPC-registered suppliers with an "in business" status and member/director updates of such suppliers:** Re-verification occurs on a daily basis, if it has not been verified within the last 24 hours.
- Bank:** The bank account and branch number combination is checked against the bank account codification scheme (CDV check). The bank account and branch number combination is validated each time a bank account is added or updated. The bank account and account holder is verified with SafetyWeb when a bank account is added or updated and the supplier submits the change. The bank account details will also be re-verified if a supplier updates their identifying number on the Supplier Identification screen and it is linked to their bank account at the respective bank. A supplier can manually re-send their bank account details for re-verification by clicking on the "Re-Verify" button on the bank screen in cases where updates to the bank account details were made at the banking institution. This verification against the banks via the SafetyWeb interface can take up to four working days.
- Tax compliance status:** Re-verification of tax compliance occurs daily for suppliers with a non-compliant tax status, if the tax status was not verified within the last 24 hours; and re-verification of tax compliance occurs every ten working days for suppliers with a compliant tax status – in line with the grace period given by SARS in cases where a supplier's tax status will become non-compliant.
- Government Employee status per director/member:** Re-verification occurs on a monthly basis.
- Restricted Suppliers:** Re-verification occurs on an ad-hoc basis whenever National Treasury updates the list of restricted suppliers and the CSD restricted supplier master data is updated.
- Active/Inactive:** A supplier can decide to inactivate the supplier record and will supply an inactive reason. When a supplier is inactive, they will not appear on the search results for organs of state and will not be able to do business with government. They can however, re-activate their account in future.
- Deleted supplier:** A supplier can decide to delete the supplier record and will supply an deletion reason. When a supplier is deleted, they will not appear on the search results for organs of state and will not be able to do business with government. They can never, re-activate their account in future.
- Status change date:** For multiple entries, this date appears in a descending order, displaying the most recent date that a change was made for the particular section, in the first row. This therefore means that the very last date in the list of dates would have been the date of the very first status as recorded on the CSD.
- Director/Member/Owner:** An individual can be a member, director or owner of a company/business.



**Mandeni Local Municipality**

2 Kingfisher Road  
Mandeni  
4480

Telephone

+27 32 456 8200

Fax

+27 32 456 2504

Date

2022/06/30

Total Amount Paid

6 500.00

Reference

EP0017767

We wish to advise you that we have paid your account which particulars are shown below

MAP001  
MAPHINGWANA TRADING CC  
P O BOX 31  
4480  
MANDENI

Contact: BHEKI MASANGO  
Telephone: 073 290 6344  
Fax:

**Remittance Advice**

<u>Invoice Date</u>	<u>Invoice Number</u>	<u>Description</u>	<u>Orig Inv Amount</u>	<u>Handling fee</u>	<u>Amount Paid</u>
2022/06/30	008	MAPHINGWANA-TRANSPORT FOR F	6 500.00	0.00	6 500.00

**Total Discount Received****0.00****Total Amount Paid****6 500.00**

Prepared by :

Senior Accountant Expenditure

Date:

2022/06/30

Authorised by :

Manager Treasury

Date:

30/06/2022

Released by :

Chief Financial Officer

Date:

30/06/2022

Released by :

Municipal Manager

Date:



Mandeni

VAT Registration 4750102586  
Telephone +27 32 456 8200  
Fax +27 32 456 2504

To:  
MAP001  
MAPHINGWANA TRADING CC  
MATHONSI AREA  
MANDENI  
4490

## Supplier Invoice

Account	Date	Order No	Supplier Invoice	GRV Number	Our Reference
MAP001	2022/06/30	PO08998	008	008	GRV08493

Allocation	Details	Qty	Price (In)	VAT	Total (Incl)
O1444-10/E00871/FOI	TRANSPORT FOR BOXING TEAM	1	6 500.00		6 500.00
Contr : Contract > Transportation					

To... (Excl)	6 500.00
VAT	0.00
Total (Incl)	6 500.00
Discount	0.00
<b>Total (Incl)</b>	<b>6 500.00</b>

Prepared by:   
Senior Accountant Expenditure

Date: 2022/06/30

Issued by:   
Chief Accountant: Expenditure and Payroll

Date: 30/06/2022

**MAPHINGWANA TRADING CC**

**Reg. No. 2009/017842/23**

**Tel. No.: 073 290 6344**

**P.O. Box 31**

**Mandeni**

**4490**

**30 June 2022**

**Mandeni Municipality**

**2 King Fisher Road**

**P.O. Box 144**

**Mandeni**

**4490**

**VAT: 4750102586**

**INVOICE 008**

**HIRE 1 TAXI**

Quantity	Description	Unit Price	Total Price
01	Hire taxi to be used to transport boxing team from Mandeni to Durban	R6 500.00 per day	R 6 500.00
	<b>GRAND TOTAL</b>		<b>R 6 500.00</b>

**Yours faithfully**



**MAPHINGWANA  
TRADING CC**  
REG. NO: 2009/017842/23  
P. O. BOX 31  
MANDENI 4490  
MATHONBI AREA - BAY  
CELL: 073 290 6344/082



**BANKING DETAILS**

**Account Holder: Maphingwana Trading cc**

**Bank: First National Bank (FNB)**

**Account number: 62800107626**

**Branch Code: 220131**

**Branch: Greytown**

**Type of Account: Business Account**





# Mandeni Local Municipality

2 Kingfisher Road

PO Box 144  
Mandeni  
4490

VAT Number

4780102586

Telephone

+27 32 456 8200

Fax

+27 32 456 2504

Requested By :

Requisition No.

Page 1 of 1

## Purchase Order

To:

Supplier Code : MAP001

MAPHINGWANA TRADING CC

MAAA0186760

MATHONSI AREA

MANDENI

4490

Email: [maritz462@gmail.com](mailto:maritz462@gmail.com)

Tel: 073 290 6344

Fax:

Contact: BHEKI MASANGO

P O BOX 31

Account

Date

Order No

MAP001

2022/06/30

PO08998

Allocation

Allocation Description

Item Description

Ordered

Total (Incl)

O1444-10/ED0671/ Contr : Contra > Transportation

1.000

6 500.00

TRANSPORT FOR BOXING TEAM

Total (Excl)

6 500.00

Tax

0.00

Total (Incl)

6 500.00

Discount

0.00

Total (Incl)

6 500.00

### CONDITIONS OF ORDER

1. No goods to be supplied without an official order and copy thereof, completed and signed by an authorised official of Mandeni Municipality.
2. All materials delivered must be accompanied by a delivery note.
3. Any materials delivered in excess of the quantity stated on this order will be sent back to the supplier and no payment will be made.

Prepared by: Zaiuloko.Ntini

2022/07/20 12:19:05

Authorized by:

Date

20/07/2022

Capacity

Manager SCM



095

Tel 032 486 8200  
Fax 032 486 2804 / 032 486 8741  
Email: info@mmandeni.gov.za

2 Kingsley Road, Mandoni, Mzansi North, 4400, South Africa  
PO Box 144, Mandoni, 4400

www.mandoni.gov.za

### Delegation Form

Deviation from, and justification of minor breaches of, procurement processes

38. (1) a supply chain management policy may allow the accounting officer-

(a) To dispense with the official procurement processes established by the policy and to procure any require goods or services through any convenient process, which may include direct negotiations, but only -

- (i) In an emergency;
- (ii) If such goods or services are produced or available from a single provider only;
- (iii) For the acquisitions of special works of arts or historical objects where specifications are difficult to compile;
- (iv) Acquisitions of animals for zoos;
- (v) In any other exceptional case where it is impractical or impossible to follow the official processes and

(b) To ratify any minor breaches of the procurement process by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

2. The accounting officer must record the reasons for any deviations in terms of sub-regulation 1a and b and report them to the next meeting of the Council or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

Department: OFFICE OF THE MM

Delegated Signature: [Signature]

Name: Nedro M. Muzibuko

Date: 27/06/2022

Requisition number: \_\_\_\_\_

Reason for Deviation:

The local Transport Association DO NOT HAVE  
PERMISSIBLE DOCUMENTATIONS AS PER THE SCM REQUIREMENTS AND  
PROCEDURES, SO THEY ARE USING ONE COMPANY IN ORDER FOR  
SUBMITTING THEIR QUOTATIONS AND INVOICES. DUE TO THE  
ASSOCIATION'S LIMITED BUDGET, ONLY TAXES FROM MANDONI TOWN ASSOCIATION ALLOWED TO USE.

AS THE COMPANY IS A COMPANY WITH NO OTHER AFFILIATIONS  
ON BEHALF OF MANDONI TOWN ASSOCIATION.

EAD DEPARTMENT (SIGNATURE)  
OF ARTS GNA

APPROVED / NOT APPROVED

SCM MANAGER (FIRM REASON GIVEN ABOVE)

User department to attach purchase requisition

R 6500

SCM MANAGER (SIGNATURE)

ANAG

29/06/2022  
DATE

CFO (SIGNATURE)

APPROVED / NOT APPROVED

Sizwe S. Khuzwayo

In my capacity as Accounting Officer / Acting Accounting Officer of Mandoni Municipality hereby approve / not approve the deviation from procurement processes paragraph 38 of the Municipal SCM Policy due to above mentioned

COMMENTS

ACCOUNT G.O.F ICE IGN

R (SIGNATURE)

DATE 27

# Requisition

Mandant Local Municipality

Requisition: REQ0720

Date: 2022/06/01

Requested By:

Agent: Bobo, Nephos

Module: Item Code Description

Summary

Extended Date Quantity Extended Price Extent

GL 01444- 101E00057/UF0041 Contr : Contrac > 2022/06/05 1.00 1.00 Status Request

20444/R0100001/ Transportation

EXEC

Request for transport for 12 Mandant Biding Team to be part of the Tournament as per details below

Dated: 05 June 2022

Venue: Durban Gayville Convention Centre

Time: 10h00am

Executive and Council

Pharmacia, Mofina

Total

1.00

Issued By

Date

Received By

Date



## **MAPHINGWANA TRADING cc**

**Reg. No. 2009/017842/23**

**Tel. No.: 073 290 6344**

**P.O. Box 31**

**Mandeni**

**4490**

**30 June 2022**

**Mandeni Municipality**

**2 King Fisher Road**

**P.O. Box 144**

**Mandeni**

**4490**

**VAT: 4750102586**

### **QUOTATION**

#### **HIRE 1 TAXI**

<b>Quantity</b>	<b>Description</b>	<b>Unit Price</b>	<b>Total Price</b>
<b>01</b>	<b>Hire taxi to be used to transport boxing team from Mandeni to Durban</b>	<b>R6 500.00</b>	<b>R 6 500.00</b>
	<b>GRAND TOTAL</b>		<b>R 6 500.00</b>

**Yours faithfully**

**MAPHINGWANA  
TRADING cc  
REG. NO: 2009/017842/23  
P. O. BOX 31  
MANDENI 4490  
MATHONDI AREA - MANDENI  
CELL: 073 290 6344**

#### **BANKING DETAILS**

**Account Holder: Maphingwana Trading cc**

**Bank: First National Bank (FNB)**

**Account number: 62800107626**

**Branch Code: 220131**

**Branch: Greytown**

**Type of Account: Business Account**



**UPPERCUT  
BOXING CLUB**

02 Kingfisher Road  
Mandeni Local Municipality  
4490  
23 May 2022

Att: Youth Office & Sports Office / Municipal Manager

**REQUEST FOR TRANSPOR FOR MANDENI BOXING TEAM**

Greetings;

I hope this letter finds you well.

My name is Ntobeko Madela, I am a member of a Mandeni Boxing Team called "UpperCut Boxing Club", which is situated in Ward 07.

I am writing this letter on behalf of my Boxing Team as a request for transport assistance from the Municipality as we are scheduled to participate in a Boxing Tournament in Durban at Greyville Convention Centre on 05 June 2022, our expected departure time is 10h00am on the same day.

The transport is for 12 of our boxers, who are featured on the card for the day.

Your assistance will be highly appreciated as we are trying by all means to help hone the skills of young people in boxing and ensure they stay away from drugs.

We would appreciate your feedback on our request.

For further enquiries, I can be contacted on 0679260057.

Yours in Sport  
N. Madela  
0679260057



02 Kingfisher Road  
Mandeni Local Municipality  
4490  
02 June 2022

Att: Youth Office & Sports Office / Municipal Manager

INFORMATION ABOUT POSTPONEMENT OF BOXING TOURNAMENT

Greetings;

I hope this letter finds you well.

I wish to indicate that the Boxing tournament we had requested assistance with transport for has been postponed for the 30 June 2022. The rest of the details are still the same and we request that transport be allocated for the new date highlighted above.

I kindly apologize for the inconvenience.

Your assistance will be highly appreciated as we are trying by all means to help harness the skills of young people in boxing and ensure they stay away from drugs.

We would appreciate your feedback on our request.

For further enquiries, I can be contacted on 0679260057.

Yours in Sport  
N. Madela  
0679260057

**Mandeni Local Municipality**

2 Kingfisher Road  
Mandeni  
4490

Telephone

+27 32 456 8200

Fax

+27 32 456 2504

Date

2022/07/05

Total Amount Paid

R 500.00

Reference

EP0017803

We wish to advise you that we have paid your account which particulars are shown below

MAP001  
MAPHINGWANA TRADING CC  
P O BOX 31  
4490  
MANDENI

Contact: BHEKI MASANGO  
Telephone: 073 290 6344  
Fax:

**Remittance Advice**

Invoice Date	Invoice Number	Description	Orig Inv Amount	Handling fee	Amount Paid
2022/06/30	007	MAPHINGWANA-TRANSPORT FOR	R 500.00	0.00	R 500.00

Total Discount Received	0.00
Total Amount Paid	R 500.00

Prepared by : SP  
Senior Accountant Expenditure:

Date: 2022/07/05

Authorised by : \_\_\_\_\_  
Manager Treasury

Date: \_\_\_\_\_

Released by : RP  
Chief Financial Officer:

Date: 05/07/2022

Released by : \_\_\_\_\_  
Municipal Manager

Date: \_\_\_\_\_



**Mandeni Local Municipality**  
2 Kingfisher Road

Mandeni

To:  
MAP001  
MAPHINGWANA TRADING CC  
MATHONSI AREA  
MANDENI  
4490

VAT Registration 4780102588  
Telephone +27 32 486 8200  
Fax +27 32 486 2804

Page 1 of 1

## Supplier Invoice

Account	Date	Order No	Supplier Invoice	GRV Number	Our Reference
MAP001	2022/06/30	PO09011	007	007	GRV08508

Allocation	Details	Qty	Price (In)	VAT	Total (Incl)
O1358-8/ED0671/F00-	TRANSPORT FOR 14 COUNCILLORS TRAVELLING TO MFMP	1	6 500.00		6 500.00
Q T: Contract > Transportation					

Total (Excl)	6 500.00
VAT	0.00
Total (Incl)	6 500.00
Discount	0.00
<b>Total (Incl)</b>	<b>6 500.00</b>

Prepared by: SP  
Senior Accountant Expenditure

Date: 2022/06/30

Prepared by: \_\_\_\_\_  
Chief Accountant: Expenditure and Payroll

Date: \_\_\_\_\_

## **MAPHINGWANA TRADING cc**

**Reg. No. 2009/017842/23**

**Tel. No.: 073 290 6344**

**P.O. Box 31**

**Mandeni**

**4490**

**30 June 2022**

**Mandeni Municipality**

**2 King Fisher Road**

**P.O. Box 144**

**Mandeni**

**4490**

**VAT: 4750102586**

### **INVOICE 008**

### **HIRE 1 TAXI**

<b>Quantity</b>	<b>Description</b>	<b>Unit Price</b>	<b>Total Price</b>
<b>01</b>	<b>Hire taxi to be used to transport boxing team from Mandeni to Durban</b>	<b>R6 500.00</b>	<b>R 6 500.00</b>
	<b>GRAND TOTAL</b>		<b>R 6 500.00</b>

**Yours faithfully**

**MAPHINGWANA  
TRADING CC  
REG. NO: 2009/017842/23  
P.O. BOX 31  
MANDENI 4490  
MATHONKE AREA - MANDENI  
CELL: 073 290 6344/032 477 5705**

#### **BANKING DETAILS**

**Account Holder: Maphingwana Trading cc**

**Bank: First National Bank (FNB)**

**Account number: 62800107626**

**Branch Code: 220131**

**Branch: Graytown**

**Type of Account: Business Account**



# Mandeni Local Municipality

2 Kingfisher Road

PO Box 144

Mandeni  
4490

Page 1 of 1

VAT Number

4750102888

Telephone

+27 32 488 8200

Fax

+27 32 488 2804

Requested By:

Requisition No.

## Purchase Order

To:

Supplier Code : MAP001

MAPHINGWANA TRADING CC

MAAAD156780

MATHONSI AREA

MANDENI

4490

Email: [mandeni@mandeni.gov.za](mailto:mandeni@mandeni.gov.za)

Tel: 073 290 6344

Fax

Contact: BHEKI MABANGO

P O BOX 31

Account	Date	Order No		
MAP001	2022/06/30	PO09011		
Allocation	Allocation Description	Item Description	Ordered	Total (Incl)
01388-8/E00871/F	Contr : Contract > Transportation		1.000	8 500.00
TRANSPORT FOR 14 COUNCILLORS TRAVELLING TO MFMP				
Total (Excl)				8 500.00
Tax				0.00
Total (Incl)				8 500.00
Discount				0.00
Total (Incl)				8 500.00

### CONDITIONS OF ORDER

1. No goods to be supplied without an official order and copy thereof, completed and signed by an authorized official of Mandeni Municipality.
2. All materials delivered must be accompanied by a delivery note.
3. Any materials delivered in excess of the quantity stated on this order will be sent back to the supplier and no payment will be made.

Prepared by: Zeluleko.Ntini

2022/07/20 12:32:42

Authorized by:

Date

20/07/2022

Capacity

Manager SCM





Mandeni Local Municipality  
2 Kingfisher Road

Mandeni

To:  
MAP001  
MAPHINGWANA TRADING CC  
MATHONSI AREA  
MANDENI  
4490

# PURCHASE ORDER

## SCM Checklist

Page 1 of 1  
2022/07/20 12:29:41

Tax Registration 4750102586  
Telephone +27 32 456 8200  
Fax +27 32 456 2504

Account	Date	Order No
MAP001	2022/06/30	PO09011

Item Code	Item Description	Ordered	Prev	Quantity	Unit	Price (In)	Disc %	Tax	Total (Incl)
01358-6/E00671/F	TRANSPORT FOR 14 COU	1.000	0.00	1.000		6 500.00			6 500.00
Total (Excl)									6 500.00
VAT									0.00
Total (Incl)									6 500.00
Discount									0.00
Total (Incl)									6 500.00

### Compliance Checklist

Please tick

Supplier declared not in service of state ☐

1 or 3 Written quotation have been obtained ☐

Tax Compliant ☐

MBD 4 Attached ☐

Statement of Rates and Taxes / Lease Agreement / Affidavit & Proof of Resident ☐

Remarks/motivation/narration:

  
Prepared by

Authorised by

**MAPHINGWANA TRADING cc**

**Reg. No. 2009/017842/23**

**Tel. No. 073 290 6344**

**P.O. Box 31**

**Mandeni**

**4490**

**10 June 2022**

**Mandeni Municipality**

**2 King Fisher Road**

**P.O. Box 144**

**Mandeni**

**4490**

**VAT: 4750102586**

**QUOTATION**

**HIRE 1 TAXI**

<b>Quantity</b>	<b>Description</b>	<b>Unit Price</b>	<b>Total Price</b>
<b>01</b>	<b>Hire taxi to be used to transport from Mandeni to Ballito 13 June 2022 and 14 June 2022</b>	<b>R6 500.00 per day</b>	<b>R 6 500.00</b>
	<b>GRAND TOTAL</b>		<b>R 6 500.00</b>

**Yours faithfully**

**MAPHINGWANA  
TRADING CC**  
REG. NO: 2009/017842/23  
P. O. BOX 31  
MANDENI 4490  
MATHONBI AREA - MANDENI  
CELL: 073 290 6344/082 471 8109

**BANKING DETAILS**

**Account Holder: Maphingwana Trading cc**

**Bank: First National Bank (FNB)**

**Account number: 62800107626**

**Branch Code: 220131**

**Branch: Greytown**

**Type of Account: Business Account**



101

Tel 032 486 0300  
Fax 032 450 2894 / 032 888 8741  
Email [eco@mandeni.gov.za](mailto:eco@mandeni.gov.za)

2 Kingfisher Road, Mandeni, KwaZulu Natal, 4488, South Africa  
PO Box 144, Mandeni, 4488

[www.mandeni.gov.za](http://www.mandeni.gov.za)

### Deviation Form

Deviation from, and rectification of minor breaches of, procurement processes

36. (1) a supply chain management policy may allow the accounting officer-

(a) To dispense with the official procurement processes established by the policy and to procure any require goods or services through any convenient process, which may include direct negotiations, but only -

- (i) in an emergency;
- (ii) If such goods or services are produced or available from a single provider only;
- (iii) For the acquisitions of special works of arts or historical objects where specifications are difficult to compile;
- (iv) Acquisitions of animals for zoos;
- (v) In any other exceptional case where it is impractical or impossible to follow the official processes and

(b) To rectify any minor breaches of the procurement process by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

2. The accounting officer must record the reasons for any deviations in terms of sub-regulation 1a and b and report them to the next meeting of the Council or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

Department Corporate Services

Delegated Signatory

Name Wendy Makhoba

Date 09/06/2022

Requisition number REQ 07274

Reason for Deviation

Municipal Quantum was sent for repairs and the vehicle was required to transport Councillors to attend MFMP Training to Zullito (Ibamba Hotel). The local Taxi Association have monopoly on their permit to transport people in Mandeni. Maphingwana is the company given by the association.

HEAD OF DEPARTMENT (SIGNATURE)

APPROVED / NOT APPROVED

SCM MANAGER: CONFIRM REASON GIVEN ABOVE

R 6,500.00

SCM MANAGER (SIGNATURE)

09/06/2022

DATE

CFO (SIGNATURE)

APPROVED / NOT APPROVED

I, SIZWE S. KHUZWAYO in my capacity as an Accounting Officer / Acting Accounting Officer of Mandeni Municipality hereby approve / not approve the deviation from procurement processes as per paragraph 36 of the Municipal SCM Policy due to the above mentioned reasons.

COMMENTS

ACCOUNTING OFFICER (SIGNATURE)

09/06/2022

DATE



# SONANI

## Training and Communications

**MUNICIPAL FINANCIAL MANAGEMENT, SAQA ID 48965**

**MFMP TRAINING SCHEDULE 2022-2023**

**MANDENI LOCAL MUNICIPALITY – MFMP**

**Learning Programme Outline**

Learning Programme Group	Description	Relevant Unit Standard
Learning Programme – Module 1	Legislation and Governance	116343; 116358; 116348
Learning Programme – Module 2	Strategic management	116345; 116364
Learning Programme – Module 3	Capital planning	116347; 116340; 116346
Learning Programme – Module 4	Supply Chain Management	116353
Learning Programme – Module 5	Municipal Finance	116342; 116363; 116344; 116362
Learning Programme – Module 6	Auditing and Risk	116351; 116339; 116357

### Learning Program Rollout Plan

Month	Unit standards	Progress
13 <sup>th</sup> – 17 <sup>th</sup> June 2022	116339	
18 <sup>th</sup> – 22 <sup>nd</sup> July 2022	116340	
22 <sup>nd</sup> – 26 <sup>th</sup> August 2022	116348 & 116358	
19 <sup>th</sup> – 23 <sup>rd</sup> September 2022	116343	
18 <sup>th</sup> – 21 <sup>st</sup> October 2022	116344	
14 <sup>th</sup> – 18 <sup>th</sup> November 2022	116345	
19 <sup>th</sup> – 23 <sup>rd</sup> December 2022	116346	
23 <sup>th</sup> – 27 <sup>th</sup> January 2023	116362	
28 <sup>th</sup> – 17 <sup>th</sup> February 2023	116364 & 116351	
13 <sup>th</sup> – 17 <sup>th</sup> March 2023	116363	
10 <sup>th</sup> – 14 <sup>th</sup> April 2023	116342	
15 <sup>th</sup> – 19 <sup>th</sup> May 2023	116347	
16 <sup>th</sup> – 23 <sup>rd</sup> June 2023	116353	
Logbook and Final assessments Submissions		
Final assessments and moderation		
Closing and Final report		

**NB: All PoEs are due for submission on the Monday of the next class contact session sitting**



**MANDENI  
LOCAL  
MUNICIPALITY**





# CENTRAL SUPPLIER DATABASE

Report Date: 04 Jul 2022 10:54:43.000 AM

Report Run By: zokalelo.rufu@mandeni.gov.za

Origin of State / Supplier: Mandeni - KZ Local Municipality

Supplier Number: MAAA0186780

Supplier Type: CIPC Company

## CSD Compliance History Report

### Supplier Information

Supplier number	Legal name	Trading name	Identifying number	Supplier has a bank account	Status change date
MAAAD186780	MAPHINGWANA TRADING		2008/017843/23	Yes	17 Jun 2018 20:20:20:323
Is supplier active	Supplier inactive reason	Supplier state	Supplier inactive date	Edited user	
Yes		In Use		eod.reverthub@treasury.gov.za	

### Supplier CIPC Business Status

Business status	Legal name	Trading name	Status change date
In Business	MAPHINGWANA TRADING		05 Apr 2018 02:11:43:053
Deregistration Process	MAPHINGWANA TRADING		29 May 2017 01:17:37:897
In Business	MAPHINGWANA TRADING		17 Jun 2018 20:20:20:387





# CENTRAL SUPPLIER DATABASE

Report Date: 04 Jul 2022 10:54:48.000 AM

Report Ran By: easta@mrini@menderi.gov.za

Organ of State (Supplier): Menderi - KZ Local Municipality

Supplier Number: BAAA0186788

Supplier Type: CIPC Company

## CSD Compliance History Report

### Bank Account Information

Account holder	Bank account number	Bank name	Preferred account	Active bank account	Identifier linked at bank	Status change date
MAPHINGWANA TRADING CC	*****7628	FIRST NATIONAL BANK	Yes	Yes	Yes	28 Aug 2020 17:08:01:000
MAPHINGWANA TRADING CC	*****7628	FIRST NATIONAL BANK	No	Yes	Yes	28 Aug 2020 17:04:18:000
MAPHINGWANA TRADING CC	*****1990	FIRST NATIONAL BANK	No	No	Yes	28 Aug 2020 17:08:03:000
MAPHINGWANA TRADING CC	*****1990	FIRST NATIONAL BANK	Yes	Yes	Yes	28 Aug 2020 16:59:53:000

### Accreditation Verification

Note: CSD commenced with automatic verification of CIDB certificates effective 9 February 2018. All information prior to this date should be manually verified by the Organ of State as per their current policies and procedures.

☐ The highlighted records below reflects the most current accreditation information.

### Accreditation Entry Verification

Name	Number	In Use	Registration Date	Expiry Date	Potentially Emerging	Description	Status	Edit User	Status Change Date
CIDB	10008135	Yes	25 Feb 2020 00:00:00.000	25 Feb 2023 00:00:00.000	Yes	PE 1CE	Active	ced.reverifybatch@treasury.gov.za	29 Jun 2022 19:18:43.737
CIDB	10008135	Yes	25 Feb 2020 00:00:00.000	25 Feb 2023 00:00:00.000	Yes	PE 1CE	Active	ced.reverifybatch@treasury.gov.za	27 May 2022 13:08:17.000
CIDB	10008135	Yes	24 Feb 2020 00:00:00.000	24 Feb 2023 00:00:00.000	Yes	PE 1CE	Active	ced.reverifybatch@treasury.gov.za	15 Mar 2020 19:08:43.000
CIDB	10008135	Yes	14 Jan 2013 00:00:00.000	08 Jun 2019 00:00:00.000	Yes	PE 1CE, 1GB	Expired	ced.reverifybatch@treasury.gov.za	25 Jan 2020 01:54:31.000
CIDB	10008135	Yes	14 Jan 2013 00:00:00.000	09 Jun 2019 00:00:00.000	Yes	PE 1CE, 1GB	Expired	ced.reverifybatch@treasury.gov.za	29 Jun 2019 08:18:23.000
CIDB	10008135	Yes	14 Jan 2013 00:00:00.000	09 Jun 2019 00:00:00.000	Yes	PE 1CE, 1GB	Active	ced.reverifybatch@treasury.gov.za	07 Mar 2018 10:49:42.433



## CENTRAL SUPPLIER DATABASE

Report Date	04 Jul 2022 10:54:43.000 AM
Report Ref ID	zskuloko.nfrt@mmandeni.gov.za
Organ of State / Supplier	Mmandeni - KZ Local Municipality
Supplier Number	MAAAR0156700
Supplier Type	CIPC Company

### CSD Compliance History Report

#### Tooltip for Report

To promote administrative compliance, an active supplier's information will be re-verified on a regular basis. The frequency of batch re-verification of a supplier's information differs based on the type of information:

- CIPC-registered suppliers with an "In business" status and member/ director updates of such suppliers:** Re-verification occurs on a daily basis, if it has not been verified within the last 24 hours.
- Banks:** The bank account and branch number combination is checked against the bank account codification scheme (CDV check). The bank account and branch number combination is validated each time a bank account is added or updated. The bank account and account holder is verified with SafetyWeb when a bank account is added or updated and the supplier submits the change. The bank account details will also be re-verified if a supplier updates their identifying number on the Supplier Identification screen and it is linked to their bank account at the respective bank. A supplier can manually re-send their bank account details for re-verification by clicking on the "Re-Verify" button on the bank screen in cases where updates to the bank account details were made at the banking institution. This verification against the banks via the SafetyWeb interface can take up to four working days.

**Tax compliance status:** Re-verification of tax compliance occurs daily for suppliers with a non-compliant tax status, if the tax status was not verified within the last 24 hours; and re-verification of tax compliance occurs every ten working days for suppliers with a compliant tax status – in line with the grace period given by SARS in cases where a supplier's tax status will become non-compliant.

**Government Employee status per director/member:** Re-verification occurs on a monthly basis.

**Restricted Suppliers:** Re-verification occurs on an ad-hoc basis whenever National Treasury updates the list of restricted suppliers and the CSD restricted supplier master data is updated.

**Active/inactive:** A supplier can decide to inactivate the supplier record and will supply an inactive reason. When a supplier is inactive, they will not appear on the search results for organs of state and will not be able to do business with government. They can however, re-activate their account in future.

**Deleted supplier:** A supplier can decide to delete the supplier record and will supply an deletion reason. When a supplier is deleted, they will not appear on the search results for organs of state and will not be able to do business with government. They can never, re-activate their account in future.

**Status change date:** For multiple entries, this date appears in a descending order, displaying the most recent date that a change was made for the particular section, in the first row. This therefore means that the very last date in the list of dates would have been the date of the very first status as recorded on the CSD.

**Director/Member/Owner:** An individual can be a member, director or owner of a company/business.



#### **CHAPTER 4: PROGRESS ON IMPLEMENTATION OF AUDIT ACTION PLAN FOR 2020/2021 AUDIT**

Municipal Public Accounts Committee noted the progress by made in addressing findings that were raised by the Auditor-General during 2020/2021 audit.

Most of the findings were resolved with the exception of findings relating to the misstatements in the Annual Financial Statements. MPAC noted that management was still busy with compiling the annual financial statements (AFS) as at the 17<sup>th</sup> August and that the AFS were going to be submitted to the internal audit, audit committee and MPAC by the 19<sup>th</sup> August 2022

#### **RECOMMENDATIONS**

It is recommended;

- a) THAT, management should fast track the preparation of AFS process so that they can be submitted to the reviewers on time before submission to the Auditor-General;
- b) THAT, MPAC should be invited to the audit committee meeting where the AFS will be reviewed for credibility and completeness;

#### **CHAPTER 5: PROGRESS ON THE OF THE MUNICIPALITY BY THE AUDITOR-GENERAL**

MPAC noted progress on the audit of the Auditor-General that is currently in progress and that there were no issues with the audit;

Prepared by:



**CHAIRPERSON OF MUNICIPAL  
PUBLIC ACCOUNTS COMMITTEE  
(MR. S SHANDU)**

## 2.11 SUPPLY CHAIN MANAGEMENT

### OVERVIEW: SUPPLY CHAIN MANAGEMENT

Supply Chain Management operates within the parameters set down by the constitution and is supported by the different legislative mandates which are mainly the following:

- Municipal Finance Management Act 56 of 2003
- Broad Based Black Economic Empowerment Act 53 of 2003
- Preferential Procurement Policy Framework Act 5 of 2000
- Construction Industry Development Board Act 38 of 2000
- National Treasury Supply Chain Management Regulations
- National/Provincial Treasury SCM Practice Notes and Circulars
- Supply Chain Management Policy of Mandeni Municipality

Supply Chain Management Unit operates directly under the supervision of the Chief Financial Officer, Ms. N.M. Mngomezulu. Below is a tender register for the 2021/22 Financial Year.

#### MANDENI LOCAL MUNICIPALITY

##### TENDER REGISTER 2021/2022

30-Jun-22

N O	BID NO	TENDERS ADVERTISED AND PROJECT NAME	USE R DEP .	ST AT US	AWAR DED SUPPL IER	AW AR D	AMOUNT	DU RAT ION
1	22/20/21	Panel of Professional Service Providers	TSID	Aw ard ed	Variou s Profes sional Servic	27- Sep -21	As per rates per category	3 Yea rs

					e Provid ers			
2	31/2 0/21	Rehabilitation of Internal Roads and Stormwater Drainage	TSID	Aw ard ed	Bheka Phezul u Invest ment & Sales	19- Jul	10 509 171.51	
3	32/2 0/21	Access Road Rehabilitation at Ward 3	TSID	Aw ard ed	MVI- SSS Tradin g	11- Aug -21	6 898 771.72	
4	38/2 0/21	Prepaid Electricity Vending Solution and Smart Payment Solution	BTO	Aw ard ed	Conlo g (Pty) Ltd	31- Aug -21	4% of total sales excluding VAT	3 Yea rs
5	39/2 0/21	Appointment of Service Provider to Supply and Deliver traffic Officers and by Law Enforcement Officers uniform for 36 Months	Com mun ity	Aw ard ed	Sparks & Ellis Unifor ms	10- Aug -21	As per rates per item	3 Yea rs
6	40/2 0/21	Provision of Security Services,CCTV Cameras installations,Alarm Monitoring Systems,Including Repairs and Maintenance of CCTV Cameras and Alarm Monitoring Systems at Various Mandeni Municipality Premises for 18 Months	Com mun ity	Aw ard ed	Ky- Myalu za (Pty) Ltd	06- Sep -21	959 420.83	18 Mo nths
7	41/2 0/21	A Panel of 15 Contractors for Grass Cutting,Cleaning and Disposal Within Various Settlements and Sports Fields Around Mandeni for a Period of 2 Years	Com mun ity	Can cell ed				

8	43/20/21	Development of a Strategic Environmental Assessment Report for the Dokodweni Precint	EDP	Cancelled				
9	45/20/21	Esthabishment of a panel of Maximum of Three (3) Service Providers for the Advertising Services for a period of Three (3) Years	Corporate	Awarded	Malut huli Consulting Ayanda Mban ga Communication Ronavu Tradin g	31-Aug -21	Rates per column for various publications	3 Years
10	46/20/21	Proposal For Establishment Of A Panel Of Maximum Of Five (5) Firms Of Attorneys For The Municipality For A Period Of 3 Years	OFFICE OF MM	Cancelled	Cancelled - to be readvertised			
11	47/20/21	A Maximum Panel Of (3) Service Providers To Be Appointed To Render Vip Protection Services To The Mandeni Municipality For 36 Months	Community	Awarded	Ezama lunqa Tradin g	25-Aug -21	8 983 398.94	3 Years
					Pro Secure (Pty) Ltd	25-Aug -21	10 159 148.97	3 Years
					Black man Forensic & Security	25-Aug -21	8 147 509.29	3 Years
12	48/20/21	Appointment of a service provider to supply, install and configure server infrastructure for the Mandeni Local Municipality	Corporate	Cancelled				

13	49/20/21	Appointment of a service provider to review and update the master systems plan (MSP) / ICT Strategic Plan for the Mandeni Local Municipality	Corporate	Cancelled				
14	50/20/21	Supply and erection of clear view fence with gates at Technical Services	TSID	Awarded	Mvelase Trading	19-Oct-21	908 875.00	
15	2022/01/21	Rural Roads Phase 4 (B) - Upgrade of a Gravel Road in Ward 6	TSID	Awarded	Zisayini Trading Enterprise	19-Oct-21	2 865 692.39	
16	2022/02/21	Rural Roads Phase 4 (A) - Upgrade of a Gravel Road in Ward 11	TSID	Awarded	Onombuthu (Pty) Ltd	03-Nov-21	4 046 432.66	
17	2022/03/21	Supply and delivery of 1x 25-30 tone ridge neck low bed with 6x4 truck tractor	TSID	Awarded	Bhedu Bhedu Construction and General Trading	14-Dec-21	3 109 181.28	
18	2022/04/21	PANEL OF 3 SERVICE PROVIDERS TO SUPPLY, REPAIR AND DELIVER TYRES FOR LIGHT AND HEAVY-DUTY VEHICLES TO THE MANDENI MUNICIPALITY FOR A PERIOD OF 3 YEARS	TSID	Awarded	Desrae Logistics CC and Uthungulu Tyres	10-Mar-22	As per rates per different tyres	3 Years
19	2022/05/21	Installation of Pitch Fence at kwaNcedomhlophe Sports Field	CSPS	Awarded	Mdlangeni Trading CC	01-Mar-22	690 129.00	
20	2022/06	HIGH MAST LIGHTING IN WARDS 4, 10, 16, 17 AND 18	TSID	Awarded	Yakhalungisa	24-Nov	4 047	

	/21			ed	Engine ering Servic es	-21	550.93	
2 1	202 2/07 /21	Swimming Pool Area Additions in Ward 15	TSID	Aw ard ed	Umhla thuze Builde rs Empor ium	24- Nov -21	3 860 521.19	
2 2	202 2/08 /21	Supply And Delivery Of1 X New 4x2 Bakkie Fitted With Cherry Picker To Mandeni Municipality	Com mun ity	Aw ard ed	Multi Crane Platfor ms	14- Dec -21	1 231 650.00	
2 3	202 2/09 /21	Rehabilitation Of Parking Area Lot No 504	TSID	Aw ard ed	ZS Civils and Plant Hire	21- Feb -22	1 892 805.59	
2 4	202 2/10 /21	Appointment Of A Panel Of Land Surveyors, And Town Planners Consultants For A Period Of 3 Years For Mandeni Municipality	EDP HS	Aw ard ed	Mabu ne Consul ting; Iyer/C rawfor d JV; Velenk osini Profes sional Land Survey ors; Tshani Consul ting; Isibuk o Devel opme nt Planni ng; Sivest SA		As per rates	3 Yea rs

24	2022/10/21	Appointment Of A Panel Of Land Surveyors, And Town Planners Consultants For A Period Of 3 Years For Mandeni Municipality	ED P HS	Awarded	Mabune Consulting ; Iyer/Crawford JV; Velenkosini Professional Land Surveyors; Tshani Consulting ; Isibuko Development Planning; Sivest SA		As per rates	3 Years
25	2022/11/21	INVITATION OF BIDS FOR THE DISPOSAL OF MUNICIPAL SITES	ED P HS	Cancelled				
26	13/21/22	A Panel Of 15 Contractors For Grass Cutting, Clearing And Disposal Within Various Settlements And Sports Fields Around Mandeni For A Period Of Two (2) Years	CS PS	BEC				



27	2022/12/21	Appointment Of A Service Provider To Undertake A Section 78 Assessment For The Operation Of Mandeni Municipality Fire Rescue Services	CS PS	Awarde d	Fire & Resq Zone	14-Dec -21	489 000.00	
28	14/21/22	Request For Proposals: Bulk Printing & Mailing Of Monthly Consumer Statements And Notices Over A 3 Year Period	BT O	Awarde d	Insid eDat a	21-Feb-22	3 753 510.30	
29	15/21/22	A Panel Of Professional Service Providers To Provide Internal Audit And Forensic Investigation Services For A Period Of 3 Years	O M M	Awarde d	Bona kude; Thelu lwazi Busin ess; Isiqu Acco unta nts and Audit ors; Integ rity Fore nsic Soluti ons; Kaize n Inter nation al	31-Mar	As per rates	3 Ye ar s
30	16/21/22	Supply And Installation of Air Conditioning Units	TS ID	BEC				
31	18/21/22	Dendethu and Wetane Electrification	TS ID	BEC				
32	19/21/22	Supply and Delivery of 1x Ride-On 1.7 Ton Tandem Vibratory Roller With Suitable Trailer	TS ID	BEC				

33	20/21/22	Proposal For Establishment Of A Panel Of Minimum Of Five (5) Firms Of Attorneys For The Municipality For A Period Of 3 Years	O M M	BEC				
34	21/21/22	Rehabilitation of Manono Road in Ward 15	TS ID	Awa rde d	The Curv e Behin d Tradi ng	13- May -22	4 641 651.70	
35	22/21/22	Supply, Deliver And Assemble A 7m X 7m X 2.4m Parkhome Modular Building At Ndulinde Library	CS PS	Awa rde d	Ndon yela Tradi ng	24- May -22	343 850.00	
36	23/21/22	Rehabilitation of Msomuhle Road in Ward 15	TS ID	Awa rde d	Big O Tradi ng	30- May -22	3 222 236.46	
37	24/21/22	General Valuation Roll and Preperation and Updating of Valuation Roll for Implementation for Period 1 July 2023 to 30 June 2026	BT O	BEC				
38	25/21/22	Supply and Installation of Clear View Fence With Gates at Kwachili and Isithebe Sportsfields	CS PS	Pro visio nal Awa rd				
39	26/21/22	Highview and Padianagar Combo Courts Additions and Improvements in Ward ¾	TS ID	Awa rde d	Lama zwid e Proje cts	27- Jun- 22	2 300 098.90	
40	27/21/22	Repair and Renovation of The Civic Centre and Roof Replacement in Mandeni	TS ID	BEC				

4 1	28/2 1/22	Suitably Qualified And Experienced Service Providers To Form Part For The Provision Of Establishing A Satellite Pound And Rendering Animal Pound Services For Thirty-Six (36) Months In Terms Of The Kwazulu-Natal Pound Act (Act No.03 Of 2006)	CS PS					
4 2	29/2 1/22	REVAMPING OF SIBUSISIWE HALL AND NCONJANE ROAD MARKET STALLS	ED P HS					

Unauthorized, irregular fruitless and wasteful expenditure for the 2020/2021 financial year.

**MANDENI  
MUNICIPALITY**

**Period Ended  
30 June 2022**

**REGISTER FOR  
IRREGULAR  
EXPENDITURE**

<b>Date re po rte d to Ma yo r</b>	<b>Date Id en tifi ed</b>	<b>Reason s for Irre gul ar Exp end itur e</b>	<b>Pay m en t stat us</b>	<b>Supplier</b>	<b>Dep arm ent Res pons ible</b>	<b>AM OUN T EXC LUDI NG VAT</b>	<b>VAT POR TION</b>	<b>Amount Paid (VAT INCL .)</b>	<b>Was ther e valu e for mon ey for exp endi ture incu rred ?</b>	<b>Wer e the goo ds/s ervi ces or proj ect deli vere d?</b>	<b>Re sol uti on No.</b>	<b>Writt en- Off</b>
<b>JU</b>												

LY												
25-Jan-22	Jun-21	Appointed service provider was tax non-compliant at date of appointment	Pa id	KwaDukuza IT	Corporate Services	R149 130.43	R23 369.57	R172 500.00	Y	Y	C112	172 500.00
24-Jul-20	Jun-20	Expired Contract	Pa id	Conlog	BTO	R40 844.43	R6 126.67	R46 971.10	Y	Y	C29 & C112	46 971.10
24-Jul-20	Jun-20	Pre qualifying criteria not properly applied	Pa id	Isichaka Esingena mona	Community services	R156 138.40	R -	R156 138.40	Y	Y	C29 & C112	156 138.40

24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 278 954.42	R 41 843.16	R 320 797.58	Y	Y	C2 9 & C1 12	320 797.58
<b>AUGUST</b>												
24-Jul-20	Jun-20	Expired Contract	Paid	Conlog	BTO	R 48 998.76	R 7 349.81	R 56 348.57	Y	Y	C2 9 & C1 12	56 348.57
24-Jul-20	Jun-20	Prequalifying criteria no properly applied	Paid	Isichaka Esingena mona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C2 9 & C1 12	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 278 954.42	R 41 843.16	R 320 797.58	Y	Y	C2 9 & C1 12	320 797.58
24-Jul-20	Jun-20	Local	Paid	Yakhalungisa Engineeri	Technical servi	R 70 117.	R 10 517.	R 80 634.	Y	Y		80 634.

		Co nte nt Ele ctrif icati on Of 311 con nec tion in Khe nan a war d 10 - Ele ctro nic pro duc ts		ng	ce	15	57	72				72
24-Jul-20	Jun-20	Exp ired con trac t	Pa id	Lelethu Consultin g	Tech nical servi ce	R -	R -	R -	Y	Y		-
24-Jul-20	Jun-20	Exp ired con trac t	Pa id	Young & Satharia	Tech nical servi ce	R 72 528. 63	R 10 879. 29	R 83 407. 92	Y	Y	C1 2 & C1 12	83 407. 92
24-Jul-20	Jun-20	Add itio nal site s	Pa id	ProSecur e	Com muni ty servi ces	R 717 868. 92	R 107 680. 34	R 825 549. 26	Y	Y	C1 12	825 549. 26

		not incl ude d in the orig inal bid									
<b>SEPTEMBER</b>											
24-Jul-20	Jun-20	Pre qualify ing crit eria no properly applied	Pa id	Isichaka Esingena mona	Com muni ty servi ces	R 156 138. 40	R -	R 156 138. 40	Y	Y	C2 9 & C1 12 156 138. 40
24-Jul-20	Jun-20	BA C Co mposi tion	Pa id	Rural Metro Emergen cy Servi ces	Corp orate Servi ces	R 278 954. 42	R 41 843. 16	R 320 797. 58	Y	Y	C2 9 & C1 12 320 797. 58
24-Jul-20	Jun-20	Addi tional sites not inclu ded in the orig	Pa id	ProSecur e	Com muni ty servi ces	R 880 368. 97	R 132 055. 35	R 1 012 424. 32	Y	Y	C1 12 1 012 424. 32



		inal bid										
O C T O B E R												
24-Jul-20	Jun-20	Pre qua lifyi ng crit eria no prop erly app lied	Pa id	Isichaka Esingena mona	Com muni ty servi ces	R 156 138. 40	R -	R 156 138. 40	Y	Y	C2 9 & C1 12	156 138. 40
24-Jul-20	Jun-20	BA C Co mp osi tion	Pa id	Rural Metro Emergen cy Services	Corp orate Servi ces	R 308 769. 50	R 46 315. 43	R 355 084. 93	Y	Y	C2 9 & C1 12	355 084. 93
24-Jul-20	Jun-20	Loc al Co nte nt Ele ctrif icati on Of 311 con nec tion	Pa id	Yakhalun gisa Engineeri ng	Tech nical servi ce	R 403 484. 18	R 60 522. 63	R 464 006. 81	Y	Y	C2 9 & C1 12	464 006. 81

		in Khe nan a war d 10 - Ele ctro nic pro duc ts										
24- Jul -20	Ju n- 20	Exp ired con trac t	Pa id	Sivest	Tech nical servi ce	R 155 567. 65	R 23 335. 15	R 178 902. 80	Y	Y	C1 2 & C1 12	178 902. 80
24- Jul -20	Ju n- 20	Exp ired con trac t	Pa id	Makhaots e Narasimu lu & Associate	Tech nical servi ce	R -	R -	R -	Y	Y		-
24- Jul -20	Ju n- 20	Add itio nal site s not incl ude d in the orig inal bid	Pa id	ProSecur e	Com muni ty servi ces	R 397 412. 27	R 59 611. 84	R 457 024. 11	Y	Y	C1 12	457 024. 11
<b>NOVEMBER</b>												

24-Jul-20	Jun-20	Pre qualifying criteria no properly applied	Pa id	Isichaka Esingena mona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C2 9 & C1 12	156 138.40
24-Jul-20	Jun-20	BAC Composition	Pa id	Rural Metro Emergency Services	Corporate Services	R 308 769.50	R 46 315.43	R 355 084.93	Y	Y	C2 9 & C1 12	355 084.93
24-Jul-20	Jun-20	Expired contract	Pa id	Sivest	Technical service	R 45 475.00	R 6 821.25	R 52 296.25	Y	Y	C1 2 & C1 12	52 296.25
24-Jul-20	Jun-20	Additional sites not included in the original bid	Pa id	ProSecure	Community services	R 437 354.05	R 65 603.11	R 502 957.16	Y	Y	C1 12	502 957.16
DECEM												

BER												
24-Jul-20	Jun-20	Pre qualifying criteria properly applied	Paid	Isichaka Esingena mona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29 & C112	156 138.40
24-Jul-20	Jun-20	BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services	R 308 769.50	R 46 315.43	R 355 084.93	Y	Y	C29 & C112	355 084.93
24-Jul-20	Jun-20	Expired contract	Paid	Sivest	Technical service	R 10 550.15	R 1 582.52	R 12 132.67	Y	Y	C12 & C112	12 132.67
24-Jul-20	Jun-20	Additional sites not included in the original bid	Paid	ProSecure	Community services	R 427 591.35	R 64 138.70	R 491 730.05	Y	Y	C112	491 730.05

JANUARY												
24-Jul-20	Jun-20	Pre qualifying criteria no properly applied	Pa id	Isichaka Esingena mona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C2 9 & C1 12	156 138.40
24-Jul-20	Jun-20	BAC Composition	Pa id	Rural Metro Emergency Services	Corporate Services	R 308 769.50	R 46 315.43	R 355 084.93	Y	Y	C2 9 & C1 12	355 084.93
24-Jul-20	Jun-20	Additional sites not included in the original bid	Pa id	ProSecure	Community services	R 427 591.33	R 64 138.69	R 491 730.02	Y	Y	C1 12	491 730.02
FEBRUARY												

24-Jul-20	Jun-20	Pre qualifying criteria no properly applied	Pa id	Isichaka Esingena mona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C2 9 & C1 12	156 138.40
24-Jul-20	Jun-20	BAC Composition	Pa id	Rural Metro Emergency Services	Corporate Services	R 308 769.50	R 46 315.43	R 355 084.93	Y	Y	C2 9 & C1 12	355 084.93
24-Jul-20	Jun-20	Local Content Electrification Of 311 connection in Khe nana ward 10 - Ele	Pa id	Yakhalungisa Engineering	Technical service				Y	Y	C2 9 & C1 12	-

		ctronic pro duc ts										
24-Jul-20	Jun-20	Expired contract	Pa id	Delta Build Environment Consultants (Pty)Ltd	Technical service	R -	R -	R -	Y	Y		-
24-Jul-20	Jun-20	Expired contract	Pa id	Lelethu Consulting	Technical service	R -	R -	R -	Y	Y		-
24-Jul-20	Jun-20	Expired contract	Pa id	Young & Satharia	Technical service				Y	Y	C1 2 & C1 12	-
24-Jul-20	Jun-20	Expired contract	Pa id	Sivest	Technical service			R -	Y	Y	C1 2 & C1 12	-
24-Jul-20	Jun-20	Expired contract	Pa id	Makhaots e Narasimulu & Associate	Technical service	R -	R -	R -	Y	Y		
24-Jul-20	Jun-20	Additional	Pa id	ProSecur e	Community service	R 427 591. 35	R 64 138. 70	R 491 730. 05	Y	Y	C1 12	491 730. 05



		site s not incl ude d in the orig inal bid			ces							
M AR CH												
24-Jul-20	Jun-20	Pre qua lifyi ng crit eria no pro per ly app lied	Pa id	Isichaka Esingena mona	Com muni ty servi ces	R 156 138. 40	R -	R 156 138. 40	Y	Y	C2 9 & C1 12	156 138. 40
24-Jul-20	Jun-20	BA C Co mp osi tion	Pa id	Rural Metro Emergen cy Services	Corp orate Servi ces	R 308 769. 50	R 46 315. 43	R 355 084. 93	Y	Y	C2 9 & C1 12	355 084. 93
24-Jul-20	Jun-20	Add itio nal site s not incl ude	Pa id	ProSecur e	Com muni ty servi ces	R 395 963. 03	R 59 394. 45	R 455 357. 48	Y	Y	C1 12	455 357. 48

		d in the orig inal bid										
<b>AP RI L</b>												
24- Jul -20	Ju n- 20	Pre qua lifyi ng crit eria no pro perl y app lied	Pa id	Isichaka Esingena mona	Com muni ty servi ces	R 156 138. 40	R -	R 156 138. 40	Y	Y	C2 9	156 138. 40
24- Jul -20	Ju n- 20	BA C Co mp osi tion	Pa id	Rural Metro Emergen cy Services	Corp orate Servi ces	R 308 769. 50	R 46 315. 43	R 355 084. 93	Y	Y	C2 9	355 084. 93
24- Jul -20	Ju n- 20	Add itio nal site s not incl ude d in the orig inal bid	Pa id	ProSecur e	Com muni ty servi ces	R 427 591. 35	R 64 138. 70	R 491 730. 05	Y	Y		491 730. 05

MAY												
24-Jul-20	Jun-20	Pre qualifying criteria no properly applied	Pa id	Isichaka Esingena mona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29	156 138.40
24-Jul-20	Jun-20	BAC Composition	Pa id	Rural Metro Emergency Services	Corporate Services	R 308 769.50	R 46 315.43	R 355 084.93	Y	Y	C29	355 084.93
JUNE												
24-Jul-20	Jun-20	Pre qualifying criteria no properly applied	Pa id	Isichaka Esingena mona	Community services	R 156 138.40	R -	R 156 138.40	Y	Y	C29	156 138.40
24-Jul-20	Jun-20	BAC	Pa id	Rural Metro Emergen	Corporate Servi	R 308 769.	R 46 315.	R 355 084.	Y	Y	C29	355 084.

		Co mp osi ti on		cy Services	ces	50	43	93				93
24-Jul-20	Jun-20	Add itio nal site s not incl ude d in the orig inal bid	Pa id	ProSecur e	Com muni ty servi ces	R 855 182. 70	R 128 277. 40	R 983 460. 10	Y	Y		983 460. 10
	No v- 22	No n- co mpl ian ce with CID B Re gua tion s and Pra ctic e Not e 3	Pa id	Umhlathu ze Builders Emporiu m	Tech nical servi ce	R 1 236 349. 71	R 185 452. 46	R 1 421 802. 17	Y	Y		
	22 - No v	No n- co mpl ian ce	Pa id	The Curve Behind Trading 219 cc	Tech nical servi ce	R 175 911. 99	R 26 386. 80	R 202 298. 79	Y	Y		

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	<b>R13</b>	<b>R 1</b>	<b>R15</b>				<b>R13</b>
	<b>292</b>	<b>713</b>	<b>006</b>				<b>382</b>
<b>Tot</b>	<b>922.</b>	<b>889.</b>	<b>812.</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>711.</b>
<b>al</b>	<b>96</b>	<b>35</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>

## 2.12 WEBSITES

Section 75 of the Municipal Finance Management Act, 56 of 2003 requires the Accounting Officer of the municipality to place on the website the municipal documents referred to in Section 21 (a) of the MSA

Information to be placed on the website	2021/22
1. 2021/22 Adjusted budget	Yes
2. 2021/22 Adjusted SDBIP	Yes
3. 2021/22 Mid- year and performance reports	Yes

4. 2021/22 MTREF budget	Yes
5. 2021/22 Final IDP	Yes
6. All budget related policies	Yes
7. 2020/21 Annual Report	Yes
8. 202 Performance Agreements for Senior Managers as per section 57 (1) (b) of the MSA	Yes

### 2.13 BY-LAWS

Mandeni Municipality by-laws are laws that are adopted by the Council of Mandeni Municipality to regulate affairs and services within the jurisdiction of the Municipality.

Keeping of animals by-laws, Integrated Waste Management by-law, Fire-prevention by-laws, financial by-laws, environmental by-laws, electricity supply by-laws, public open spaces by-laws share a purpose of resolving conflicts and disagreements that protect the municipality from potential problems by clearly outlining rules around the authority levels, rights and expectations in the Municipality jurisdiction.

#### **Public-satisfaction on municipal services**

Mandeni municipality has an office responsible for public complaints to be attended to accordingly. The municipality also develops suggestion box that permits community members to express their views regarding the kind of services rendered by the municipality. This is imperative in measuring citizens satisfaction in all services rendered by the municipality such as road, electricity, housing, waste removal, etc. The customer care office which is part of the Office of the Municipal Manager has an officer whom deals with public

satisfaction. This box helps the municipality understand better their public needs. These suggestions are helpful in overcoming challenges in all Mandeni Municipality wards. It is also important that it promotes Batho Pele Principles by enhancing the quality and accessibility of municipal services by improving efficiency and accountability to put the community in all goods and services. Batho pele principles include consultations, dealing with complains, access.

### **Municipal Oversight Committees**

All of the oversight committees play an imperative role in order to ensure that municipality implement all relevant legislations and compliance for example, Municipal Public Accounts Committee, section 129 of the MFMA states that the council must table the consolidated and oversight report on the annual report for 2021/22 financial year.

Section 79 committee on governance oversight states that it shall consider and make recommendations to council on the following matters, legislative role, participatory and representatives.



# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### CHAPTER 3

#### SERVICE DELIVERY PERFORMANCE

#### (PERFORMANCE REPORT PART I)

#### COMPONENT A: BASIC SERVICES

In the 2021/22 financial year, Mandeni Municipality rendered infrastructural development projects. The municipality is discharged with a responsibility to provide basic services to the community within its jurisdiction amongst others are the provision of Low-Cost Houses, electrification and roads in partnership with the Department of Human Settlements and Eskom.

The Mandeni Local Municipality has control over providing basic services relating to refuse collection and disposal, access roads and associated storm-water management and housing.

The iLembe District Municipality is the Water Services Authority and Provider for the Mandeni Municipal Area of Jurisdiction and therefore are in control of the water and sanitation services provision within Mandeni.

The Mandeni Local Municipality has a license to distribute electricity within the Mandini Suburb (ward 03) only and there are no backlogs or indigent households in this licensed area. The remaining areas within the municipality are supplied by Eskom who has the license to distribute electricity in those areas. All the Municipal backlogs relating to basic electricity services are within Eskom's license area of jurisdiction. The Municipality is intervening in the

electrification backlog eradication through the Integrated National Electrification Programme (INEP) grant under schedule 5B of the Division of Revenue Act (DoRA) managed by the Department of Energy (DoE).

### 3.1. WATER PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function given to the iLembe District municipality (IDM).

The Tugela River which is also the largest river in the KwaZulu-Natal Province and second largest river in South Africa traverses the Mandeni Local Municipality and terminates at Tugela Mouth still within the Mandeni Local Municipality Jurisdiction. This river catchment is the primary source of raw water for the area. The IDM extracts 40 million litres of water from the Tugela River daily for treatment and distribution to the local communities and businesses. The IDM has planned and is in the process of implementing major water schemes such as the Ndulinde and Macambini Water Schemes which will serve those communities with a reliable supply of water extracted from the Tugela River. These schemes once complete will ensure water security for the area into the future.

The IDM has further partnered with the Umgeni Water Board to plan and establish regional bulk water scheme known as the lower Tugela Bulk Water Supply Scheme (LTBWSS) which will see the extraction of 110 million litres of water per day from the Tugela River to supply the southern parts of the Mandeni and the iLembe Region including parts of the eThekweni

Municipality. Currently phase 1 of the LTBWSS is under construction for 55 million litres per day extraction, purification and transportation.

### 3.2 WASTE WATER (SANITATION) PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the municipality with the provision of affordable, efficient on-going water services which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function of the iLembe District municipality (IDM).

The IDM provides full water borne sanitation services to the urban areas and these are supported by the Sundumbili, Mandini and Tugela Waste water treatment plants.

All other rural areas are serviced by VIP toilets. Some isolated areas of settlement have conservancy tanks or soak pits such as the Tugela Beach area.

The Municipality under the year in review ensured 3 Water and Sanitation Reports was submitted to the Infrastructure Development and Technical Services Committee meeting by collating information sourced from the District municipality (iLembe).

### 3.3 ELECTRICITY

The Mandeni Municipality has a very small license area for electricity distribution (Mandini Suburb in ward 3). The rest of the area is supplied by Eskom.

The municipality and Eskom are guided by the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006 in carrying out their function.

Under the year in review the Mandeni Municipality in respects to the provision of electricity managed to accomplish the following;

- On-going electricity repairs and maintenance are being carried out on municipal buildings and facilities.
- Fencing of the substation in Mfolozi College Ward 3 took place on the 29<sup>th</sup> of April 2022.

### 3.4. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

During the period under review, a budget amount of R 6 million was made available to implement Waste Management Services.

While other resources provided, such as waste trucks and waste skips were inadequate, however, the Unit managed to collect waste effectively. Save it that in the first week of September 2020 a hiccup was experienced due to the delay in the renewal of license discs of waste trucks.

But, on the positive side, the Unit managed to increase its kerb collection from 4910 households and business. This is due to the increase of customers which is a positive contribution to the local economy and the municipal tax base.

Also, the sustained communal waste collection of 21096 households means that the municipal waste collection rate has increased beyond 39.1% stated in the 2016 STATSSA Community Survey Report. And this figure has also been confirmed by the Office of the Audit General in its 2020/21 audit report

#### 3.4.1 CHALLENGES

The following are some of the challenges that the Municipality faces in terms of effective compliance with legislative prescripts regulating waste collection.

##### 3.4.1.1. NON-AVAILABILITY OF WASTE TRANSFER STATION AND/OR LANDFILL FACILITIES

Due to access to a suitable land to develop a waste transfer station and/or a landfill site, this is causing the Municipality to incur huge waste transportation and disposal costs as each waste truck has to make at least 160 kms to and from King Cetshwayo District Municipality disposal site in Empangeni to dispose waste.

Also, the wear and tear costs of the trucks are increasing due to this long distance that they have to travel daily and weekly.

#### 3.4.1.2. ILLEGAL DUMPING OF DOMESTIC AND GARDEN WASTE

This is one of the challenges being experienced mainly due to the non-availability of a transfer station and/or landfill facilities which makes it difficult to enforce by-laws.

Secondly, the lack of financial resources to procure vehicle and equipment to deal with illegal dumping is also a set-back in terms of the upkeep of the municipal areas.

#### 3.4.1.3. POLLUTION OF NATURAL RESOURCES

Notwithstanding concerted effort to manage waste effectively, however, as long as the members of the community are not taking the responsibility water, soil, air, etc. will continue to be polluted.

#### 3.4.2. PROPOSED SOLUTIONS

The possible solutions to the abovementioned and other related challenges are dependent on lobbying and mobilizing resources from other organs of state as well as the private sector and non-government sector.

##### 3.4.2.1. LAND ACQUISITION FOR DEVELOPMENT OF WASTE TRANSFER STATION AND/OR LANDFILL FACILITIES

It is necessary that the Department of Rural Development and Land Affairs and Ilembe District Municipality be approached to assist with the identifying and making available a suitable land for this purpose.

It also points to mobilizing funding sources within the National Department of Environmental Affairs to develop such facilities.

In fact, both the Rural Development and Land Affairs Department and the District Municipality were approached subsequent to the Executive Committee having made such a decision in December 2018.

It is noteworthy that the District Municipality through the Vuthela Programme/Project has embarked on a feasibility study to develop a regional landfill facility which will assist the municipality to disposal costs.

Also, the District Municipality has committee to assist the Municipality with the review of its integrated Waste Management Plan (IWMP) which is a compliance issue in terms of Section 11 of the NEM: Waste Management Act, 2008 (Act No. 59 of 2008).

#### 3.4.2.2. PROVISION OF FINANCIAL RESOURCES

It will be necessary that as the Municipality improves its debt collection, and/or identifying other funding sources, consideration be given to provide funding for procurement of vehicles plant and equipment to deal with illegally dumped waste.

#### 3.4.2.3. REINFORCEMENT OF COMMUNITY EDUCATION AND AWARENESS CAMPAIGN

The implementation of Youth Jobs in Waste Management Programme by the National Department of Environmental Affairs from April 2014 to 31 October 2018 assisted a great

deal to educate and make community members aware of the negative effects of disposing waste illegally and irresponsibly.

As a result of lack of adequate resources to reinforce community education and awareness campaigns, the Department of Environmental Affairs will be approached to ascertain if such a Programme can be re-introduced in the same or similar form.

In the meantime, ward campaigns will be done continuously also as part of Back-to-Basic and Thuma Mina Campaigns.

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#### WASTE KERB COLLECTION

- The annual waste Collection target of 261 times in all wards (including residential and business premises) was achieved.

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#### COMMERCIAL WASTE COLLECTION

- Due to a large area of the municipality being rural and the fact that the Municipality is entrusted with ensuring that it promotes a healthy and safe environment for its community, it (municipality) reaches out to rural community by providing waste skips which are placed in strategic positions so as to ensure that each skip services as many as two hundred (200) households.

In March 2016 the Executive Committee approved that weekly waste collection be expanded by way of piloting it at greater Isithebe wards namely wards 10,11,12,16,17 and 18 Additional skips were provided to these areas thereby increasing the number of households from serviced by waste skips from 16 000 to 21 600. That is, 200 households multiplied by 108 waste skips. This attributes to 68% of formal households having access to waste collection which increases the percentage rate from 27,5% according to 2011 states Census Report.



### 3.5 HOUSING

The municipality in partnership with the Department of Human Settlements has been continuously delivering low cost houses through RDP Programme in both Urban and Rural areas of Mandeni.

#### HOUSING DEVELOPMENTS

- The municipality during the Financial Year under review had only 4 housing projects that were under construction funded by the Department of Human Settlements (DoHS) during the 2021/22 financial year being Inyoni Integrated Housing Project (Ward 3, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18), phase four of the Macambini Rural Housing Project (Ward 1, 2, 8 and 9) and phase two of the Isithebe Rural Housing Project (Ward 11, 12, 16, 17 and 18). A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:
- **Inyoni Housing Project:** In the 2021/2022 financial year construction of units under project phase 02 and 03 was underway for approved beneficiaries for ward 3, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18. The progress made as at 30 June 2022 includes a total number of 159 foundations completed; 61 wall plates completed, 98 roof structures and 1038 completions. There are 1092 greenfield sites yet to be constructed. The contract of appointment of the implementing agent lapsed in May 2022, the Municipality has submitted a request to the Department of Human Settlements to appoint an implementing agent to complete outstanding works in phases 1, 2 and 3. The Municipality, in collaborative efforts with Department of Human Settlements and Ilembe District Municipality, has initiated processes towards the installation of bulk and internal services infrastructure in Phase 4 of the project. The project has been faced with challenges of beneficiary administration and one of the interventions undertaken is to conduct door-to-door verifications of units occupied. This process is still on-going. Missing beneficiaries that were advertised as per policy prescripts adopted by the

Department of Human Settlements have been submitted to the Department for deregistration.

- **Isithebe Rural housing (11,12, 16, 17 and 18):**

The Department of Human Settlement approved 300 units for Phase 2 of the project (300 out of 2000 units). As at 30 June 2022 a total of 600 units have been constructed in the project. A request to implement phase 3 of the project consisting of 300 units has already been submitted to the Department of Human Settlements for MEC funding approval. Phase 3 of the project will only commence once the MEC approval has been granted. Employment opportunities yielded from the project phase include Majozi Brothers (Slabs) and KTTK Holdings (Wall plates and completions) for the construction of phase 2 houses. Smonyo and Victory Ticket (VIPs). Saves to highlight that the concrete blocks utilized to construct the housing units is obtained locally from a SMME located within the project area.

- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project has progressed significantly in its construction programme; phases one, two and three of the project consisting of 1350 units have been completed and handed over the beneficiaries. Phase 4 of the project consist is under construction. As at 30 June 2022 a total of 150 units have been completed, 195 are built to roof level, 3 are built up to wall-plate level and 2 are at foundation level. A request to implement phase 5 of the project consisting of 300 units has already been submitted to the Department of Human Settlements for MEC funding approval. Phase 3 of the project will only commence once the MEC approval has been granted.

- **Title Deeds Restoration Programme; Tugela Ext 3 & Sundumbili Township R293 Properties:** During the title deeds restoration programmes serves well to promote secure tenure for the residents of Mandeni who have been in recipient of housing subsidies pre and post 1994. As at 30 June 2022 a total of 1358 title deeds have been

transferred under the Hlomendlini Housing Project. The Municipality has initiated a process to appoint a conveyancer to assist with the beneficiary verification of 549 cases with disputes under the projects, as well as 430 cases identified to have disputes in the Sundumbili area that were recorded previously under a pilot project implemented by the World Bank and Vuthela. Significant progress has been with the conveyancing activities of Inyoni IRDP project, this includes the registration of township register for phase one of the project and first batch of 63 title deeds have been lodged at the Deeds Registrar.

- **Operation Sukuma Sakhe (OSS) cases:** The OSS programme caters for extraordinary circumstances of people living under highly vulnerable conditions that require urgent human settlements intervention. As at 30 June 2022 the Department of Human Settlements has approved funding for the implementation of 30 OSS cases across wards 1,2,3, 6, 9, 10,12 and 15 and currently undertaking SCM processes to appoint service provider to implement the project. A further 17 cases across wards 6, 11 and 16 have been approved for funding by the Department, 16 of these case will be infiltrated into Isithebe Rural Housing Project, 1 into Macambini Rural housing Project and 23 into Inyoni IRDP.

### 3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

The Mandeni Local Municipality aids indigent households with regards to free basic services relating to refuse collection and disposal, electricity and rates. Refuse collection and disposal is provided free of charge to rural households through communal bins (skips) strategically placed within walking distances. 50kwh of free electricity is supplied to qualifying households

within the Eskom supply area through an agreement entered into with Eskom whereby Eskom is reimbursed by the municipality.

The first R15 000 of the property value of all households is not rated and indigent households are exempt from rates and other charges. The iLembe District Municipality aids all households with access to 6000 litres of water per month free of charge. All VIP toilets are free of charge.

In order to qualify for the free basic electricity, indigent households are required to register for the service with Eskom and only approximately 50% of the potential indigent households registered for and received the free service allocation for the year. An average number of 1086 households received free basic electricity for the year. Qualifying households are encouraged to take up the support by registering for it. Over 6000 households received free basic refuse services for the year.

## COMPONENT B: ROAD TRANSPORT

The municipality prepared and adopted a Roads Master-plan for its area of jurisdiction. This exercise has established that the Municipality has approximately 700km of municipal access roads under its jurisdiction. Approximately 15% of these roads are urban paved roads whilst the remaining approximately 85% are rural unpaved roads requiring mechanical maintenance and repair work at high cost.

The municipality is well serviced by major roads within the area. The N2 freeway runs north – south in the municipality linking it to the major ports of Richards Bay and Durban. The R102 fulfils the similar function. Other main roads link these two major corridors to the hinterland to the west. The KZNDOT is currently upgrading the D883 that links the Mandeni

Municipality to the Umlalazi Municipality through the Ndulinde area. They have further appointed a contractor for the upgrade of the P415 to Thukela Mouth Beach.

### 3.7 ROADS

Through the roads master-plan formulation the municipality has established a pavement management system to manage its existing roads infrastructure assets and a prioritisation model for investment in new roads infrastructure. The rural roads require constant importing of gravel onto them and gravel is a scarce commodity that needs to be transported long distances at very high transport costs. The municipality has an in-house routine rural dirt/gravel road maintenance programme using the municipal plant and equipment. The works under this programme entails re-gravelling and blading.

Other routine maintenance programmes relate to pot-hole repairs and drainage maintenance being done in-house. The municipality has two other programmes that are capital in nature, i.e. Urban Roads Rehabilitation Programme and Rural Roads Rehabilitation Programme. The Urban Roads Rehabilitation Programme addresses the ageing dilapidated infrastructure by renewing the assets. The Rural Roads Rehabilitation Programme addresses the rural dirt roads by planning, designing and constructing them properly complete with associated storm-water drainage. New roads are also being constructed in support of Human Settlements Projects.

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#### ROADS AND STORMWATER

- Date of upgrade of Rural Roads Phase 4(b) - in Ward 6 completed by 30 June 2022
- Roads and storm water rehabilitation at Stratton Circle, Richard circle and Mathews roads in ward 3 completed by 30 June 2022
- 1074.2 m<sup>2</sup> Potholes repaired in wards 2,3,4,7,10,12,13,14,15 on urban roads by 30 June 2022

- 150m of guard rails to be constructed in ward 4, 6 and 10 by 30 June 2022
- 25 headwalls constructed in ward 4,9,17 and 3
- Installation of 30 road signs and repainting of 15km of road markings completed in ward 3, 4, 7, 13, 14 and 15 by the 31 March 2022
- 15 Speed humps constructed in wards 2,3,7,10,13, 14 and 15 by 31 December 2021
- Overlaying of top surface at Spar parking area in Ward 3 completed by 30 June 2022

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

- Mandeni Municipality approved authority to function as a Grade E Driving License Testing Centre (DLTC) that does not permit the testing of driving licenses and Motor Licensing Bureau (MLB) status. The restriction caused by the fact that the Municipality still does not have a testing ground and enough space for Motor Licensing (MLB). Otherwise, it will be progressed as a Grade D DLTC with Motor Vehicle Licensing (MLB).

However, the Municipal Council is the process of sourcing the funds in the 2020/21 financial year to inaugurate New Protection Service Centre for the relocation of the Public Safety / Protection Services Unit to a new site that will allow for the building of the testing ground and other Municipal Emergency services to be one stop shop.

During the period under review, the DLTC generated cash revenue of R1 227 249 00 from all the transactions performed by the Centre. Had it had the testing ground this revenue would be doubled or tripled. Most importantly, both Provincial and National Departments of Transport have been giving the DLTC a clean audit from its date of operation in 2014 to date

### 3.9 WASTE WATER (STORMWATER DRAINAGE)

The municipality prepared a comprehensive storm-water master-plan for its area of jurisdiction. The municipality carries out routine storm-water repairs and maintenance and also upgrades and installs new storm-water systems during roads provisioning and human settlements projects. Storm-water drains unblocking is routinely being done in various wards.

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

The Mandeni municipality has made great strides in terms of the functioning of the town planning component of the municipality which is fully-fledged and functional.

#### STRATEGIC PLANNING

- **Preparation of the IDP**

The planning unit is responsible for the preparation of the Municipal IDP and ensures the compliance with Chapter 5 of the MSA.

- **Public participation**

The municipality in line with Section 16(1) (a)(i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities and other stakeholders in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Ward levels through a ward cluster approach and all other stakeholders to ascertain their needs and issues.

Local Economic Development



- The planning unit is critical in the facilitation of local economic development through the identification of appropriate areas for business to operate. The Planning Unit continued to play an advisory role on Tourism related issues in line with the existing Local Area Plans for both Tugela Mouth and Dokodweni Areas. The town planning unit continues to provide comments and inputs in the issuing of business licenses and permits.

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#### LAND USE MANAGEMENT

- The Town Planning unit ensures compliance with the adopted Urban town planning scheme. The Town Planning unit also ensured the workshopping of the bylaw enforcement officers on such scheme and continues to work hand in hand with the colleagues to ensure efficient bylaw enforcement.
- The planning continued to ensures compliance to the Spatial Planning and Land Use Management Act through processing of Land Development Applications with legislated time frames.
- During the 2021/22 financial year the planning unit Rolled-out capacity building programmes to critical stakeholders on Land Use Management and applicable Spatial Plans.

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#### SPATIAL PLANNING AND SPLUMA

- The Municipality in its implementation and compliance with Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) processes development applications through the District Joint Municipal Planning Tribunal (MMN JMPT) constituted by the three local Municipalities namely Mandeni, Maphumulo and Ndwedwe Municipality. During the year under review, a total of 9 planning applications were received by the Municipality for assessment. Four applications were been tabled to the MMN JMPT for approval and 3 were approved with conditions and 1 application

was referred back to the applicant. The other five (5) applications are within the legislated timeframes and are being subjected to the legislated processes of SPLUMA.

- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

### 3.11. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The municipality through Section 152 (1)(c) through a number of interventions programme has been striving to promote local economic development within its jurisdiction with focus on SMME Development and support; Agricultural; job creation (poverty alleviation) and Tourism economic sectors.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.12. CEMETORIES AND CREMATORIUMS

- While the Municipality has identified a close to suitable land for the establishment of a cemetery and crematoria facility, however relevant studies are still being conducted and negotiations are underway to determine the possibility of purchasing the land.
- At the moment the Municipality unfortunately has no burial site facility regrettably.

## COMPONENT E: ENVIRONMENTAL PROTECTION

### 3.13. POLLUTION CONTROL

By virtue of the Municipal health services being the competence of district and metropolitan municipalities in terms of the National health Act, 61 of 2003 read with the Air Pollution Control Act 39 of 2004, and the fact that pollution control is one of the services of both the district municipality and the provincial government (in terms of control of hazardous substances), Mandeni Municipality relies on the Ilembe District Municipality as well as other private sector and/or non-governmental organisations, including National government in terms of controlling pollution of its natural resources.

## COMPONENT F: HEALTH

Constitutionally and legally the health service is a functional area of concurrence of national and provincial legislative competency.

However, the Municipality in discharging its duties as an organ of the State and in compliance with Section 153 of the Constitution read with Section 23 of Municipal Systems Act had cooperated with and offered its assistance and support to the Department of Health in rendering the health services. This includes attending its official events / campaign and support the Department with requests such as making availability of community hall facilities or hire tents for them in area where it does not have community hall facilities to be used in community education and awareness campaigns.

Also, the Municipality had constituted a Health and Social Services Forum over and above the Operation Sukuma Sakhe structure with a view of providing an opportunity to health and social services stakeholders to engage, share experience and learn from one another in a bid to enhance the lives of the community of Mandeni.

### 3.14 CLINICS

There are seven clinics within Mandeni Municipality jurisdictional area with Sundumbili Community Health Centre coordinating the activities of other local clinics. Unfortunately, the Municipality still lacks a Hospital, hence the residents of Mandeni are referred to Stanger Hospital in KwaDukuza for hospital services.

### 3.15 AMBULANCE SERVICES

The ambulance services are an exclusive competence of the provincial department of health

### 3.16 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;

With the advent of the National Health Act, 2003 (Act No.61 of 2003), the environmental health services became a competence of district and metropolitan municipalities. Hence, for health inspection the municipality relies on the district environmental health services.

## COMPONENT G: SECURITY AND SAFETY

### 3.17 POLICE

Constitutionally and legally, police service is the concurrent competence of National and Provincial Governments. However, with the advent of the Civilian Secretariat for Police Service Act, 2 of 2011 coupled with the National Safety Plan and the Community Safety Forum Policy, municipalities are charged with the responsibility of community social crime.

It must be mentioned that the Municipality is in its infancy stage in terms of compliance with its mandate.

But, as a part of upholding the community's safety, the Municipality is finalizing the outsourcing of the service that will be rendered the animal pound service by Section 3(2) of the KwaZulu Natal Pound Act 3 of 2016. It has been established by the Provincial Social and Justice Cluster that stray and trespassing animals are a severe threat to public safety both

from the roads and in the social environment of people in terms of infectious diseases. Hence, they must be impounded, not herded or if trespassing.

### **3.18 FIRE CONTROL**

With the appointment of Rural Metro Emergency Management Services to render the fire service

### **3.19. DISASTER MANAGEMENT, ANIMAL LICENCING, AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)**

#### **3.19.1 Disaster Management**

##### **3.19.1 Disaster Management**

Ever since the Municipality Disaster Unit, in partnership with iLembe District Municipality, conducted disaster risk education and awareness campaigns, community members have taken their health and safety seriously.

The Disaster Management has conducted 04 DMAF meetings, 07 awareness campaigns, and 97 disaster management-related incidents encompassing 493 people in the 2020/21 financial year.

The Municipal Disaster Management has installed Lightning Conductors rods in fifty (50) households around the Mandeni area of dominion.

#### **3.19.2 Driver License Testing Centre (DLTC)**

The DLTC, with its limited authorization in terms of grading, processed 3798 transactions which generated an amount of R932 727 00 in revenue.

Council approved the expansion of the service by building a new protection services centre that will provide additional services such as the motor license bureau (MLB) and driver licensing. And such facility improvement will also give rise to a high grading of the DLTC from Grade E to upper grade(s) and consequently increase revenue.

The project is underway but will require additional funding for its completion, which may be sourced externally.

### **3.19.3. ROAD TRAFFIC SAFETY AND LAW ENFORCEMENT**

Notwithstanding concerted efforts by road traffic law enforcement agencies of the state, however, the rate of road accidents and carnages seems to decline due to the COVID-19 Lockdown. As a result of the fifty-six (56) traffic accidents attended.

To reduce these negative statistics, the road traffic law enforcement Unit working with other similar state agencies, staged nineteen (15) joint operations aimed at police visibility, community education and awareness and law enforcement.

The Municipality strengthened the capacity of the Traffic Unit by appointing three (03) additional law enforcement functionaries in the 2020/21 financial year.

## **COMPONENT H: SPORT AND RECREATION**

### **3.20. SPORT AND RECREATION**

#### **➤ Sports and Recreation Programmes**

- The Municipality successfully hosted Mayoral Cup 2021/22 in March where football, netball, cricket, rugby, and athletics participated.
- The Municipality facilitated and hosted a successful club development league and supported all the local clubs registered with Club Development under the Department of Sport, Art, and Culture.
- The Municipality also hosted Karate and Boxing Training sessions held at Sibusisiwe Hall, in April 2022
- Procured sports equipment for Karate, Boxing, football, netball, cricket, lady soccer, etc on the second quarter of the 2021/22 financial year.
- Hosted Aerobics Marathon at Sibusisiwe Hall parking lots in August 2021

- Successfully hosted a Mandeni Athletics fun run which began at Ward 3, Kwatas Sports Ground, and ran around the township wards in September 2021.

➤ Youth Development Office

- The Municipality hosted a successful matric awards ceremony on the 18<sup>th</sup> of February 2022 in partnership with MTN, where the top ten best-performed schools and learners were appreciated with certificates, trophies, and gadgets (tablets). Again, on the same occasion, 72 local students were awarded tertiary registration fee bursaries for the 2022 academic year.
- The Municipality hosted a massive June Month celebration program that began with Job Indaba which was supported by multiple sector departments, followed by the Youth In Agriculture exhibition on the 14<sup>th</sup> of June 2022 held at Nembe Hall in ward 5, followed by a partnership with uMhleli Foundation on the school tournament held on the 16<sup>th</sup> and 17<sup>th</sup> of June in Ngcedomhlophe Sports field, followed by the Youth Development Summit on the 28<sup>th</sup> – 29<sup>th</sup> of June 2022.
- The Municipality facilitated a programme called Mandeni heritage parade and fashion show on the 23<sup>rd</sup> of October 2021, where local fashion designers were afforded an opportunity to show case their talent and compete in order to give them an exposure and promote their art work.
- The Municipality hosted successful festive season events for the year 2021, the events were:
  - Mandeni Art Carnival held on the 17<sup>th</sup> of December at Sibusisiwe hall targeted traditional music such as maskandi, indlamu and scathamiya.
  - Mandeni Home Coming 8<sup>th</sup> annual event which took place on the 24<sup>th</sup> of December 2021 at Ngcedomhlophe Sport field.
  - Mandeni Beach Festival 3<sup>rd</sup> annual event which took place on the 27<sup>th</sup> of December 2021 at Dokodweni beach ward 1.



- The Mandeni Shutdown Street Bash which took place on the 1<sup>st</sup> of January 2022 at Sibusisiwe Hall Parking lots.
- Relaunched Mandeni Ward Youth Forums and Youth Council across all 18 wards and inducted the structures on the 26<sup>th</sup> of May 2022

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.21 HUMAN RESOURCE SERVICES

- The Municipality conducted the 2021/22 skills audit process.
- The workplace skills plan was developed and adopted by the HRDC on the 20 April 2021; and it was submitted to the Local Government Sector Education and Training Authority (LGSETA) on 29 April 2021.
- The total Number of employees that were trained according to the WSP prescriptions was 74 this does not include the staff bursaries offered to municipal staff members.
- An amount of R250 000 was budgeted for the staff skills development in the 2021/22 financial year and this amount was utilized for training. The amount budgeted for staff bursaries in the 2021/22 was R200 000 and this amount was spent.
- There was one LGSETA discretionary grant funded project for 25 employed learners on Municipal Finance Management Programme.

### 3.22 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

#### ICT ANNUAL REPORT FY 2021/22

- 1.1. The state of municipal IT infrastructure has been satisfactory with room for improvements. This is evidence because many serious challenges that were detrimental to the IT environment were dealt with.
- 1.2. However, as it is standard practice that IT infrastructure has variety of life span/s, some of our equipment has indeed reached its end of life. This is very critical to address

timely because a failing hardware can result in a massive loss of information. It must be noted then however, that such upgrading must happen within the framework of the municipal's SCM policy and processes as well as extensive technical consultation with variety of stakeholders to prevent wasteful expenditure in some cases.

1.3. Part of the progress made over the financial year, would be the timely renewal of important software licenses such as:

1.3.1. Microsoft Enterprise license – This includes MS Teams to allow for virtual meetings and collaboration.

1.3.2. Email gateway – To filter all inbound and outbound email traffic so as to mitigate email breaches.

1.3.3. Renewing website hosting for 12 months to allow continuity of municipal business with external stakeholders.

1.4. It is important to note that Internal Audit conducted audit on IT for the financial year in question. This gave a bird's eye view into the status and affairs of IT to allow correct concentration to key focus areas needed immediate attention.

1.5. The milestone project IT executed with success, is the procurement of council tools of trade. All 34 councillors were allocated proper tools of trade including sim card for 3G connectivity to conduct council business.

1.5.1. One must note the many technical challenges some councillor's have faced in this period, network connectivity has been very challenging which resulted in some councillors missing some important meetings.

1.5.2. A collaborative effort was made with providers of mobile services and lot of tests and diagnosis were made, which indicated that the effects of load-shedding does affect network coverage in some wards and unfortunately that has been the status quo.

1.6. As noted previously IT is still in motion with IT plans to continuously upgrade IT infrastructure either software or the hardware, part of it as a continuing measure to keep the municipal IT in a more modern state

## Website

Section 75 of the Municipal Finance Management Act, 56 of 2003, requires the accounting officer of a municipality to place on the website referred to in section 21A of the Municipal Systems Act the following documents of the municipality:

Information to be placed on the website	2021/22
1. Adjustment budget 2021/22	Yes
2. Mid-Year and Performance Report	Yes
3. MTREF Budget 2021/22	Yes
4. Final IDP 2021/22	Yes
5. All budget related policies 2021/22	Yes
6. Annual Report 2021/22	Yes
7. Oversight report for 2021/22	Yes
8. Performance Agreements as per s57 (1) (b) of MSA	Yes
10. All SCM contract above R30 000 per quarter	Yes

# CHAPTER 4

## – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### ORGANISATIONAL PERFORMANCE SCORECARD

The Organizational development function falls under the Human Resource Section. Its main objectives are to manage organizational design and business modeling, co-ordinate culture and change management, administer job descriptions, job evaluation system management, and to develop and maintain an effective employee performance appraisal system towards process.

#### 4.1. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

- 1) *A municipality must prepare for each financial year a performance report reflecting—*
  - (a) *The performance of the Municipality and each external service provider during that financial year;*
  - (b) *A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and*
  - (c) *Measures taken to improve performance.*
- (2) *An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."*

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." Performance management is not only relevant to the organization as a whole, but also to the

individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

#### 4.1.1. LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK

FREQUENCY AND NATURE OF REPORT	MANDATE	RECIPIENTS
Monthly reporting on actual revenue targets and spending against budget no later than 10 working days after the end of each month	Section 71 of the MFMA	National Treasury
Quarterly progress report	Section 41 (1) (e) of the Systems Act, Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) and Regulation 7 of Municipal Planning and Performance Management Regulations.	1. Municipal Manager 2. Mayor 3. EXCO 4. Audit Committee 5. National Treasury
Mid-year performance assessment	Section 72 of the MFMA. Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001.	1. Municipal Manager 2. Mayor 3. EXCO 4. Council 5. Audit Committee 6. National Treasury 7. Provincial Government
Annual report (to be tabled before Council by 31 January (draft and approved / published by 31 March each year)	Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment Act.	1. Mayor 2. EXCO 3. MPAC 4. Council 5. Audit Committee 6. Auditor-General 7. National Treasury 8. Provincial Government 9. Local Community

## MUNICIPAL POWERS AND FUNCTIONS

The powers and function of Mandeni Municipality are as per Schedule 4 Part B and Schedule 5 Part B 9f the Municipal Demarcation Board.

Building Regulations	Facilities for the accommodation, care and burial of animals
Child Care Facilities	Fencing and fences
Electricity Reticulation	Licensing of dogs
Fire Fighting	Licensing and control of undertakings that sell food to the public
Local Tourism	Local amenities
Municipal Planning	Local sports facilities
Storm water	Markets
Trading Regulations	Municipal abattoirs
Billboards and the Display of Advertisements in Public Places	Municipal parks and recreation
Cemeteries, Funeral Parlours and Crematoria	Municipal roads
Cleansing	Noise pollution
Control of Public Nuisance	Pounds
Control of Undertakings that sell liquor to the public	Public Places

## OPERATING PROCEDURES AND OVERVIEW

In the 2021/22 Financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is corresponding to the institutional service delivery objectives captured in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2021/22 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the 2021/22 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organisational strategies;
- Performance agreements with performance plans were developed, signed and approved by the Honourable and the Accounting Officer as required by the Municipal Performance Regulations, 2006;

- Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance assessments.
- Quarterly performance reports were verified by the OPMSMER Unit and audited by the Internal Audit unit to test the credibility and reliability;
- The performance assessments for 2021/22 Annual and mid-term 2021/22 was delayed due to the fact that Auditor General (AG) was on site. Planning will ensue once AG has concluded work on site.

## PERFORMANCE /AUDIT COMMITTEE

The Performance Audit Committee for the 2021/22 financial year was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follow:

- During the year under review, the Performance and Audit Committee met quarterly to consider the performance reports. The deliberations and resolutions taken by the PAC are encapsulated in the minutes of the committee.

## PERFORMANCE EVALUATION PANEL

Performance Evaluation Panels have also been established Municipal Performance Regulations Section 27 (4) (d), for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager.

## 4.2. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council and Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. This is a **one-year** detailed plan, but includes a **three-year capital plan**.

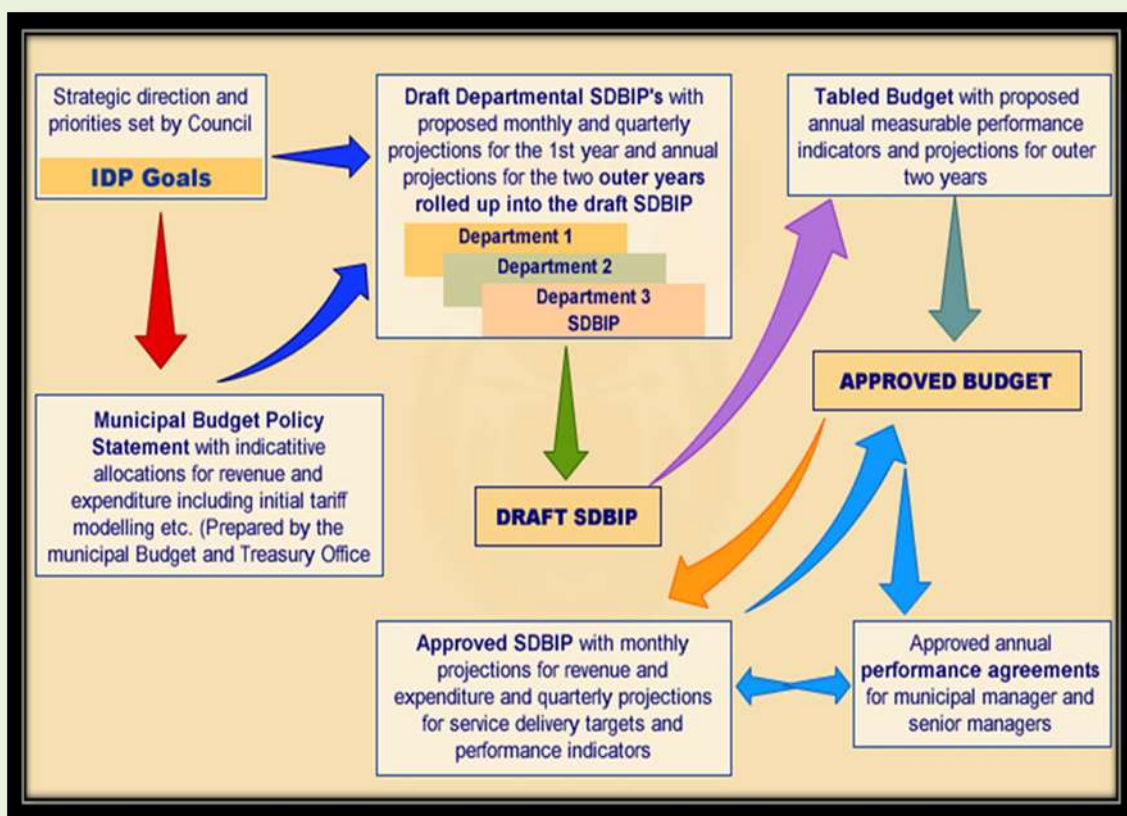
The necessary components include:

- Monthly projections of revenue to be collected for each source;



- Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.

***The process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13, is diagrammatically summarized as follows:***



It should be noted that, for the quarter three and quarter four performance reporting the 2021/22 Top Layer SDBIP was amended as per adjusted budget adopted by Council.

The Mandeni 2021/22 SDBIP was revised based on the following recommendations:

1. SMART principle, in some instances, indicators and targets were re-defined due to existing targets being not measurable, achievable and lacking alignment to the IDP;
2. Mid-year performance results were exploited to make Q3 and Q4 adjustments, especially areas of immense over and under performance;

3. The synergy in alignment between the approved 2021/22 Top Layer SDBIP and IDP Review 2021/22 was considered.

#### PROCESSES IN AMENDING 2021/22 TOP LAYER SDBIP

The process was consultative and included the following key milestones:

- a) Amending the SDBIP to the strategic framework in the IDP to achieve alignment;
- b) Meeting with the Head of Departments (HOD);
- c) Submitted proposed amendments to the Audit Committee;
- d) Submitted proposed amendments to council for adoption;
- e) Submitted the Revised SDBIP 2021/22 to be signed by the Mayor and tabled to council for the acquiring of council resolution
- f) Public advert was posted on the Amended SDBIP 2021/22 and on the website and advertised in the Zulu and English Local Newspapers.

#### LOCAL GOVERNMENT BACK TO BASICS/MUNICIPAL ASSESSMENT TOOL

Local government is a primary point of delivery where most citizens interface with government. Our vision of a developmental local government system was that it would be the building block on which the reconstruction and development of our country and society would be built.

The citizens of our country could engage in a meaningful and direct way with the institutions of the state. We have made tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in world-wide terms.

It is therefore important to understand where we are, where we could be and what needs to be done to improve performance. Our goal is to improve the functioning of municipalities to better serve communities by getting the **basics right**.

The Objective of the Back to Basic Programme which was officially launched at the Presidential Summit on 18 September 2014, is to ensure a focused and strengthened local government by setting the **basics**

**right** and together with other spheres, provide basic services efficiently and effectively and in a caring manner. The monitoring of municipal service provision efficiency and effectiveness is a pivotal aspect of the implementation of the **Back to Basics Programme**. The department of Co-operative Governance and Traditional Affairs (COGTA) has developed a quarterly assessment and monitoring process facilitated through the completion of a Quarterly Provincial Back to Basics Template.

Changing strategic orientation is not easy and it requires bold leadership and political will. At the same time, we need a collective effort and unity of purpose and partnership with leaders in local government, provinces and national government. We need to improve the political management of municipalities and be responsive to the needs and aspirations of local communities. In order to achieve this, we urgently require:

- Mayors and Municipal Mayoral Committees with a vision to change and the calibre of leadership to drive the change process.
- Speakers of Councils who are able to effectively manage the business of Council and lead it in its engagement and outreach programmes.
- Councillors that will inspire and organize for our common purpose of serving our people, and creating a dynamic link their constituencies.
- Municipal Managers and senior managers that understand the core mandate and orientation understand their specific role in delivering the local government vision as envisaged in the White Paper and act in a manner that ensures that local government primarily serves its people by delivering basic services.

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#### KEY AREAS OF BACK-TO- BASIC ARE THE FOLLOWING:

- Basic Services: Creating decent living conditions
- Good Governance
- Public Participation: Putting People First
- Sound Financial Management
- Building Capable Institutions and Administrations

During the process of adjusting the budget, the municipality has also amended its SDBIP in order to align to the Back-to-Basic Key Areas.

Mandeni Municipality has maintained a status of consistency for the past three-years of functionality in the Back to Basics Programme.

The Departmental Scorecards (detail Top Layer SDBIP) capture the performance of each Department. Unlike the Organisational Scorecard, which reflects on the strategic performance of the municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that Department/sub-department/branch. It was compiled by **Senior Managers** for their **Departments** and

consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved

budget and measurable service delivery indicators related to each functional area.

This non-financial third quarter performance report contains information about:

- Quarterly performance against quarterly and annual targets as per the SDBIP is reported on. The SDBIP contains the objectives and indicators as per the Municipal IDP as well as National indicators. The SDBIP for 2021/22 was developed to reflect cumulative performance, therefore the status of indicators reflects the overall performance level achieved in the 2021/22 Financial Year
- Measures taken to improve performance; Corrective action is included for each KPI
- Comparison of performance against set targets;
- Calculations to calculate the variance between actual quarterly performances are included for each KPI; Calculations to calculate the variance between actual quarterly performances are included for each KPI; Comparisons of performance against quarterly targets are highlighted in the form of colors based on scores which were calculated manually by the OPMSMER Unit.
- The scoring method utilized is in line with the assessment rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.
- The purpose of including these ratings and color coding is to serve as early warning indicators so that Council can easily distinguish under performance, achievements and an explanation is as per the table under 4.

#### 4.4. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDETERMINED OBJECTIVES (KPI)

The organizational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organizational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The municipality in formulating and reviewing its Integrated Development Plan (IDP) developed and adopted Strategic Goals, Strategic Objectives and Strategies which are key instruments to drive or facilitate implementation of both, the IDP and Budget in service delivery.

These Key instruments are considered as enablers to justify an organization's activities and existence, define performance standards as well as the specific tasks that must be accomplished for the municipal goals to be met. Below is the table that illustrates Strategic Goals, Objectives and Strategies as adopted by Council for implementation of IDP, Budget and operational plan (Service Delivery and Budget Implementation Plan).

IDP REF	STRATEGIC GOAL	STRATEGIC OBJECTIVE	STRATEGIES 2021/22
BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			

<b>BSD 01</b>	Universal access to basic services and infrastructure development by 2030		Improve access to all infrastructure and services	Facilitate access to electricity for all targeted households
<b>BSD02</b>				Reduce the road infrastructure backlog and maintain the existing infrastructure
<b>BSD 03</b>				Facilitate the reduction of the housing backlog
<b>BSD 04</b>				Provide efficient waste collection and management service to all targeted household
<b>BSD 05</b>				
<b>BSD 06</b>	Providing and facilitating access to social services and facilities	Improve access to all infrastructure and services		Facilitate the provision of new community facilities
<b>GOOD GOVERNMENT AND PUBLIC PARTICIPATION</b>				
<b>GGPP01</b>	To foster a culture of community involvement and good governance in the affairs of the municipality	Ensure participative, transparent and accountable Governance		Improve the public participation processes
<b>GGPP 02</b>				

GGPP 03			Ensure the municipal contribution to community safety
GGPP 04		Aspire to a healthy, safe and crime-free area	Design and implement sports, arts and heritage celebration programmes
GGPP 05		Ensure that all legislated Council structures meetings seat.	Improve the public participation processes
GGPP 06		To foster a culture of community involvement and good governance in the affairs of the municipality	Implementation of risk mitigation strategies specific to the department
FINANCIAL MANAGEMENT AND FINANCIAL VIABILITY			
MFVM 01	To develop a sustainable and efficient municipality based on sound financial management	To enhance strategic and leadership accountability	Ensure a constant and accurate financial reporting
MFVM 02			Ensure the existence of updated finance management strategies
MFVM 03			Ensure the existence of updated finance management strategies



MFVM 04			Ensure a constant and accurate financial reporting
MFVM 05			Manage and increase the municipal revenue base.
MFVM 06			Ensure that the municipality acquires goods and services in terms of supply chain regulations
LOCAL ECONOMIC DEVELOPMENT			
LED 01	Facilitate the creation of job opportunities	Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce.	Improve the community skills base
LED2			
LED 03			Ensure the empowerment of youth, women and people living with disabilities.
LED 04			Facilitate the implementation of the EPWP
LED 05			

LED 06			
LED 07			Strategic planning for Local Economic Development
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION			
MTID 01	Provision of effective, efficient, transparent and accountable leadership	Creating a conducive working environment	Maintain and improve the municipal policies
MTID 02			Ensure effective and efficient human resource management
MTID 03			Ensure effective and efficient human resource development
MTID 04			Improve performance
MTID 05			Improve information technology and document management systems
MTOD 06			Improve municipal services and infrastructure

SPATIAL RATIONAL ENVIRONMENTAL MANAGEMENT/ CROSS-CUTTING MEASURES			
SREM 01	Promoting and facilitating environmental protection and sustainable spatial planning	CBD Regeneration	Creating government precinct with efficient space for public facilities and services
SREM 03		Facilitate a creation of a disaster-ready community	Provide a framework for the spatial vision and form of Municipality
SREM 02		Ensure an integrated and aligned development planning	Ensure proper development

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

COLOUR	CATEGORY
	TOTAL NUMBER OF KPI's
	KPI'S NOT ACHIEVED
	KPI's ACHIEVED

The Service Delivery Performance Report is divided according to the National Key Performance Areas (KPA) of Local Government namely;

NO	NATIONAL KEY PERFORMANCE AREA	ACRONYM
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1	Basic service delivery	BSD
2	Good governance and public participation	GGPP
3	Municipal financial viability and management	MFVM
4	Local economic development	LED
5	Municipal Transformation and Institutional Development	MTID
6	Spatial Rational and Environmental Management	SREM

## INTRODUCTION TO MUNICIPAL PERFORMANCE

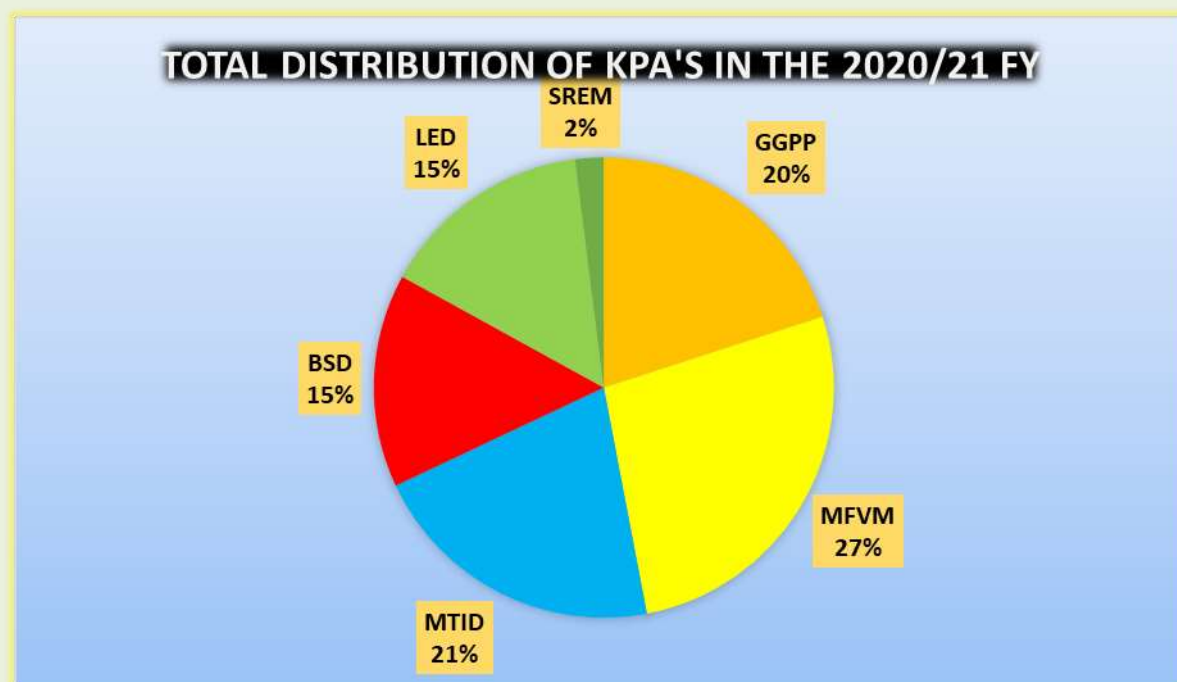
### PREDETERMINED OBJECTIVES DEPARTMENTAL SDBIP

The SDBIP serves to focus both the administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP Template is therefore included in the report for each department as follows;

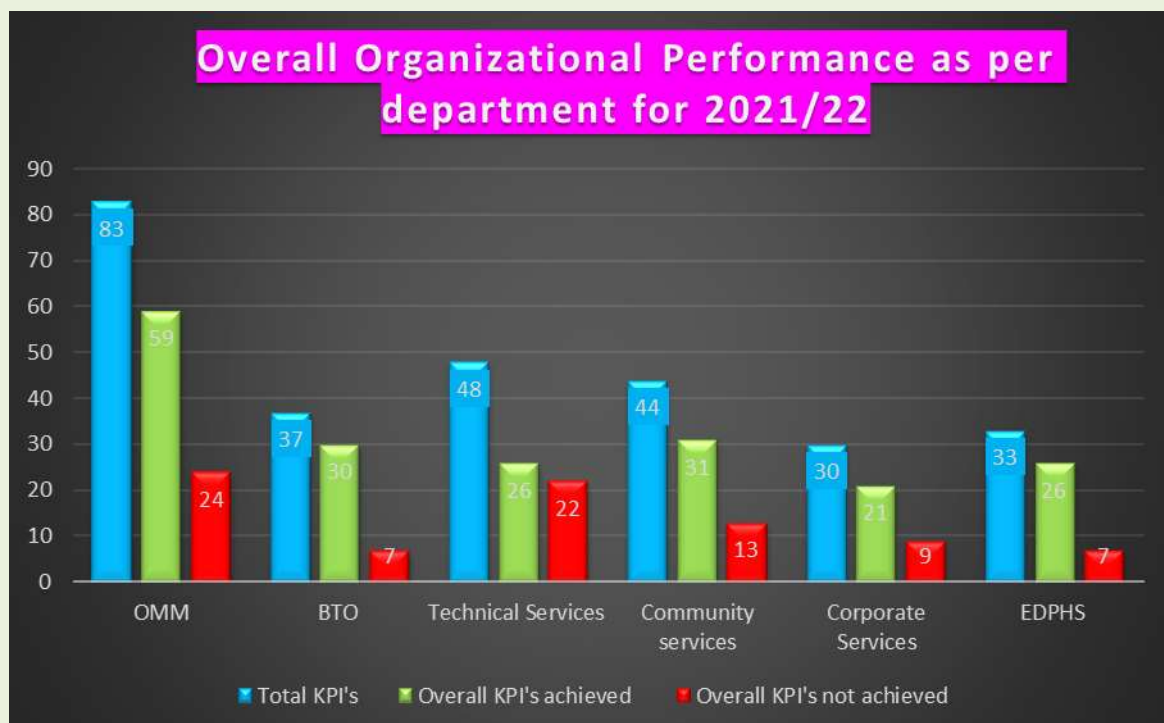
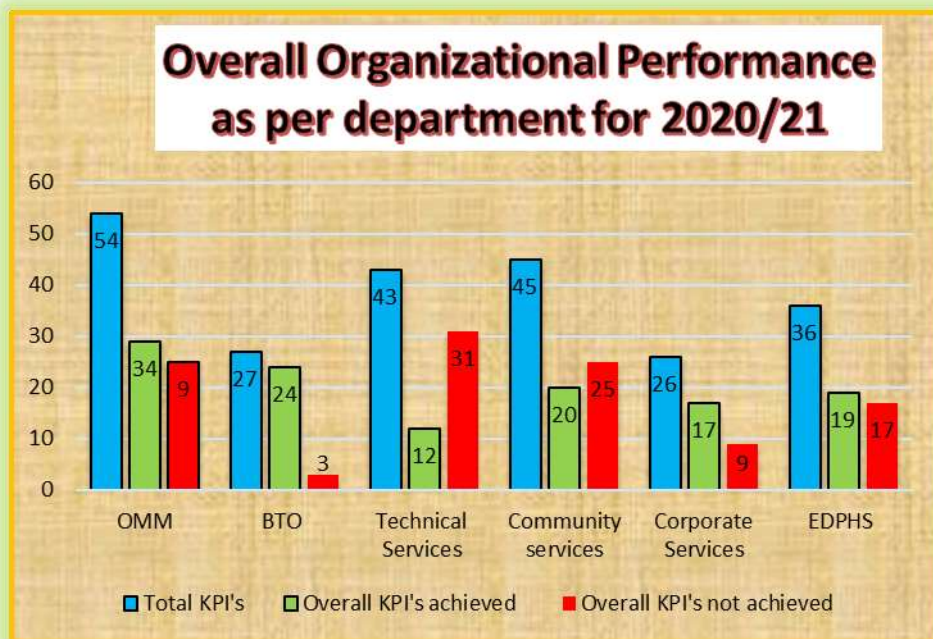
- Department: Office of the Municipal Manager
- Department: Budget and Treasury Office
- Department: Corporate Services
- Department: Economic Development Planning and Human Settlements
- Department: Technical Services and Infrastructure Development
- Department: Community Services and Public Safety

This pie chart below depicts the distribution of key performance indicator (KPI) to each national key performance area (NKPA). It is helpful to highlight the number of KPI's contributing to the NKPA because; it gives an indication where the municipality's focus is in terms of contributions towards the NKPA's.



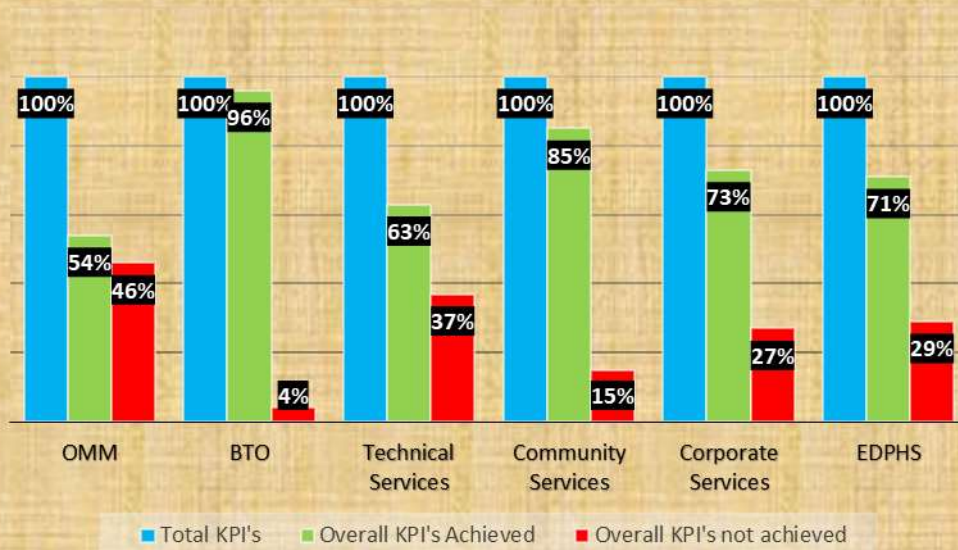
Evidently the pie chart shows that the municipality has most of its KPI's in the top two dedicated to ***Municipal Transformation and Institutional Development*** at 21% and ***Municipal financial viability management*** at 27% .***Good Governance and Public Participation*** at 20% and ***Basic Service Delivery*** at 15%, followed by ***Local Economic Development*** at 10%. The NKPA shows that ***Spatial Rational and Environmental Management*** takes 2 %.

The following graphs illustrate the overall performance of the Municipality measured in terms of the Top Layer (Strategic) SDBIP as at the end of the year that ended 30<sup>th</sup> of June 2021 and 2022 FY.

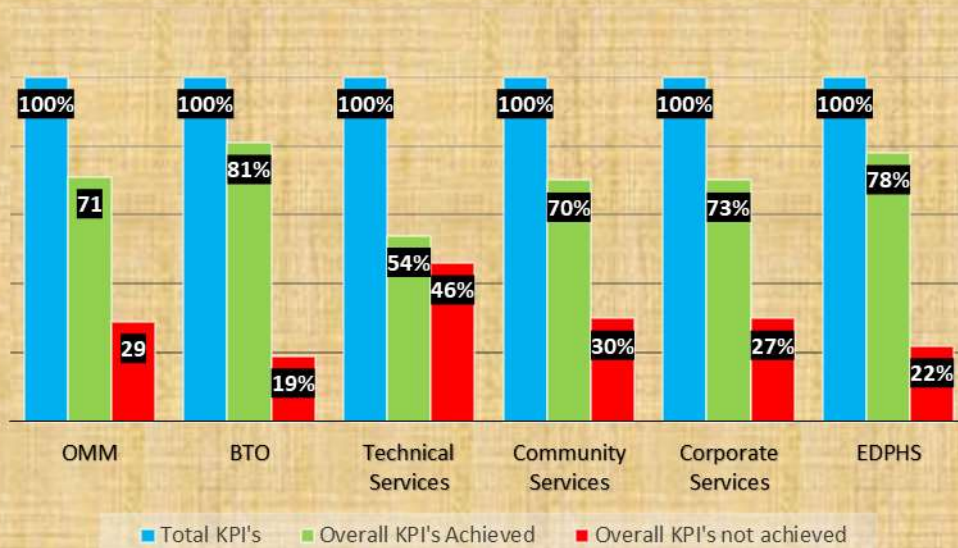




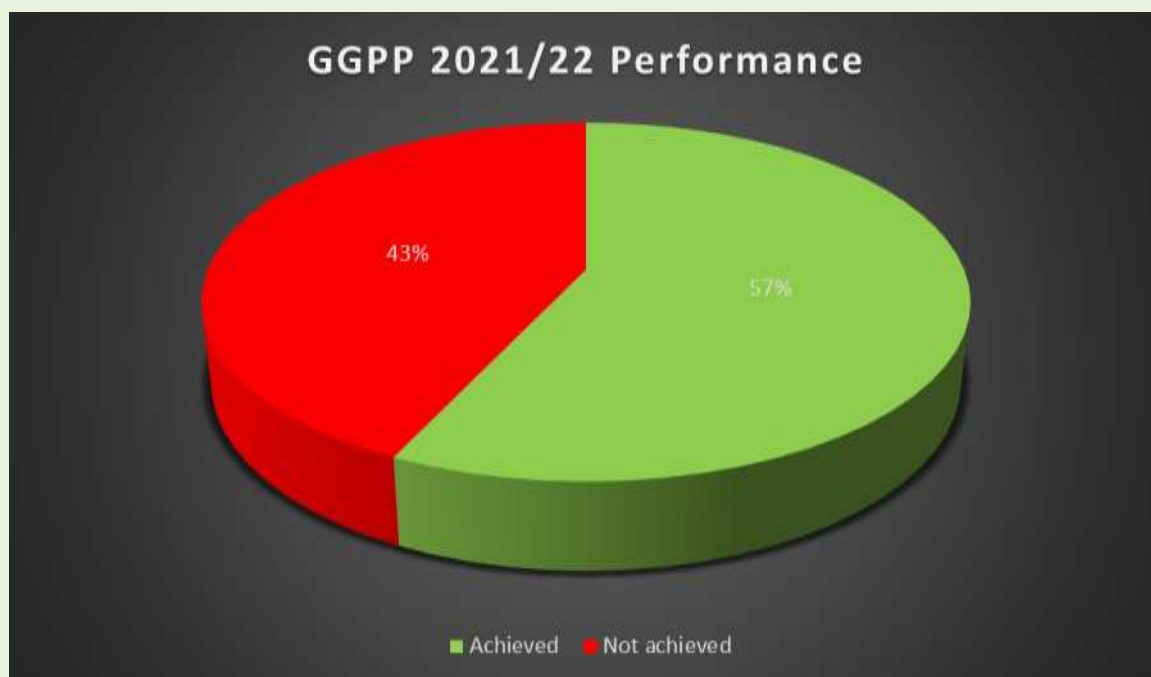
### 2020/21 Annual Performance of each departmental in percentage (%)



### 2021/22 Annual Performance of each departmental in percentage (%)







This pie chart displays the performance achieved under the Good Governance and Public Participation (GGPP) National Key Performance Area (NKPA).

As indicated there are **46** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved **43%** of their planned targets. KPI's that were not achieved were a total of 57%.

Under this KPA we focus on the following areas;

- Integrated Planning
- Policy Development
- Public Participation
- Internal Audit
- Anti-Corruption Strategy

The municipality managed to develop and adopted its New 5-year Integrated Development Plan (IDP), Performance Management System (PMS) and Budget 2017-2022 in line with the prescribed legislation (Municipal Finance Management Act, Act 56 of 2003 and Municipal

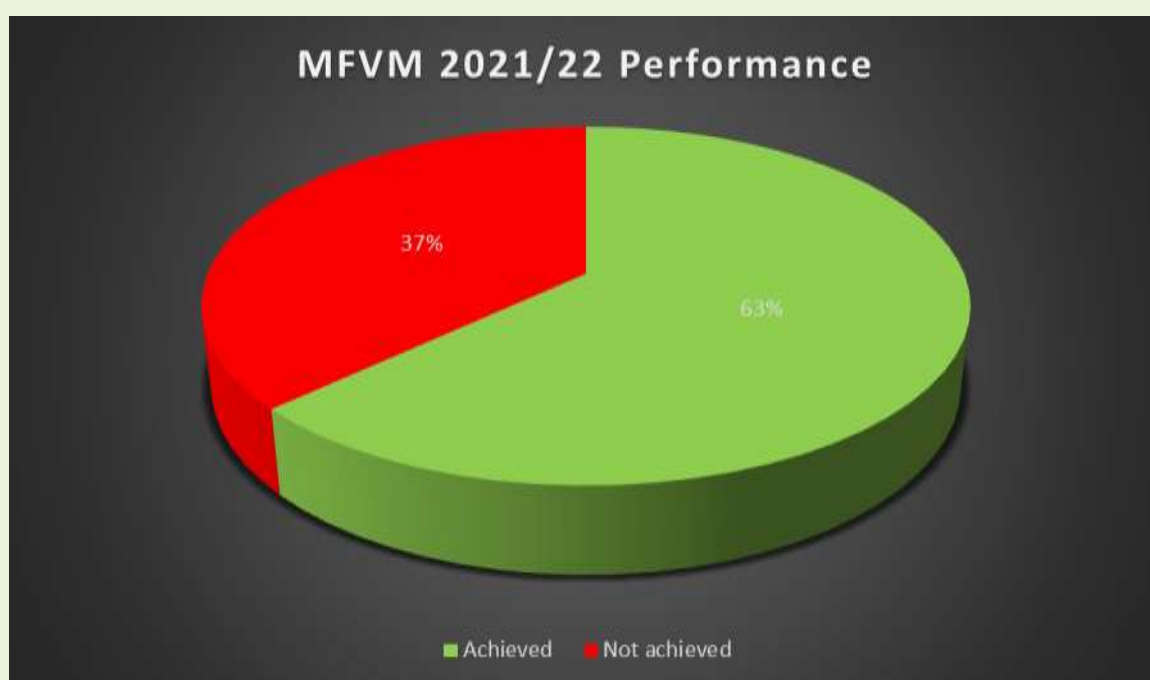
Systems Act, Act 32 of 2000 as amended). The municipality ensured that all stakeholders were engaged on the adopted process plan as a guide for the development and review of the IDP, PMS and Budget and this was done through IDP Representatives Forums and this process also included the office of the MEC for Co-operative Governance and Traditional Affairs and comments received from the said office were further affected onto the final Process Plan. Further to the above, the IDP Unit played a key role in the council strategic planning session which was held in Drakensburg in September where council deliberated on various issues including those that needed to find space in the new IDP.

- The Municipality during the term under review conducted a successful IDP Capacity Building workshop for councilors and ward committees which was aimed at inducting both councilors and ward committees on IDP related matters including the development of ward-based plans. The municipality in line with Section 16(1)(a)(i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities and other stakeholders in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Ward levels through a ward by ward approach and all other stakeholders to ascertain their needs and issues for consideration during the development of the New 5 year Integrated Development Plan and Plan.
- Also, the municipality through SECO Partnership received the outcomes of the 2014 survey conducted by the World Bank on “Doing the Business within iLembe and Mandeni” and the results proved the processes and turn-around time for compliance before investors actually start their businesses to be lengthy and complicated.

## COMPONENT B: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No.56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and to perform budgeting, accounting, analysis, financial reporting cash management, debt management, supply chain management, financial management, review and other duties.

Below is a graph demonstration of the performance of this department in the 2021/22 financial year.



This pie chart displays the performance achieved under the Municipal Financial Viability Management (MFVM) National Key Performance Area (NKPA).

### MONITOR THE EXPENDITURE OF THE MUNICIPALITY'S BUDGET

The municipality continues with proper budget monitoring on its expenditure in the 2021/22 financial year. However, allocated budgets being not fully utilised by the end of June 2022 were due to some projects that were brought to halt such as 'Number of households to be provided with electrification infrastructure (Dry Connections) in eHlanzeni ward 7 and ready to be energised by 31 March 2022' and 'Number of

households to be provided with electrification infrastructure (Dry Connections) in Okhovothe Ward 12 and ready to be energised by 31 March 2022' not being achieved.

Delays were experienced by the contractors with Eskom in regards to eHlanzeni and Okovothi contractors did not have an approved subcontracting list.

The percentage of INEP expenditure was sitting at 41 % at the end of 2021/22 financial year due to these experienced snags.

'Number of households to be provided with electrification infrastructure (Dry Connections) in Dendethu / Wetane Project - Ward 5 and ready to be energised by 31 March 2022' was a project that also experienced difficulties as the municipality could not find a suitable service provider within the available budget as bidders' prices were above the available budget.

The percentage spent on MIG was 100% at the end the 2021/22 financial year. The Municipality had really put in efforts to ensure expenditures. R 37 232 000 was spent and this meant that all MIG aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting and was therefore achieved.

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#### PAY ALL SUPPLIERS WITHIN A LEGISLATED PERIOD

We continue to do well on the payment of creditors. The outstanding balances are linked to issues identified on the individual invoices. Reasons are normally given of the dispute for reconciliation to be done before invoice can be paid.

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#### CONDUCT ALL EXPENDITURE RECONCILIATIONS

For the reliable financial information it is crucial that reconciliations are done monthly. This is what makes it easy for the municipality to be able to give better assessment of the budget. The ability to produce a trial balance allows us to produce the financial statements quarterly and give analysis of information and ratios. Monthly reports are sent to the portfolio committee with all relevant information for decision making. Section

71 reports are produced for the Mayor and submitted to treasuries as per budget reporting format.

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## MANAGE THE MUNICIPAL ASSETS

The municipality has improved in the administration of assets. The capacity in the unit was provided. This has made it possible to shift from involving external resources by build capacity internally.

Continuous assessment of assets for impairment is being done. It is appreciated that the unit is now able to account for depreciation on a monthly basis. Monthly reconciliations are a contributing factor to a good report from the auditor general.

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## IMPROVE THE COLLECTION RATE

The balance of the amount outstanding from debtors has Increased from 164 million to R 181 million in the period from 01 July 2021 to 30 June 2022 (9% Increased).

The culture of non-payment by ordinary households due to poor database and sanctioning tools is still a contributing factor to our poor revenue collection.

Debt pack have been re-appointed, Debt collectors had been appointed and trained on using debt Management system, the process of telephonic collection, sending our smises, letters of demand has commenced, the institution of legal proceedings will soon be implemented.

Debt collection measures will be improved after the policy review by issuing summons with the intention to attach movable property. This initiative is however a slow process because of the sheriff's involvement. They cannot cope with the number of summons to be served.

The collection process is also affected by the non-cooperation of the community when they are invited to register for indigent benefits.

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## CONDUCT ALL REVENUE RECONCILIATIONS

The municipality has adopted the revenue enhancement strategy. This is being implemented. This strategy is a process that is mainly supported by external stakeholders. Its impact will be assessed going forward. At this point in time it is important that an opportunity is given for its support.

We have advanced with the prepaid supply of electricity system. We will guarantee electricity billing. Monthly billings of all services are done. Other income is supported to supplement the cash flow that is so needed. Income generated from interest on investment is according lower than the budget due to low levels of cash. These reports are monthly submitted to the portfolio committee.

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## MANAGE THE SUPPLY CHAIN PROCESSES.

The success of the SCM Unit is dependent on the role played by the user departments. To control the unit, the procurement plans were instituted and implemented. However, these plans are not perfectly followed. Improvement is monitored through working together with other departments.

Bid Committees have worked tremendously to support the functioning of the unit. At the close of June 2020 all tenders were awarded. Due to poor planning in some units there is an increase in deviations. This situation is being addressed.

Contract management is earmarked for improvement as this is an area that the report of the auditor general has pointed out some weaknesses, including the maintenance of documents, monitoring of service providers, transfer of skills etc. A proper training is envisaged in this regard for proper procedures to be in place.

Going forward this sitting of the Bid Committees will be scheduled. The SCM unit will be provided with permanent qualified personnel and improve the workflow processes.

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## PERFORM MONTHLY FINANCIAL REPORTING

Mandeni Municipality is able to produce the budget in time as expected and in the format that is required. Monthly S71 reports are produced and reported to Treasury. It is appreciated that the municipality is able to report on the norms and standard ratios as recommended by National Treasury in Circular 72

In the implementation of the budget it is noted that other line items are overspent. Some of these overspending is caused by non-compliance with the procurement plans. Others are due to unforeseen circumstances. These will result into unauthorized expenditure. The adjustment budget has dealt with these anomalies.

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#### PERFORM QUARTERLY FINANCIAL REPORTING.

As part of the assessment for half yearly budget performance section 52 report was prepared for submission to the Mayor and Council. The significance of this report in the half year review is that it gives the cumulative performance of the budget that is assisting to the preparation of section 72 report.

Due to improvement in the information technology it is important that the department is on par with technology available and the new trend of doing things. Part of improving performance of the municipality is to improve systems integration through resource management planning.

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#### PERFORM ANNUAL FINANCIAL REPORTING.

The achievements were high in the submission of annual financial statements in that the reports were audited and found to have no errors in the past three years.

We continue to review the standards of reporting of financial information. It assists that now we are able to produce financial statements periodically and review information against the standards such that we have fewer issues at year end when we finally produce annual financial statements. It is important that a compulsory workshop be attended to build capacity.

The standard chart of account mSCOA was introduced by National Treasury. The objective of the regulation is to provide a national standard for uniform recording and classification



of municipal budget and financial information at a transactional level by providing standard chart of accounts aligned to budget formats and accounting standards.

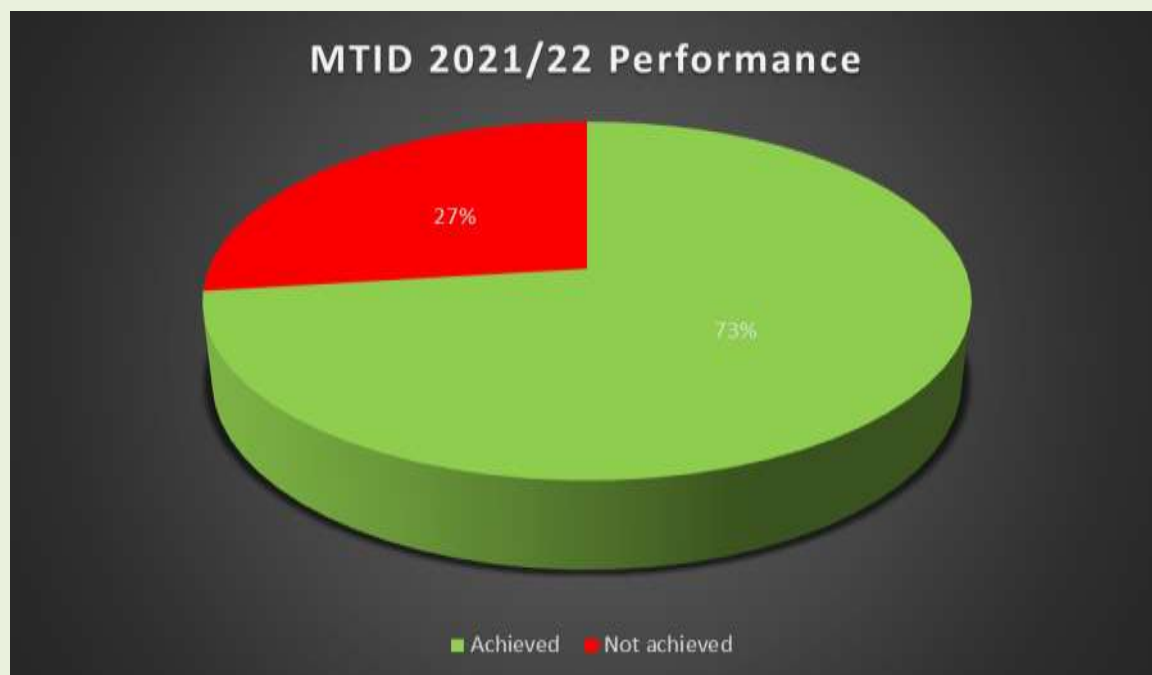
The municipality prepared and adopted its budget for 2021/22 MTREF financial year in an mSCOA classification framework which is made up of seven segments.

The revenue generated by the Department has contributed towards the municipal revenue base during the year under review. Further awareness campaigns will be conducted by the Department on the various bylaws applicable in each section to ensure that there is an improvement in the level of compliance by the community which will further increase the departmental contribution towards the overall municipal revenue stream.

To ensure effective Municipal Financial Viability and Maintenance the Municipality did the following;

- Regular reporting is being done to funders of grants as per funding requirements and compliance with the Division of Revenue Act. (NDPG, MIG, EPWP, FMG and INEP).
- Maintain and improve municipal cash flows
- Spent 100% of MIG funding.
- Participated in MSCOA implementation by ensuring attendance to Project Steering Committee meetings held quarterly by the Budget and Treasury department.

COMPONENT C: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL  
DEVELOPMENT



This pie chart displays the performance achieved under the Municipal Institutional Transformation and Development National Key Performance Area (NKPA).

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#### ADOPTION OF MUNICIPAL POLICIES AND FIVE YEAR HR STRATEGY

- On the 30<sup>th</sup> of June 2022, the Identification, review and adoption of municipal policies was achieved.
- The IDP aligned organizational and departmental organograms were Developed and adopted on the 30<sup>th</sup> of May 2022

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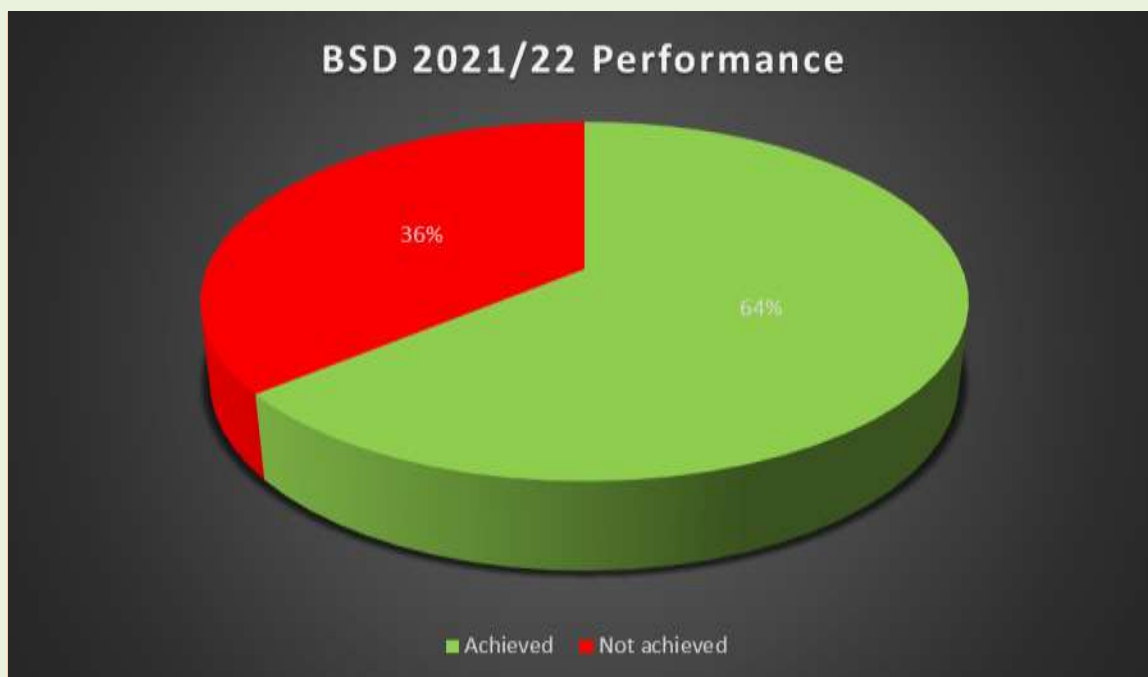
#### EMPLOYMENT EQUITY PLAN, LOCAL LABOUR FORUM AND LABOUR RELATIONS

- *Maintenance of the functionality of the Local Labour Forum was achieved by holding 8 Local Labour Forum meetings, the target was 4 and the department had a variance of 4. The Reason for this variance was that several institutional, policy and employee related issues needed to be addressed.*
- 4 quarterly Labour relations reports were submitted to MANCO in the year 2021/22, the actual target was met.

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#### SKILLS DEVELOPMENT

- The Municipality conducted the Skills 2021/22 auditing process.
- The workplace skills plan was developed and was adopted by the HRDC on the 27<sup>th</sup> May 2022.
- *The workplace skills plan was submitted to LGSSETA on the 29 May 2022.*
- *The total Number of employees that were trained according to the WSP prescriptions were 120. The actual target was 120. The target was achieved.*
- The Actual amount spent on skills development in the 2021/22 financial year was R177 067.48. The targeted amount to be used was R382 059.63.
- For Effective implementation of recognized collective agreements, applicable legislation and policies, the Department Conducted workshops half-yearly on collective agreements and applicable legislation and policies.



This pie chart displays the performance achieved under the Basic Service Delivery National Key Performance Area (NKPA).

The municipality in partnership with the Department of Human Settlements has been continuously delivering low cost houses through RDP Programme in both Urban and Rural areas of Mandeni.

- The municipality during the Financial Year under review had only 4 housing projects that were under construction funded by the Department of Human Settlements (DoHS) during the 2021/22 financial year being Inyoni Integrated Housing Project (Ward 3, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18), phase four of the Macambini Rural Housing Project (Ward 1, 2, 8 and 9) and phase two of the Isithebe Rural Housing Project (Ward 11, 12, 16, 17 and 18). A lot of progress was registered during the financial year under review in the various housing projects which is further detailed below:
- **Inyoni Housing Project:** In the 2021/2022 financial year construction of units under project phase 02 and 03 was underway for approved beneficiaries for ward 3, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18. The progress made as at 30 June 2022 includes a total number of 159 foundations completed; 61 wall plates completed, 98 roof structures and 1038 completions. There are 1092 greenfield sites yet to be constructed. The contract of appointment of the

implementing agent lapsed in May 2022, the Municipality has submitted a request to the Department of Human Settlements to appoint an implementing agent to complete outstanding works in phases 1,2 and 3. The Municipality, in collaborative efforts with Department of Human Settlements and Ilembe District Municipality, has initiated processes towards the installation of bulk and internal services infrastructure in Phase 4 of the project. The project has been faced with challenges of beneficiary administration and one of the interventions undertaken is to conduct door-to-door verifications of units occupied. This process is still on-going. Missing beneficiaries that were advertised as per policy prescripts adopted by the Department of Human Settlements have been submitted to the Department for deregistration.

- **Isithebe Rural housing (11,12, 16, 17 and 18):**

The Department of Human Settlement approved 300 units for Phase 2 of the project (300 out of 2000 units). As at 30 June 2022 a total of 600 units have been constructed in the project. A request to implement phase 3 of the project consisting of 300 units has already been submitted to the Department of Human Settlements for MEC funding approval. Phase 3 of the project will only commence once the MEC approval has been granted. Employment opportunities yielded from the project phase include Majozi Brothers (Slabs) and KTTK Holdings (Wall plates and completions) for the construction of phase 2 houses. Smonyo and Victory Ticket (VIPs). Saves to highlight that the concrete blocks utilized to construct the housing units is obtained locally from a SMME located within the project area.

- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project has progressed significantly in its construction programme; phases one, two and three of the project consisting of 1350 units have been completed and handed over the beneficiaries. Phase. 4 of the project consist is under construction. As at 30 June 2022 a total of 150 units have been completed, 195 are built to roof level, 3 are built up to wall-plate level and 2 are at foundation level. A request to implement phase 5 of the project consisting of 300 units has already been submitted to the Department of Human Settlements for MEC funding approval. Phase 3 of the project will only commence once the MEC approval has been granted.

- **Title Deeds Restoration Programme; Tugela Ext 3 & Sundumbili Township R293 Properties:** During the title deeds restoration programmes serves well to promote secure tenure for the

residents of Mandeni who have been in recipient of housing subsidies pre and post 1994. As at 30 June 2022 a total of 1358 title deeds have been transferred under the Hlomendlini Housing Project. The Municipality has initiated a process to appoint a conveyancer to assist with the beneficiary verification of 549 cases with disputes under the projects, as well as 430 cases identified to have disputes in the Sundumbili area that were recorded previously under a pilot project implemented by the World Bank and Vuthela. Significant progress has been with the conveyancing activities of Inyoni IRDP project, this includes the registration of township register for phase one of the project and first batch of 63 title deeds have been lodged at the Deeds Registrar.

- **Operation Sukuma Sakhe (OSS) cases:** The OSS programme caters for extraordinary circumstances of people living under highly vulnerable conditions that require urgent human settlements intervention. As at 30 June 2022 the Department of Human Settlements has approved funding for the implementation of 30 OSS cases across wards 1,2,3, 6, 9, 10,12 and 15 and currently undertaking SCM processes to appoint service provider to implement the project. A further 17 cases across wards 6, 11 and 16 have been approved for funding by the Department, 16 of these case will be infiltrated into Isithebe Rural Housing Project, 1 into Macambini Rural housing Project and 23 into Inyoni IRDP.



This pie chart displays the performance achieved under the Local Economic Development National Key Performance Area (NKPA).

This NKPA is needs to be closely monitored as it has a huge impact on service delivery and is essential for the economic growth of the municipality

### SMME'S

- The number of SMME's and Cooperates supported on Quick Win by 30 June 2022 had a target of 36, but the municipality achieved 37. There was a need to ensure all wards benefitted.

### COMMUNITY WORKS PROGRAMME (CWP)

- A target of 200 jobs sustained through construction of RDP housing projects by 30 June 2022 was set. However, 634 jobs were created.

### REGISTRATION BURSARIES AWARDED TO BENEFICIARIES

- Registration bursaries for matriculants and scholarship awards was achieved on the 23 February 2022.





THIS PIE chart displays the performance achieved under the Spatial Rational and Environmental National Key Performance Area (NKPA).

#### FORWARD PLANNING

- The municipality as part of forward planning has developed Local Area Development Plans for both Dokodweni and Tugela Mouth areas to guide strategic developments through both public and private investments which have been adopted during the mid-year of 2021/22 financial year.

#### LANDUSE MANAGEMENT

- In terms of Land Use Management, the planning unit successfully completed the review of the Urban Town Planning scheme which was reviewed in –house by the Mandeni Municipality planning team, together with the ILembe shared services colleagues. A number of stakeholder engagements were conducted during this exercise to sensitise stakeholders on the implications of the newly reviewed scheme including the reviewed zonings and development controls. The reviewed scheme was presented at various council structures.

- The Municipality in its implementation and compliance with Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) processes development applications through the District Joint Municipal Planning Tribunal (MMN JMPT) constituted by the three local Municipalities namely Mandeni, Maphumulo and Ndwedwe Municipality. During the year under review, a total of 9 planning applications were received by the Municipality for assessment. Four applications were been tabled to the MMN JMPT for approval and 3 were approved with conditions and 1 application was referred back to the applicant. The other five (5) applications are within the legislated timeframes and are being subjected to the legislated processes of SPLUMA.
- The Planning unit continues to receive applications pertaining to land requests for various uses ranging from the establishment of small businesses to the establishment of municipal office space by government departments and service delivery projects by the internal municipal departments. These applications and requests are channeled through the various council structures accordingly.

### 4.5. DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022 (AS PER SDBIP)

The SDBIP serves a critical role to focus both the Administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the Mayor, Council (Executive) and the Administration, and facilitates the process for holding Management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the Mayor, Councillors, Municipal Manager, Senior Managers and Community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of Senior Management

and achievement of the strategic objectives set by council. It enables the Municipal Manager to monitor the performance of Senior Managers, the Mayor to monitor the performance of the Municipal Manager, and for the Community to monitor the performance of the Municipality.

The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and the Senior Managers determined at the start of every financial year approved by the Mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP's for each department are attached as annexure as follows;

- ✚ Department: Office of the Municipal Manager
- ✚ Department: Budget and Treasury
- ✚ Department: Technical Services and Infrastructure Development.
- ✚ Department: Community Services and Public Safety.
- ✚ Department: Corporate Services
- ✚ Department: Economic Development Planning and Human Settlements.

Departmental SDBIP indicates performance indicators per National Key Performance Areas and comments with corrective measures with regards to indicators not achieved for the office of the Municipal Manager, Budget and Treasury Office, Technical Services, Community Services, Corporate Services and EDP Department.

The following are departmental annual performance summaries for the 2021/22 financial year;

Below is a graphical demonstration of how the Departments performed in the year in review;

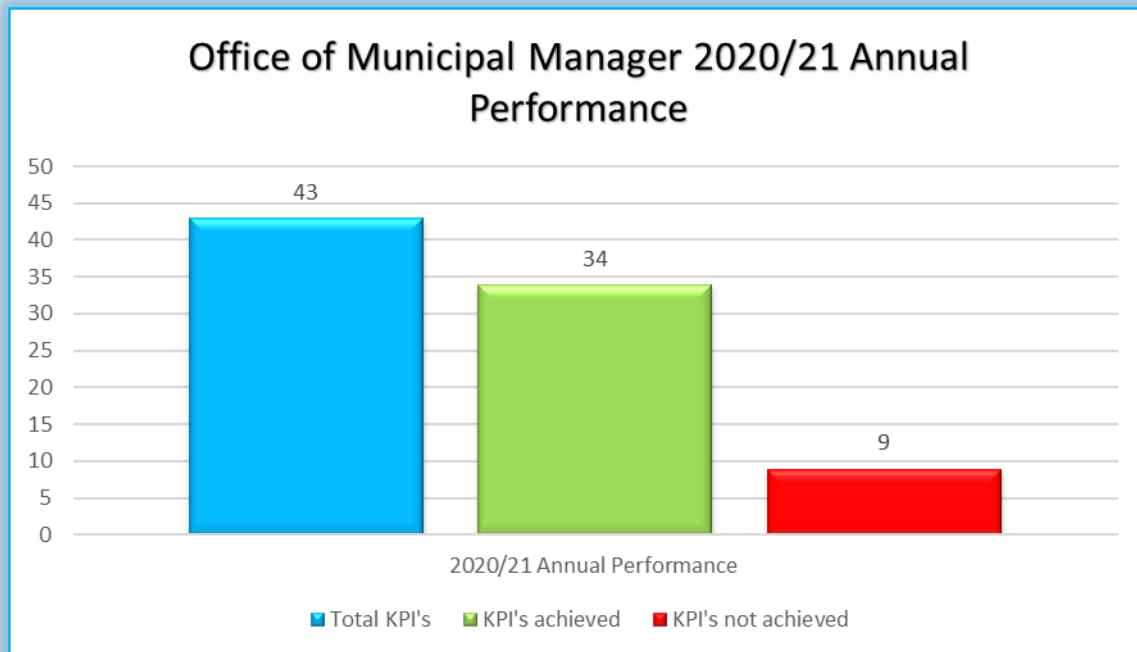


#### A. OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is the nerve centre of Mandeni Municipality. The municipality has achieved tremendous progress since the new administration assumed office. The Municipal Manager's office has recently beefed-up its human resources capacity through the establishment of the following units:

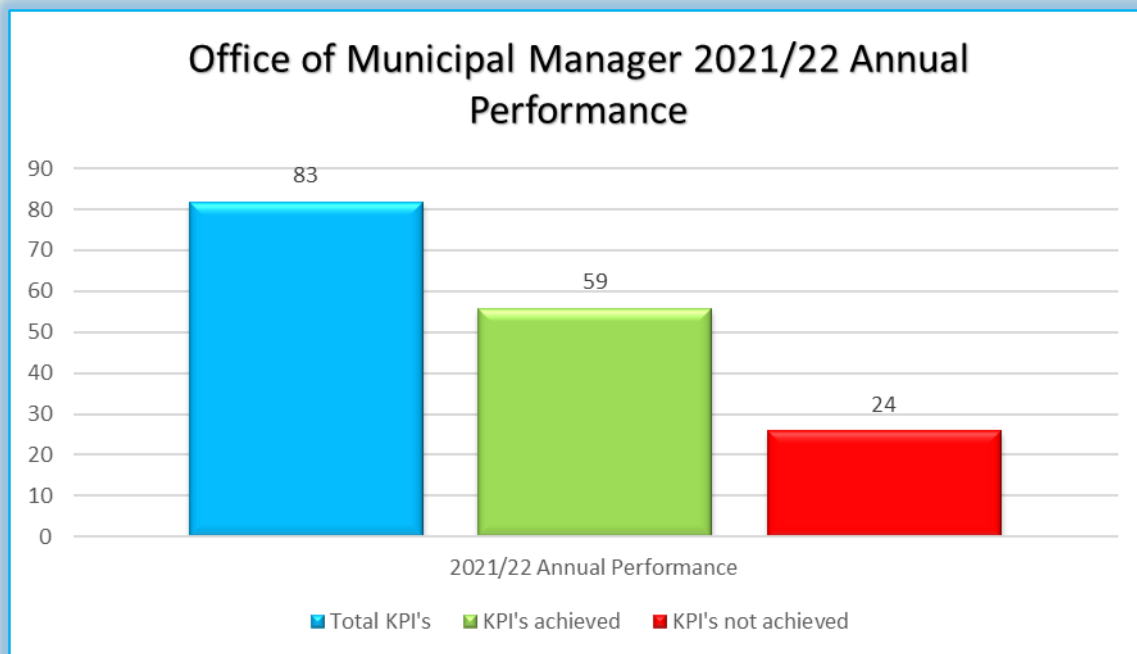
- ✚ Internal Audit
- ✚ Performance Management Systems
- ✚ Special Programmes
- ✚ Municipal Public Accounts
- ✚ Communication
- ✚ Public Participation

Below are the graphs representing the performance of the Municipal Manager's Office in the 2020/21 and 2021/22 financial years and a comparative SDBIP of the Office of the Municipal Manager's performance;



	Number of KPI's	Percentage of KPI's
Total KPI's	43	100%
KPI's achieved	34	79%
KPI's not achieved	9	21%

The Office of the Municipal Manager had a total of 83 KPI's. 59 targets were achieved, whilst 26 targets were not achieved. This translates to an overall achievement of 71% of the KPI's for Office of the Municipal Manager. A number of KPI's were not achieved due to floods which took place during the third quarter of the 2021/22 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	83	100%
KPI's achieved	59	71%
KPI's not achieved	24	29%

## OMM 2021/22 DEPARTMENTAL SCORECARD

IDP REF	K P I N O .	Key performance indicator 2021/22	2020/21		2021/22		REASON FOR VARIENCE	CORRECTIVE MEASURES	POE	Responsible Dept
			TARGET	ACTUAL	TARGET	ACTUAL				
BASIC SERVICE DELIVERY										
BSD 01	1	Number of households to be provided with electrification infrastructure (Dry Connections) in Dendethu / Wetane Project - Ward 5 and ready to be energised by 31 March 2022	N/A	N/A	170	0	Not achieved Delays with allocation letter from DMRE and MOU from Eskom	N/A	Signed progress report from Consultant	OMM
BSD 01	2	Number of households to be provided with electrification infrastructure (Dry Connections) in Khenana Phase 5 Ward 10 and ready to be energised by 31 March 2022	N/A	N/A	100	0	Not achieved 2020/21 application for Rollover of INEP funds was not approved	N/A		OMM
BDS 01	3	Number of households to be provided with electrification infrastructure (Dry Connections) in eHlanzeni ward 7 and ready to be energised by 31 December 2021	N/A	N/A	100	0	Not achieved Delays with Eskom	Request for extension of time	Signed progress report from Consultant	OMM



<b>BSD 01</b>	<b>4</b>	Number of households to be provided with electrification infrastructure (Dry Connections) in Okhovothei Ward 12 and ready to be energised by 31 December 2021	N/A	N/A	100	0	Not achieved The contract or has not resumed any activities on site and is not responding with a recovery plan or siting any further challenges.	Intention to terminate was issued on the 24th of May 2022.		OMM
<b>BSD 02</b>		Date of G5 layer construction of Nyoni Taxi Route Phase 4 to be completed by 30 June 2022	N/A	N/A	N/A	N/A	PROJECT MOVED TO 2022/23	N/A	Practical Completion Certificate	OMM
<b>BSD 02</b>	<b>5</b>	Date of construction of Community Hall in Ward 13 to practical completion stage by 31 March 2022	N/A	N/A	31-Mar-22	Not Achieved	Contractor is experiencing Cash flow problems. The project is 60% complete.	Slow progress letter was issued on the 16th of February 2022. The letter was issued to the Contractor indicating that penalties will be charged on a daily basis.	Practical Completion Certificate	OMM

BSD 02	6	Date of registration of upgrade and Improvement of Bumbanani Road on MIG system by 31 March 2022	N/A	N/A	31-Mar-22	Not Achieved	The visual inspection was only done in February. The consultant was heavily affected by the KZN floods that destroyed all the information in their offices.	Prepare MIG 1 Business Plan upon approval of the Preliminary Design Report. The Consultant to re-do the Geotech investigations	Copy of NOR letter from COGTA	OMM
BSD 02	7	Date of upgrade of Rural Roads Phase 4(b) - in Ward 6 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	Not Achieved	The project is 90% complete due to the April floods that affected the progress of the project. The project was also delayed by the approval of the EIA.	The contractor is being monitored on a monthly basis.	Practical Completion Certificate	OMM

<b>BSD 02</b>	<b>8</b>	Date of upgrade of Rural Roads Phase 4(a) - in Ward 11 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	Not Achieved	The project is 90% complete due to the April floods that affected the progress of the project. The sub contract or appointed had cashflow challenges which caused a delay.. More inclement weather was experienced.	The contractor is being monitored on a monthly basis.	Practical Completion Certificate	OMM
<b>BSD 02</b>	<b>9</b>	Date of Road rehabilitated at Stratton Circle in ward 3 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	29-Jun-22	N/A	N/A	Practical Completion Certificate	OMM
<b>BSD 02</b>	<b>10</b>	Date of Road rehabilitated at Richard Circle in ward 3 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	29-Jun-22	N/A	N/A	Practical Completion Certificate	OMM
<b>BSD 02</b>	<b>11</b>	Date of Road rehabilitated at Mathews in ward 3 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	29-Jun-22	N/A	N/A	Practical Completion Certificate	OMM

<b>BSD 02</b>	<b>1 2</b>	Number of kilometres of rural gravel roads repaired and maintained in-house in wards 1,2,4,5,6,7,8,9,10, 11,12,16,17,18 by 30 June 2022	N/A	N/A	250k m	376.23 km	N/A	N/A	Measurement reports	OMM
<b>BSD 02</b>	<b>1 3</b>	Number of m <sup>2</sup> potholes repaired in wards 2,3,4,7,10,12,13,14,15 on urban roads by 30 June 2022	N/A	N/A	2000 m <sup>2</sup>	2390.7 m <sup>2</sup>	N/A	N/A	Measurement Reports	OMM
<b>BSD 03</b>	<b>1 4</b>	Number of new RDP houses constructed in Wards 1,8, 10, 11, 12, 16,17 and 18 by 30 June 2022	N/A	N/A	600	693	N/A	N/A	Completion certificates	OMM
<b>BSD 03</b>	<b>1 5</b>	Number of Pre and Post 1994 units transferred in Ward 3,4,7, 10,13,14 and 15 by 30 June 2022	N/A	N/A	500	350	Delays in opening of township register and subsequent transfers for Inyoni IRDP	appointment of new implementing agent	<b>List of title deeds handed over showing ID numbers and names of beneficiaries with Lot numbers and Signatures to list of transfer documents</b>	OMM
<b>BSD 04</b>	<b>1 6</b>	Number of weekly waste collection in 18 municipal wards (261)by 30-June-2022	N/A	N/A	261	261	N/A	N/A	Waste collection plan and register	

<b>BSD 05</b>	<b>17</b>	Number of m <sup>2</sup> of monthly grass-cutting performed in all Wards by 30 June 2022	N/A	N/A	7 100 458 m <sup>2</sup>	8 060 394 m <sup>2</sup>	Grass-cutting didn't take place in the month of June due to the grass being dormant during the winter season.	Targets should be reduced during the Winter months.	Grass cutting schedules/ registers	
<b>BSD 05</b>	<b>18</b>	Date of establishment of Recycling Program in ward 16 by 30 June 22	N/A	N/A	30-Jun-22	Not Achieved	Logistics were not initiated timeously.	Community Services to achieve this in the 2022/23 FY	Memorandum of Opening Launch of the Recycling Centre and attendance register	
<b>BSD 05</b>	<b>19</b>	Date of completion of Beautification of Access No.1 in Mandeni by 31 December 2021	N/A	N/A	31-Dec-21	16-Dec-21	N/A	N/A	Dated photos and Completion certificates	
<b>BSD 06</b>	<b>20</b>	Date of overlaying of top surface at Spar parking area in Ward 3 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	30-Jun-22	N/A	N/A	Practical Completion Certificate	OMM

<b>BSD 06</b>	<b>2 1</b>	Date of completion of construction for DLTC phase 1 top structure and G7 Layer by 30 June 2022			30-Jun-22	Not Achieved	Project was terminated due to the slow progress by the contract or	Project to be re-advertised.	Practical Completion Certificate	OMM
<b>MFV M 01</b>	<b>2 2</b>	Number of monthly Section 71 reports compiled and submitted to Treasury by 30 June 2022	N/A	N/A	12	12	N/A	N/A	Sec 71 reports/ email / acknowledge of receipt	OMM
<b>MFV M 01</b>	<b>2 3</b>	Date of submission of Section 72 reports to Council by 25 January 2022	N/A	N/A	25-Jan-22	27-Jan-22	N/A	N/A	Council resolution	OMM
<b>MFV M 01</b>	<b>2 4</b>	Number of quarterly Section 52 reports compiled and submitted to council by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Sec 52 reports	OMM
<b>MFV M 01</b>	<b>2 5</b>	Percentage of operational budget spent by 30 June 2022	N/A	N/A	100%	109%	N/A	N/A	Management account	OMM
<b>MFV M 01</b>	<b>2 6</b>	Date of submission of 2022/23 Mscoa compliant budget to council for adoption by 31 May 2022	N/A	N/A	31-May-22	31-May-22	N/A	N/A	Council Resolution	OMM

<b>MFV M 02</b>	<b>2 7</b>	Amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2022	N/A	N/A	R40,000	R236,091.02 Not achieved	Amount of programmes that were scheduled for the weekend to accommodate the availability of the public.	Implement mechanisms that will monitor and manage the number of staff working over the weekends and reduce the number of staff members.	Report from finance showing expenditure on overtime	OMM
<b>MFV M 06</b>	<b>2 8</b>	Date of procurement plans for 2022/23 FY approved by Municipal Manager by 30 June 2022	N/A	N/A	30-Jun-22	Not Achieved	Departments late submissions to the SCM unit.	Management to implement consequence management in terms of adhering to deadlines.	Signed procurement Plans	OMM
<b>MFV M 03</b>	<b>2 9</b>	Date of reviewed Budget Related Policies adopted by Council by 31 May 2022	N/A	N/A	31-May-22	31-May-22	N/A	N/A	Council Resolution	OMM



MFV M 01	3 0	Date of submission of 2020/21 Annual Financial Statements and Annual Performance Report to Auditor General by 31 August 2021	N/A	N/A	31-Aug-21	31-Aug-21	N/A	N/A	Acknowledgement of receipt by AG	OMM
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGPP 01	3 1	Number of monthly media slots acquired with the national and local radio stations by 30 June 2022	8	37	12	59	there were programmes that needed to be broadcasted on radio.	N/A	Reports and Media Clips	OMM
GGPP 01	3 2	Number of quarterly newsletters issued to general public by 30 June 2022	4	4	4	4	N/A	N/A	Copies of newsletters	OMM
GGPP 01	3 3	Number of bi-annual disciplinary Board meetings co-ordinated by 30 June 2022	2	2	2	1	No meeting held in Q4 since the composition of the board is being revised.	The appointment of new members of the board will be finalised by 30 Sept 2022.	Attendance Registers, notice and agenda	OMM
GGPP 01	3 4	Date of presenting 2020/21 Annual Report to community by 31 Mar 2022	27-May-21	05-Aug-21	31-Mar-22	16-Mar-22	N/A	N/A	Copy of Annual Report/ Attendance register	OMM

GGPP 02	35	Number of quarterly ward committee functionality reports submitted to Council by 30 June 2022	4	2	4	2	Ward Committees were elected at the start at the new Council term.	Functionality will be reported after training and induction of the ward committees.	Council Resolution	OMM
GGPP 02	36	Number of EXCO meetings co-ordinated by 30 June 2022	11	11	12	9	EXCO didn't sit in Q2 due to the local elections taking place. New EXCO members were not yet elected.	N/A	Attendance Registers, notice and agenda	OMM
GGPP 01	37	Number of Council meetings co-ordinated by 30 June 2022	7	11	10	17	A need for special council meetings	N/A	Attendance Register, agenda and notices	OMM
GGPP 01	38	Number of quarterly Audit Committee meetings co-ordinated by 30 June 2022	4	4	4	5	A Special meeting had to sit.	N/A	Attendance Register & Agenda	OMM
GGPP 01	39	Number of quarterly Municipal Public accounts committee meetings co-ordinated by 30 June 2022	4	4	4	3	Snr Management attends MPAC only when invited by MPAC members	MM should attend MPAC meetings as and when invited by members of the Committee	Attendance Register, signed minutes & Agenda	OMM

								tee.		
<b>GGPP 01</b>	<b>4 0</b>	Number of monthly MANCO meetings held by 30 June 2022	12	11	12	12	Due to the finalization of the budget, IDP and other related documentation, Management meetings are postponed to prioritise these.	Perhaps the meetings can sit during the week if they didn't sit on a Monday.	Attendance Registers	OMM
<b>GGPP 01</b>	<b>4 1</b>	Number of monthly Top MANCO meetings held by 30 June 2022	15	15	12	9	some meetings didn't sit due to other pressing issues that needed the Snr Management attentions and other engagements	Top MANCO meetings should sit on another date if Management is not available to sit on a Monday.	Attendance register	OMM
<b>GGPP 02</b>	<b>4 2</b>	Number of quarterly cluster war-rooms reports submitted to EXCO by 30 June 2022	4	0	4	1	Meeting not scheduled and invitations not received by the Managers under the office of the MM.	To encourage public participation - War-Room Champion to provide a list of War Room Meetings	Attendance Registers	OMM

								gs to all Manag ers under the Office of the MM.		
GGPP 02	4 3	Number of quarterly participations in district IGR meetings attended by 30 June 2022	4	11	4	5	N/A	N/A	Attendanc e Registers	OMM
GGPP 02	4 4	Number of quarterly Reports of Local Aids Council submitted to Council by 30 June 2022	N/A	N/A	4	1	Failure to provide informati on by Public Participa tion that entails about the function ality of the LAC.	Public Particip ation unit to conven e meetin gs to resolve this challen ge.	Council resolution	OMM
GGPP 03	4 5	Number of bi- annual Road Safety Awareness campaign (festive and Easter) conducted by 30 June 2022	N/A	N/A	2	2	N/A	N/A	Dated photos, attendanc e registers stop and check list	OMM
GGPP 03	4 6	Number of bi- monthly road blocks conducted by 30 June 2022	N/A	N/A	24	28	more road Blocks were required.	N/A	Attendanc e register and stop and checklist	OMM
GGPP 04	4 7	Number of artist development programme/talent search conducted by 30 June 2022	N/A	N/A	1	1	N/A	N/A	Dated photos, Programm e of the Event and Attendanc e register	OMM

	48	Number of bi-annual sports forum held by 30 June 2022	N/A	N/A	2	2	N/A	N/A	Dated photos and attendance registers	OMM
GGPP 04	49	Date of Procurement of equipment for sporting codes by 31 December 2021	N/A	N/A	31-Dec-21	05-Nov-22	N/A	N/A	Copy of delivery note	OMM
GGPP 05	50	Number of quarterly Disaster Advisory forum meetings held by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Agenda, Minutes and Attendance register	OMM
GGPP 05	51	Date of adoption of the 2021/22 IDP, Budget and PMS Process Plan by 31 August 2021	31-Aug-21	31-Aug-21	31-Aug-21	29-Jul-22	N/A	N/A	Council resolution	OMM
GGPP 05	52	Number of bi-annual Education forum meetings held by 30 June 2022	N/A	N/A	2	0	School's COVID19 regulations didn't permit for this programme to take place.	Since the COVID-19 regulations have uplifted, there will be a number of educational forum meetings in the 2022/23 FY.	Agenda, Minutes and Attendance register	OMM

GGPP 05	53	Date of approval and adoption of the 2022/2023 IDP by Council by 31 May 2022	31-May-21	31-May-21	31-May-22	31-May-22	N/A	N/A	Council resolution	OMM
GGPP 06	54	Date of hosting Annual Heritage Parade and Fashion Design show by 30 September 2021	N/A	N/A	30-Sep-21	30-Sep-21	N/A	N/A	Dated photos, Programme of the Event and Attendance register	OMM
GGPP 06	55	Number of bi-annual digital Mandeni Talent Search Events by 30 June 2022	N/A	N/A	2	0	COVID-19 regulations were relaxed, this programme was translated back into its previous form of physical or contact	The KPI to be amended in the next FY and remove the digital component.	Dated photos, Programme of the Event and Attendance register	
GGP P 06	56	Number of monthly digital Environmental Educational awareness campaigns conducted by 30 June 2022	N/A	N/A	12	12	N/A	N/A	Dated photos and attendance register	OMM
GGPP 06	57	Number of quarterly Risk Management Committee meetings co-ordinated by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Letter of acknowledgement and risk register	OMM

GGPP 06	5 8	Number of strategic risk mitigation strategies implemented by all HOD's by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Quarterly risk mitigation action plan	OMM
GGPP 06	5 9	Number of consolidated Quarterly Reports on Implementation of Risk Management Action Plans submitted to Risk Management Committee (from CSPSD, EDPHS, TSID, BTO and CSD) by 30 June 2022	N/A	N/A	2	2	N/A	N/A	Report on risk management	OMM
GGPP 06	6 0	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2022	N/A	N/A	3 days'	3 days'	N/A	N/A	Acknowledgement Letters	OMM
GGPP 06	6 1	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2021	N/A	N/A	3 days'	3 days'	N/A	N/A	Tracking Tool	OMM
GGPP 06	6 2	Number of quarterly Progress Reports on Implementation of A.G Action Plan submitted to Council by 30 June 2022	1	1	1	1	N/A	N	Quarterly progress reports	OMM
LOCAL ECONOMIC DEVELOPMENT										

<b>LED 02</b>	<b>6 3</b>	Date of registration bursaries for matriculants and scholarship awards by 31 March 2022	31-Mar-21	31-Mar-21	31-Mar-22	23-Feb-22	N/A	N/A	Attendance register and letters of bursaries awards	OMM
<b>LED 03</b>	<b>6 4</b>	Number of youthful drivers and education programmes conducted by 30 June 2022	1	1	1	1	N/A	N/A	Copies of drivers license	OMM
<b>LED 03</b>	<b>6 5</b>	Percentage of procurement awarded to designated sectors i.e. youth, women and disabled by 30 June 2022	N/A	N/A	10%	26%	N/A	N/A	Analysis report of 45% of awards made to youth, women and disabled	OMM
<b>LED 03</b>	<b>6 6</b>	Date of youth SMME Support programmes workshops conducted by 30 June 2022	N/A	N/A	30-Jun-22	28-Feb-22	N/A	N/A	Dated photos and attendance registers	OMM
<b>LED 03</b>	<b>6 7</b>	Number of bi-annual programmes to support Youth Council and Ward Youth Forums by 30 June 2022	N/A	N/A	1	1	N/A	N/A	Attendance register	OMM
<b>LED 03</b>	<b>6 8</b>	Date of youth month celebration programmes by 30 June 2022	1	1	30-Jun-22	22-Jun-22	N/A	N/A	Dated photos and attendance register	OMM
<b>LED 03</b>	<b>6 9</b>	Date of Annual Youth Summit Workshop held by 30 June 2022	N/A	N/A	30-Jun-22	29-Jun-22	N/A	N/A	Dated photos and attendance register	OMM



<b>LED</b>	<b>70</b>	Date of registration bursaries for matriculants and scholarship awards by 31 March 2022	31-Mar-21	11-Mar-21	31-May-22	23-Feb-22	N/A	N/A	Attendance register and letters of bursaries awards	OMM
<b>LED 04</b>	<b>71</b>	Number of quarterly progress reports on jobs created submitted to EXCO by 30 June 2022	N/A	N/A	4	3	EXCO didn't sit in Q2 due to the local elections taking place. New EXCO members were not yet elected.	N/A	Quarterly progress reports of jobs created and EXCO agenda	OMM
<b>LED 04</b>	<b>72</b>	Number of jobs created through implementation of infrastructure projects and Expanded Public Works Programmes by 30 June 2022	N/A	N/A	650	821	Demand and need for more human resources on infrastructure projects.	N/A	Reports	OMM
<b>MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>										
<b>MTID 01</b>	<b>73</b>	Date of adopting the reviewed policies by council 30 June 2022	30-Jun-21	30-Jun-21	30-Jun-22	30-Jun-22	N/A	N/A	Council Resolution	OMM
<b>MTID 02</b>	<b>74</b>	Date of reviewed and adopted Organogram by council by 31 May 2022	31-May-21	30-Jun-21	31-May-22	31-May-22	N/A	N/A	Council resolution	OMM

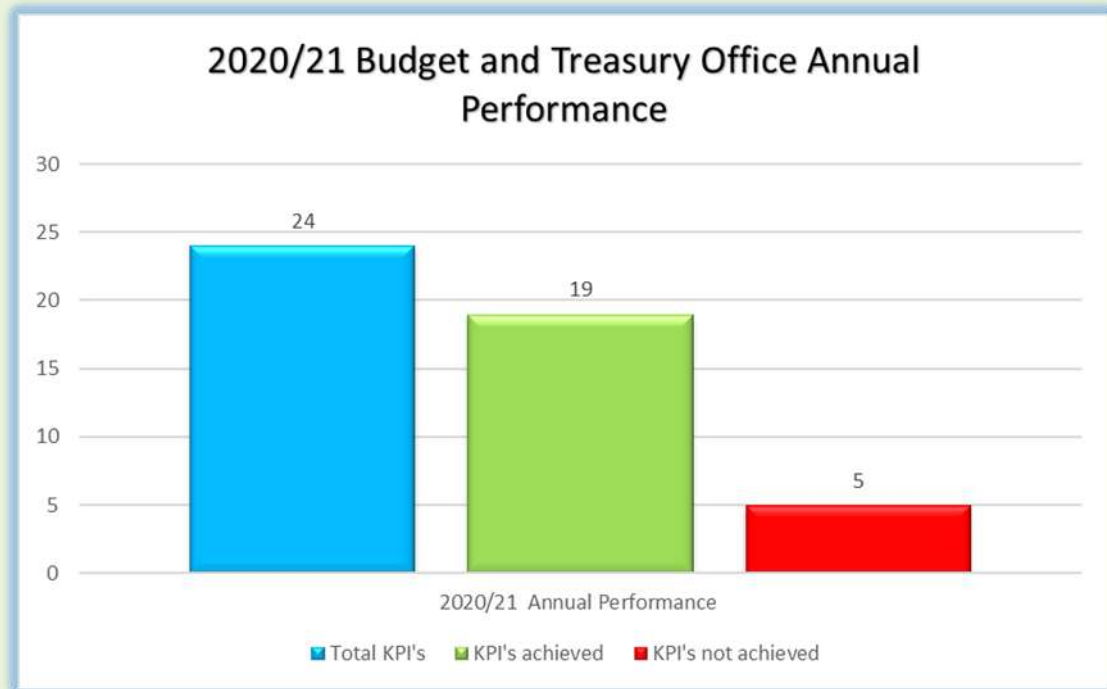
MTID 05	7 5	Number of quarterly ICT Steering Committee meetings conducted by 30 June 2022	4	1	4	4	The meeting scheduled for December didn't sit as priority was given to the preparation for the Council Inauguration.	N/A	Agenda, Minutes and Attendance Registers	OMM
MTID 04	7 6	Date of advertising the 2021/22 SDBIP by 31 July 2022	27-Jul-21	05-Aug-21	31-Jul-21	26-Jul-21	N/A	N/A	Copy of Advert	PMS
MTID 04	7 7	Number of performance agreements to be signed by 31 July 2021	6	6	6	6	N/A	N/A	Copy of Performance Agreements	OMM
MTID 04	7 8	Number of Quarterly Organisational PMS Assessment Reports/ Tools submitted to Provincial COGTA and Council by 30 June 2022	4	4	4	4	N/A	N/A	Acknowledgement of receipt by Provincial COGTA	OMM
MTID 04	7 9	Date of submission of managers performance plans to senior managers by 31 August 2021	31-Aug-20	31-Aug-20	31-Aug-21	31-Aug-21	N/A	N/A	Manager's Performance Plan's	OMM

<b>MTID 04</b>	<b>80</b>	Number of monthly progress reports on implementation of performance plans by managers submitted to HOD by 30 June 2022	48	36	42	42	N/A	N/A	PMS monthly performance plans	OMM
<b>MTID 04</b>	<b>81</b>	Date of adopting the adjusted scorecards by 28 February 2022	25-Feb-21	25-Feb-21	28-Feb-22	25-Feb-22	N/A	N/A	Council Resolution	OMM
<b>SPATIAL RATIONAL ENVIRONMENTAL MANAGEMENT/ CROSS CUTTING MEASURES</b>										
<b>SRE M 02</b>	<b>82</b>	Date of review of integrated Human settlement Sector Plan by 30-June-2022	N/A	N/A	30-Jun-22	Not Achieved	Delays in the SCM - procuring processes by the department of human settlements	Allocation of internal budget.	Council Resolution	OMM
<b>SRE M 03</b>	<b>83</b>	Date of adopted Disaster Management Framework by 31 May 2022	N/A	N/A	31-May-22	31-May-22	N/A	N/A	Council Resolution /	OMM

## **. BUDGET AND TREASURY OFFICE**

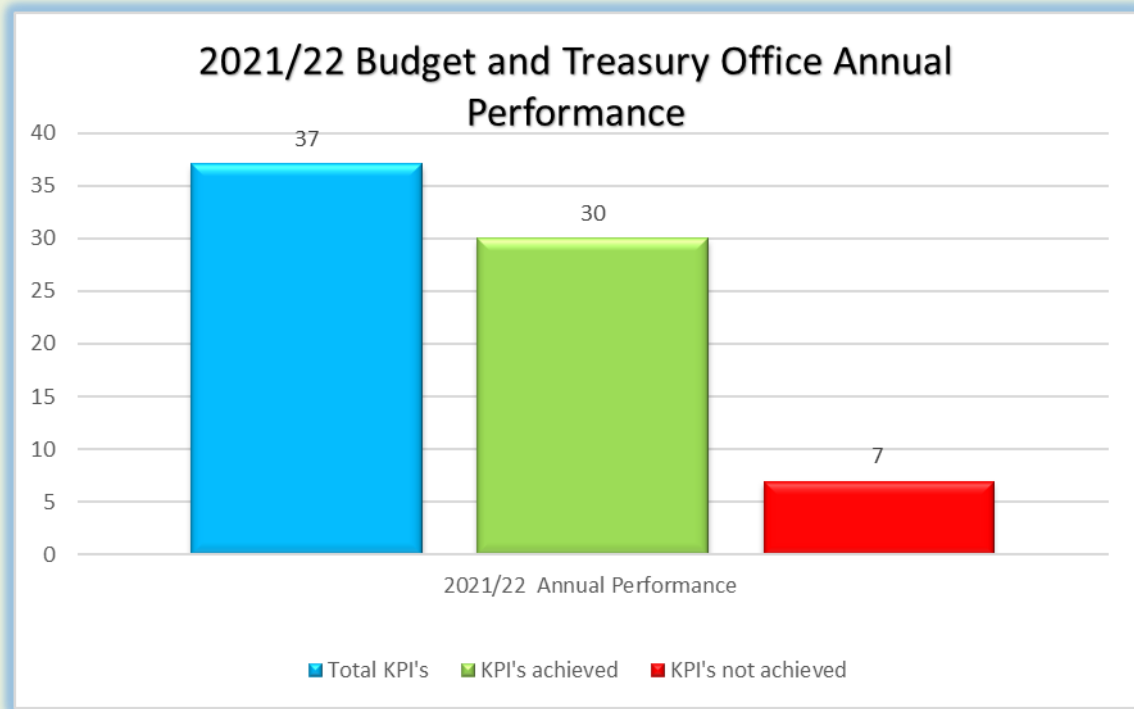
The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No. 56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and to perform budgeting, accounting, analysis, financial reporting cash management, debt management, supply chain management, financial management, review and

other duties. Below are the graphs representing the performance of the Budget and Treasury Office in the 2020/21 and 2021/22 financial years.



	Number of KPI's	Percentage of KPI's
Total KPI's	24	100%
KPI's achieved	23	96%
KPI's not achieved	1	4%

The Budget and Treasury Office had a total of 37 KPIs. The department achieved 30 of the targets and 7 targets were not achieved. This translates to an achievement of 81 % in this department.



	Number of KPI's	Percentage of KPI's
Total KPI's	37	100%
KPI's achieved	30	81%
KPI's not achieved	7	19%

## 2021/22 BUDGET AND TREASURY OFFICE SCORECARD

IDP POE REF	K PI N.O.	Key performa nce indicator 2021/22	2020/21		2021/22		REASON FOR VARIANCE	CORRECTIVE MEASURE	Portfolio of Evidence
			TARG ET	ACTU AL	TAR GET	ACT UAL			
Municipal Financial Viability and Management									
MFV M 01	1	Number of monthly section 71 reports compiled and submitte d to NT and FPC by 30 June 2022	12	12	12	12	NA	NA	Section 71 Reports
MFV M 01	2	Date of section 72 reports submitte d to Council by 25 January 2022	25- Jan- 21	28- Jan- 21	25- Jan- 22	27- Jan- 22	NA	NA	Council Resolution
MFV M 01	3	Number of quarterly section 52 reports compiled and submitte d to council by 30 June 2022	4	4	4	4	NA	NA	Council Resolution/ Section 52(d) Report

<b>MFV M 01</b>	<b>4</b>	Percentage of operational budget spent by 30 June 2022	N/A	N/A	100%	78%	Reason for variance is due to Debt Impairment Calculation which we are currently busy with provision calculations for year end processes	Debt Impairment Calculation for year-end considers different aspects such as debt write off and debt management policy procedures which will ensure that we report credible figures.	Management account/ C Schedule
<b>MFV M 02</b>	<b>5</b>	Date of tabling 2021/22 adjustment budget to council for adoption by 28-Feb-22	N/A	N/A	28-Feb-22	24-Feb-22	NA	NA	Council resolution/ Agenda
<b>MFV M 03</b>	<b>6</b>	Date of reviewed Budget Related Policies adopted by Council by 31 May 2022	N/A	N/A	31-May-22	31-May-22	NA	NA	Council Resolution
<b>MFV M 04</b>	<b>7</b>	Number of unauthorized, irregular, fruitless and wasteful expenditure (UIFW) registers submitted to FPC, MPAC, Council and EXCO by 30 June 2022	N/A	N/A	4	4	NA	NA	Copies of UIFW registers and proof of submission to FPC, MPAC, Council and EXCO

<b>MFV M 01</b>	<b>8</b>	Percentage spent quarterly on all BTO conditional grants as per terms and conditions by 30 June 2022	100%	100%	100%	100%	<b>NA</b>	<b>NA</b>	Grant Register and Management Account
<b>MFV M 04</b>	<b>9</b>	Percentage of invoices paid within 30 days from the receipt by creditors by 30 June 2022	98%	98%	95%	99%	<b>NA</b>	<b>NA</b>	Creditors age analysis
<b>MFV M 04</b>	<b>10</b>	Number of quarterly physical assets verification performed and update asset register by 30 June 2022	4	4	4	4	<b>NA</b>	<b>NA</b>	Asset Reconciliation.
<b>MFV M 05</b>	<b>11</b>	Date of approved indigent debtors billed with allocation of free basic services by 31 May	30-Apr-21	31-Mar-21	31-May-22	31-May-22	<b>NA</b>	<b>NA</b>	Indigent register



		2022							
<b>MFV M 05</b>	<b>1 2</b>	Percentage of quarterly debt collected by 30 June 2022	N/A	N/A	60%	80%	NA	NA	Circular 71 Uniform financial ratios and Norms
<b>MFV M 06</b>	<b>1 3</b>	Number of days taken to finalise procurement process for tenders within R30 000-R200 000k	21	21	14 Days	21 DAYS	Officials responsible for evaluation of Formal Quotations were over committed in other areas in SCM such as BEC, Inventory issues and MFMP attendance. Target of 14 days was met for seven out of nine Formal Quotations under review	The MFMP training which was attended by 3 SCM officials has been completed. This will free up the officials to be more efficient in their daily duties. The dissolving of one of BECs will also free up SCM officials to focus more on day to day procurement duties.	Quotation register, purchase order
<b>MFV M 06</b>	<b>1 4</b>	Percentage of tenders (above 200k) awarded within 90 calendar days from the closing date of receiving tenders by 30 June 2022	100	100	100%	100%	NA	NA	Tender advert and Appointment letters and registers

<b>MFV M 06</b>	<b>1 5</b>	Number of quarterly contract and commitment register updated and reported to EXCO by 30 June 2022	4	4	4	4	NA	NA	Contract register
<b>MFV M 01</b>	<b>1 6</b>	Ratio of cash and cost coverage sustained quarterly as per norm by 30 June 2022	3	6	1:3 (months)	1:8 (months)	NA	NA	C-Schedule /Ratios
<b>MFV M 01</b>	<b>1 7</b>	Percentage of the treasury department capital Budget Spent by 30 June 2022	100%	100%	100%	83%	Reason for variance is due to the fact that actual cost of these procured assets was below the estimated budget	Demand management will check the market during the budget process.	C- Schedule
<b>MFV M 01</b>	<b>1 8</b>	Date of submission of 2022/23 Mscoa compliant budget to council for adoption by 31 May 2022	31-May-21	31-May-21	31-May-22	31-May-22	NA	NA	Council Resolution Budget Adjustment, Final Budget Adverts SDBIP

<b>MFV M 01</b>	<b>19</b>	Date of submission of GRAP compliance 2020/21 AFS to AG by 31 August 2021	31-Aug-21	31-Aug-21	31-Aug-21	31-Aug-22	<b>NA</b>	<b>NA</b>	Acknowledgment by AG
<b>MFV M 02</b>	<b>20</b>	Date of submission 2021/22 mid-term AFS to audit committee by 31-March-22	N/A	N/A	31-Mar-22	31-Mar-22	<b>NA</b>	<b>NA</b>	Attendance register
<b>MFV M 02</b>	<b>21</b>	Number of quarterly progress reports on implementation of 2021/22 procurement plans submitted to MANCO by 30 June 2022	N/A	N/A	4	4	<b>NA</b>	<b>NA</b>	Report on implementation of procurement plan
<b>MFV M 02</b>	<b>22</b>	Amount of quarterly expenditure on overtime kept within allocated budget by 30 June 2022	N/A	N/A	R30 000	R32 149	During 2021-22 Mun experienced challenges with 3 <sup>rd</sup> party (BP & Spar fuel stations) selling prepaid electricity, then Mun was forced to extend working hours to Cashiers,	No corrective major hence that system Change was a once off	Report from finance showing expenditure on overtime

							which resulted to extensive overtime which was not initial planned		
GOOD GOVERNANCE AND PUBLIC PARTICIPATION									
GGPP 01	23	Number of quarterly audit and performance audit committee meetings attended by 30 June 2022	N/A	N/A	4	4	NA	NA	Attendance Registers
GGPP 01	24	Number of quarterly MPAC meetings attended by 30 June 2022	N/A	N/A	4	4	NA	NA	Attendance Registers
GGPP 02	25	Number of quarterly reports for cluster war-rooms submitted to OMM by 30 June 2022	N/A	N/A	4	2	There was no invitation received from public participation/ war room champion that invited Managers responsible at BTO	The public participator /war room champion is to provide the department for the year	Attendance Registers and quarterly war-rooms reports

<b>GGPP 02</b>	<b>2 6</b>	Number of quarterly participations in district IGR meetings attended by 30 June 2022	4	4	4	3	No invitation for the meeting by IGR co-ordinator	Ensure proper planning	Attendance registers
<b>GGPP 05</b>	<b>2 7</b>	Date of adoption of the 2022/23 IDP, Budget and PMS Process Plan by 31 August 2021	N/A	N/A	31-Aug-21	31-Aug-21	NA	NA	Council Resolution
<b>GGPP 05</b>	<b>2 8</b>	Number of quarterly Performance reports submitted to Finance Portfolio Committee by 30 June 2022	N/A	N/A	4	4	NA	NA	Minutes of Finance Portfolio committee
<b>GGPP 06</b>	<b>2 9</b>	Number of risk mitigation strategies implemented by BTO Department by 30 June 2022	N/A	N/A	5	5	NA	NA	Quarterly risk mitigation action plan

GGPP 06	3 0	Number Quarterly Reports on Implementation of Risk Management Action Plans submitted to Risk Management Unit by 30 June 2022	N/A	N/A	4	4	NA	NA	Quarterly risk mitigation reports and RM Committee minutes
GGPP 06	3 1	Percentage of auditor general queries resolved by 30 June 2022	N/A	N/A	100%	79%	6 Action Plans are due in August. 2 Action Plans are on-going. 1 Action Plan remains unresolved.	The corrective measure would be to review this KPI to meet SMART principles requirements so that it is achievable.	AG action Plan
GGPP 06	3 2	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2022	N/A	N/A	3 days'	3 days'	NA	NA	Acknowledgment Letters
GGPP 06	3 3	Number of days for management to respond to request for information and Audit Queries	N/A	N/A	3 days'	3 days'	NA	NA	Tracking Tool

		raised by Auditor General by 31 December 2021							
<b>MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>									
<b>MTID 04</b>	<b>3 4</b>	Date of submission of the departmental Organogram to Corporate Services Department for inclusion in the overall municipal organogram by 28 Feb 2022	N/A	N/A	28-Feb-22	31-Mar-22	NA	NA	Draft Organogram and Transmittal to CS/ Council resolution
<b>MTOD 04</b>	<b>3 5</b>	Date of submission of managers' performance plans to HOD's by 31 August 2021	31-Aug-20	31-Aug-20	31-Aug-22	31-Aug-21	NA	NA	Manager's Performance Plan's
<b>MTID 04</b>	<b>3 6</b>	Number of progress reports on implementation of performance plans by managers submitted	18	18	36	36	NA	NA	PMS monthly progress reports

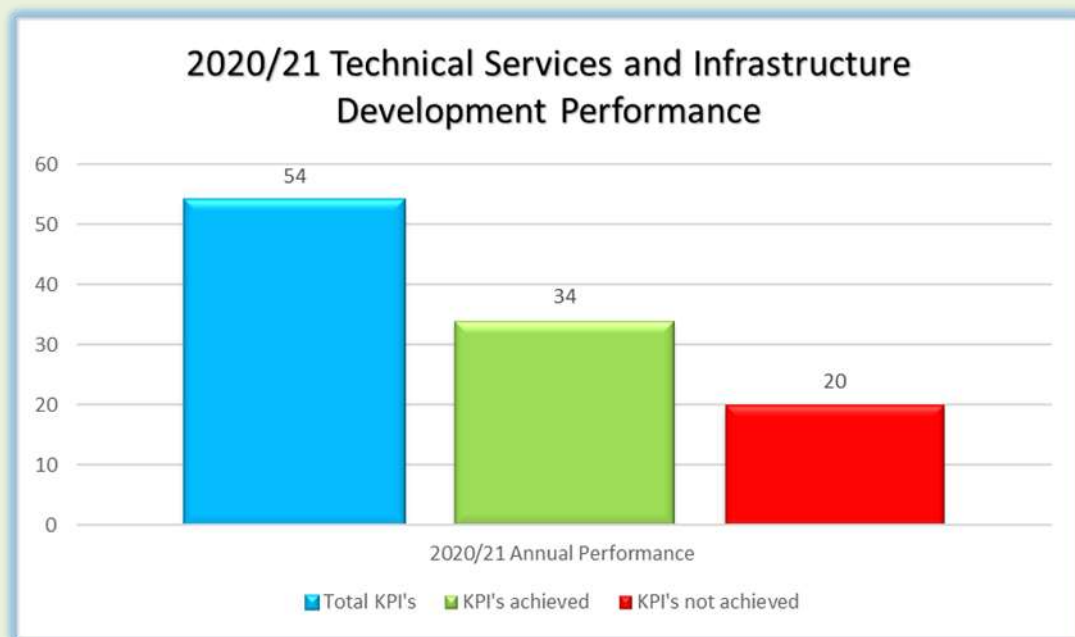
		d to HOD's by 30 June 2022							
LOCAL AND ECONOMIC DEVELOPMENT									
LED 03	3 7	Percenta ge of procure ment awarded to designate d sectors i.e. youth, women and disabled by 30 June 2022	N/A	N/A	10%	26%	NA	NA	Analysis report of 45% of awards made to youth, women and disabled



## TECHNICAL SERVICES AND INFRASTRUCTURE DEVELOPMENT

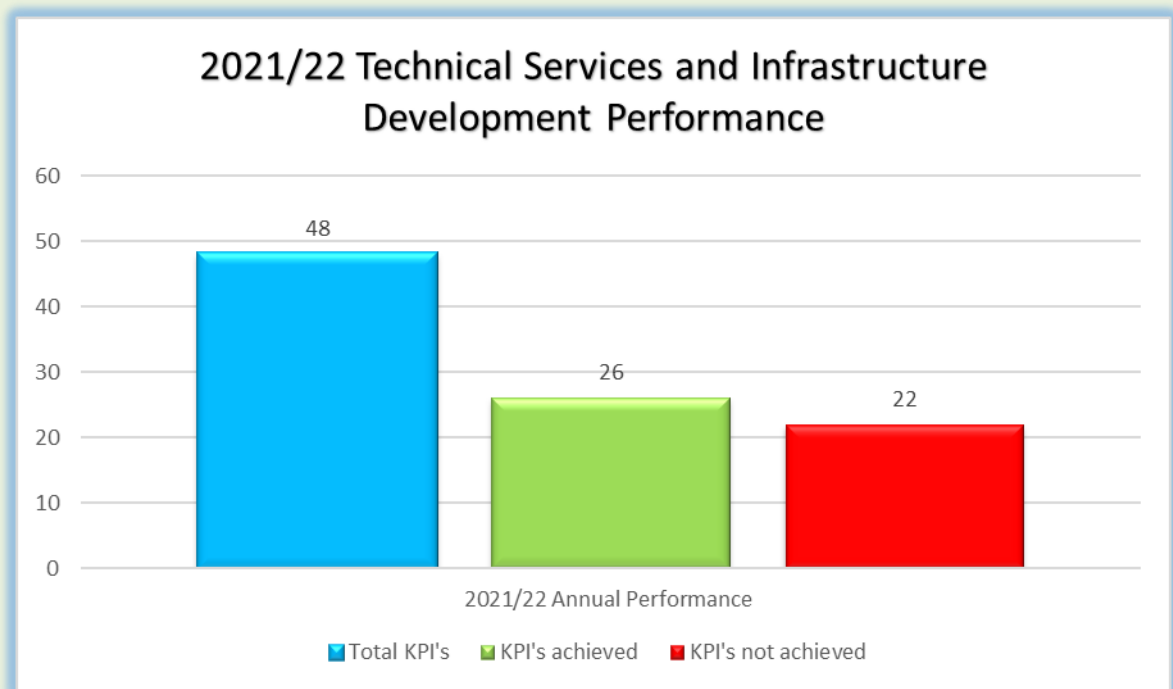
The Technical Services Department is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- ✚ Technical Administration/Planning and Projects (PMU);
  - ✚ Roads and Storm Water Repairs and Maintenance;
  - ✚ Municipal Buildings Repairs and Maintenance (Works);
  - ✚ Electricity Distribution, Street Lighting, Installation and Mechanical Workshop.
- Below are the graphs representing the performance of the Technical Services and Infrastructure Development Department in the 2020/21 and 2021/22 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	54	100%
KPI's achieved	34	63%
KPI's not achieved	20	37%

Technical Services and Infrastructure Development department had a total of 48 KPI'S. 26 KPI's were achieved and 22 KPI's were not achieved. This means that 54 % of the targets were achieved during the 2021/22 financial year. The floods hindered the achievement of a number of projects which were targeted during quarter 3 and 4



	Number of KPI's	Percentage of KPI's
Total KPI's	48	100%
KPI's achieved	26	54%
KPI's not achieved	22	46%

ID P R E F	K P I N O	Key performanc e indicator (KPI)	2020/21		2021/22		Reason for varianc e	Corre ctive Meas ure	Portfol io of Eviden ce	WARD
			Targ et	Act ual	Targ et	Actu al				
BASIC SERVICE DELIVERY										
BS D 01	1	Number of households to be provided with electrification infrastructure (Dry Connections ) in Dendethu / Wetane Project - Ward 5 and ready to be energised by 31 March 2022	N/A	N/A	170	0	<p>The municipality could not find a suitable service provider within the available budget as bidders' prices were above the available budget .</p> <p>Bid was advertised however the quotes were above</p>	<p>The municipal reduce the scope of work from 170 to 108 in line with available budget and re-advertised the project</p>	Signed progress report from Consultant	5

							the budget			
							Delays with allocation letter from DMRE and MOU from Eskom			
<b>BS D 01</b>	<b>2</b>	Number of households to be provided with electrification infrastructure (Dry Connections) in Khenana Phase 5 Ward 10 and ready to be energised by 31 March 2022	N/A	N/A	100	0	2020/21 application for Rollover of INEP funds was not approved	The project will be prioritize in the following financial years, when the budget is made available		10
<b>BS D 01</b>	<b>3</b>	Number of households to be provided with electrification infrastructure (Dry Connections) in eHlanzeni ward 7 and ready to be	100	Not achieved	100	0	The Contractor experienced the following delays with Eskom: Designated low	The municipality re-engaged with ESKOM to Fastrack the availability of	Signed progress report from Consultant	7

		energised by 31 March 2022					voltage operator (LVO) for tie-ins and not receiving signatures on time for memos to be processed.	LVO operator and the signing of memos, the municipality to have quarterly engagement with ESKOM on the implementation of electricity in Mandeni		
<b>BS D 01</b>	<b>4</b>	Number of households to be provided with electrification infrastructure (Dry Connections) in Okhovothe Ward 12 and ready to be energised by 31 March	100	Not achieved	105	0	Poor performance by Contractor where they sited financial challenges	The municipality to perform the financial risk assessment for all Contractors a to be recom		12

		2022						mended .		
<b>BS D 01</b>	5	Date of fencing of the substation in Mfolozi College Ward 3, Road by 30 June 2022	N/A	N/A	30-Jun-22	29-Apr-22	N/A	N/A	Completion Certificate	3
<b>BS D 02</b>	6	Date of construction of Community Hall in Ward 13 to practical completion stage by 31 March 2022	N/A	N/A	31-Mar-22	Not Achieved	Contractor is experiencing Cash flow problems. The project is 60% complete.	Slow progress letter was issued on the 16 <sup>th</sup> of February 2022. The letter was issued to the Contractor indicating that penalties will be charged on a daily basis.	Practical Completion Certificate	13

BS D 02	7	Date of registration of upgrade and Improvement of Bumbanani Road on MIG system by 31 March 2022	N/A	N/A	31-Mar-22	30-Jun-22	The visual inspection was only done in February. The consultant was heavily affected by the KZN floods that destroyed all the information in their offices. The initial target was 31-March 2022, however the target was achieved in June 2022.	Prepare MIG 1 Business Plan upon approval of the Preliminary Design Report. The Consultant to redo the Geotech investigations	MIG 1 Form from COGTA MIG-MIS	
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<b>BS D 02</b>	<b>8</b>	Date of upgrade of Rural Roads Phase 4(b) - in Ward 6 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	Not Achieved	The project is 90% complete due to the April floods that affected the progress of the project. The project was also delayed by the approval of the EIA.	The contractor is being monitored on a monthly basis.	Practical Completion certificate	6
<b>BS D 02</b>	<b>9</b>	Date of upgrade of Rural Roads Phase 4(a) - in Ward 11 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	Not Achieved	The project is 90% complete due to the April floods that affected the progress of the project. The sub-contractor appointed	The contractor is being monitored on a monthly basis.	Practical Completion certificate	11



							had cashflow challenges which caused a delay.. More inclement weather was experienced.			
<b>BS D 02</b>	<b>10</b>	Date of Road rehabilitated at Stratton Circle in ward 3 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	29-Jun-22	N/A	N/A	Practical Completion certificate	3
<b>BS D 02</b>	<b>11</b>	Date of Road rehabilitated at Richard Circle in ward 3 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	29-Jun-22	N/A	N/A	Practical Completion certificate	3
<b>BS D 02</b>	<b>12</b>	Date of Road rehabilitated at Mathews in ward 3 to practical completion stage by 30 June 2022	N/A	N/A	30-Jun-22	29-Jun-22	N/A	N/A	Practical Completion certificate	3

<b>BS D 02</b>	<b>1 3</b>	Date of completion of design report for reinstating of Manono and link road in ward 12 & 15 in ward 3 by 31 December 2021	N/A	N/A	31-Dec-21	13-Oct-21	N/A	N/A	Design report	3
<b>BS D 02</b>	<b>1 4</b>	Number of m <sup>2</sup> potholes repaired in wards 2,3,4,7,10,12,13,14,15 on urban roads by 30 June 2022	3000 m <sup>2</sup>	1074.2 m <sup>2</sup>	2000 m <sup>2</sup>	2390.7m <sup>2</sup>	N/A	N/A	Measurement Reports	2,3,4,7,10,12,13,14,15.
<b>BS D 02</b>	<b>1 5</b>	Number of metres of guard rails to be constructed in ward 4, 6 and 10 by 30 June 2022	300 m	150 m	300 m	0	The delays were caused by the judgement on triple PFA regulation and the instruction by NT to put procurement processes in abeyance	The municipal will ensure that all procurement processes will be performed in first half of the financial year	Completion Certificate	4,6,10

<b>BS D 02</b>	<b>1 6</b>	Number of metres of kerbs and concrete channel to be constructed in wards 4,6 and 10 by 30 June 2022	250 m	300 m	250 m	0	The delays were caused by the judgement on triple PFA regulation and the instruction by NT to put procurement processes in abeyance	The municipal will ensure that all procurement processes will be performed in first half of the financial year	Completion Certificate	4,6
<b>BS D 02</b>	<b>1 7</b>	Number of headwalls to be constructed in wards 1 by 31 December 2021	25	25	10	16	N/A	N/A	Completion Certificate	1,2,3,4,5,6,7,8,9,10,11,12,16,17,18.
<b>BS D 02</b>	<b>1 8</b>	Number of kilometres of rural gravel roads repaired and maintained in-house in wards 1,2,4,5,6,7,8,9,10,11,12,16,17,18 by 30 June 2022	250 km	374.57 km	250km	376.23km	N/A	N/A	Measurement Reports	1,2,4,5,6,7,8,9,10,11,12,16,17,18.

<b>BS D 02</b>	<b>19</b>	Date of construction for Highview Park Stormwater modification in ward 3 in practical completion stage by 31 December 2021	50%	Not achieved	31-Dec-21	08-Oct-21	N/A	N/A	Practical Completion Certificate	3
<b>BS D 02</b>	<b>20</b>	Number of speed humps constructed in wards 2,3,7,10,13, 14 and 15 by 31 December 2021	15	15	25	25	N/A	N/A	Completion Certificate	3,7,13,14,15.
<b>BS D 02</b>	<b>21</b>	Date of Installation of 30 road signs and repainting of 15km of road markings to completed in ward 3, 4, 7, 13, 14 and 15 by the 31 March 2022	31-Mar-21	19-Feb-21	31-Mar-22	0	The delays were caused by the judgement on triple PFA regulation and the instruction by NT to put procurement processes in abeyance	The municipal will ensure that all procurement processes will be performed in first half of the financial year	Completion Certificate	3,4,7,13,14,15.

<b>BS D 02</b>	<b>2 2</b>	Date of overlaying of top surface at Spar parking area in Ward 3 to practical completion stage by 30 June 2022	100 %	No t achieved	30-Jun-22	30-June -22	Inclem ent weathe r that were experie nced caused major delays. The contra ctor also experie nced difficul ties in procuri ng materi al due to the high deman d caused by flood damag e.	Being monit ored on a weekl y basis.	Practic al Compl etion Certific ate	3
<b>BS D 06</b>	<b>2 3</b>	Date of completion of project documentati on stage(compli ance) for the construction of sports field in Hlomendlini in Ward 4 by 30 June 2022	50%	No t achieved	30-Jun-22	Not Achi eved	WULA has not been approv ed yet.	EIA has been appro ved. The consu ltant is facilit ating the appro val of WULA . Final	EIA and WULA Approv al	4

								submi ssion of the Techn ical Repor t was done on the 30th of June 2022		
<b>BS D 06</b>	<b>2 4</b>	Date of completion of construction for DLTC phase 1 to top structure and G7 layer by 30 June 2022	50%	No t ach iev ed	30- Jun- 22	Not Achi eved	Project was termin ated due to the slow progre ss by the contra ctor	Projec t to be re- adver tised.	Consul tant Report	3
<b>MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
<b>M FV M 02</b>	<b>2 5</b>	Amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2022	N/A	N/ A	R350 000	R419 117. 73	The overti me is a result of mainte nance deman d for electric ity and roads and storm water infrastr ucture. The	The munic ipal is curre ntly trying to devel op a mech anism that will minim ize overti me	Report from finance showin g expend iture on overti me	N/A

							service deliver y cannot be ignore d at and expens e of trying to fit within the target.			
<b>M FV M 06</b>	<b>2 6</b>	Date of completing draft Department al Budget estimate document by 31 March 2022	31-Mar-21	28-Feb-21	31-Mar-22	10-Mar-22	The target was achiev ed early becaus e Draft Budget was submit ted on the 10 <sup>th</sup> March 2022.	N/A	Draft budget estima te docum ent	N/A

M FV M 01	2 7	Percentage of expenditure on INEP funding by 30 June 2022	100 %	77 %	100 %	41%	<p>Hlanzeni Electrification expenditure was brought to a halt due to the Contractor experiencing the delays with Eskom.</p> <p>Okhvothi Electrification expenditure was brought to a halt due to site issues where the main contractor did not have an approved subcontracting list</p>	<p>The extension of time was granted for Ehlanzeni and Okhvothi Electrification intention to terminate was issued. The rollover application will be submitted</p>	Signed Report of Expenditure by the Department	N/A
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							<p>and hence no further construction work has taken place and no payment certificates could be approved.</p> <p>Dendethu/We tane Electrification is at an evaluation stage resulting to direct cost that can maximize the expenditure</p>			
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M FV M 01	2 8	Percentage of operational budget spent by 30 June 2022	N/A	N/ A	100 %	90%	The operati onal budget expend iture is deman d based and cannot be accurat ely estima ted. Econo mical expend iture principl es are param ount and expend iture cannot be made with a purpos e to achiev e target thus commi tting wastef ul expend iture with no justific ation	N/A	Manag ement accoun t	N/A
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							and value.			
<b>M FV M 01</b>	<b>2 9</b>	Percentage of expenditure on MIG funding by 30 June 2022	100 %	95 %	100 %	100 %	N/A	N/A	MIG Certificate of Expenditure and revenue	N/A
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
<b>G G PP 01</b>	<b>3 0</b>	Number of quarterly audit and performance committee meetings attended by 30 June 2022	N/A	N/A	4	2	The director was attending MFMP which clash with Audit committee meeting	To delegate some official to represent Technical services	Attendance registers	N/A
<b>G G PP 01</b>	<b>3 1</b>	Number of quarterly MPAC meetings attended by 30 June 2022	N/A	N/A	4	2	Meeting Clash	Appoint someone to attend on his behalf	Attendance registers	N/A

<b>G G PP 02</b>	<b>3 2</b>	Number of quarterly cluster war-rooms reports submitted to OMM by 30 June 2022	N/A	N/A	3	0	This was clashed with Municipal strategic plan in Feb 22	To delegate some official to represent Technical services	signed off report	N/A
<b>G G PP 02</b>	<b>3 3</b>	Number of quarterly participations in district IGR meetings attended by 30 June 2022	4	2	4	4	N/A	N/A	Attendance register	N/A
<b>G G PP 05</b>	<b>3 4</b>	Number of Performance reports submitted to TSID Portfolio Committee by 30 June 2022	N/A	N/A	3	3	N/A	N/A	Minutes of TSID Portfolio committee	N/A
<b>G G PP 06</b>	<b>3 5</b>	Number of risk mitigation strategies implemented by Technical Services 30 June 2022	N/A	N/A	1	1	N/A	N/A	Quarterly risk mitigation action plan	N/A
<b>G G PP 06</b>	<b>3 6</b>	Number of risk progress reports submitted to risk	N/A	N/A	4	4	N/A	N/A	Quarterly risk mitigation reports	N/A

		managemen t unit by 30 June 2022							and RM Commi tee minute s	
<b>G G PP 06</b>	<b>3 7</b>	Number of days for managemen t to respond to Internal Audit Unit queries raised by 30 June 2022	N/A	N/ A	3 days	3 days	N/A	N/A	Ackno wledge ment Letters	N/A
<b>G G PP 06</b>	<b>3 8</b>	Number of days for managemen t to respond to request for information and Audit Queries raised by Auditor General by 31 December 2021	N/A	N/ A	3 days	3 days	N/A	N/A	Trackin g Tool	N/A
<b>MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>										
<b>M TI D 02</b>	<b>3 9</b>	Date of submission of the department al Organogram to Corporate Services Department for inclusion in the overall municipal organogram	24- Feb- 21	24- Fe b- 21	28- Feb- 22	31- Mar- 22	N/A	N/A	Draft Organo gram and Trans mittal to CS/ Council resolut ion	N/A

		by 28 Feb 2022								
<b>M T D 06</b>	<b>4 0</b>	100% Completion of construction for guardhouse( main office) to practical completion by 30 June 2022	100 % (de sign)	10 0% (de sign)	100 % (Co mple te cons truct ion)	100 % (Co mple te cons truct ion)	N/A	N/A	Practic al Compl etion Certific ate	3
<b>M T D 06</b>	<b>4 1</b>	50% Construction of Workshop extension at Technical Services to 50% construction stage by 30 June 2022	N/A	N/ A	50% Cons truct ion	Not Achi eved	This target is not achiev ed due to the additio nal scope of works that further delaye d the finaliza tion of a tender docum ent	The bid docu ment to be prese nted to BSC and soon as the date is confir med	Progre ss report	3

<b>M T I D 06</b>	<b>4 2</b>	Date of the development of the Building and Community Facilities maintenance plan by 28 February 2022	30-Jun-21	Not achieved	30-Jun-22	Not Achieved	The KPI was mistakenly allocated to technical services	Putting the KPI to CSPA		
<b>M T I D 06</b>	<b>4 3</b>	Number of Municipal Plant and Equipment Serviced by 30 June 2022	4	4	6	4	The municipality has acquired new TLB and Grader in replacement of the old ones and they were received late towards the end of the 2 <sup>nd</sup> Quarter.	To achieve in the next quarter	Job Cards signed by Mechanic	N/A
<b>M T I D 06</b>	<b>4 4</b>	Number of Municipal Truck's COF and serviced by 30 June 2022	11	11	12	10	The budget for COF was exhausted. Though the depart	Those that could not be certified due to the lack	COF Certificate with Job Card	N/A

							ment tried to do virements ,it could not cover all the works needed.	of funds, will be done in the new financial year.		
<b>MTD 04</b>	<b>45</b>	Date of submission of manager's performance plan to HOD by 31 August 2021	31-Aug-20	31-Aug-20	31-Aug-21	31-Aug-21	N/A	N/A	Signed Manager's Performance Plan	N/A
<b>MTD 04</b>	<b>46</b>	Number of monthly progress reports on implementation of performance plans by managers submitted to HOD's by 30 June 2022	18	18	13	13	N/A	N/A	Monthly performance report	N/A
<b>LOCAL ECONOMIC DEVELOPMENT</b>										
<b>LED 04</b>	<b>47</b>	Date of ensuring that project implementation includes employment of local labour as and when projects are implemented by 30 June 2022	N/A	N/A	30-Jun-22	30-Jun-22	N/A	N/A	Labour reports for projects under construction.	N/A



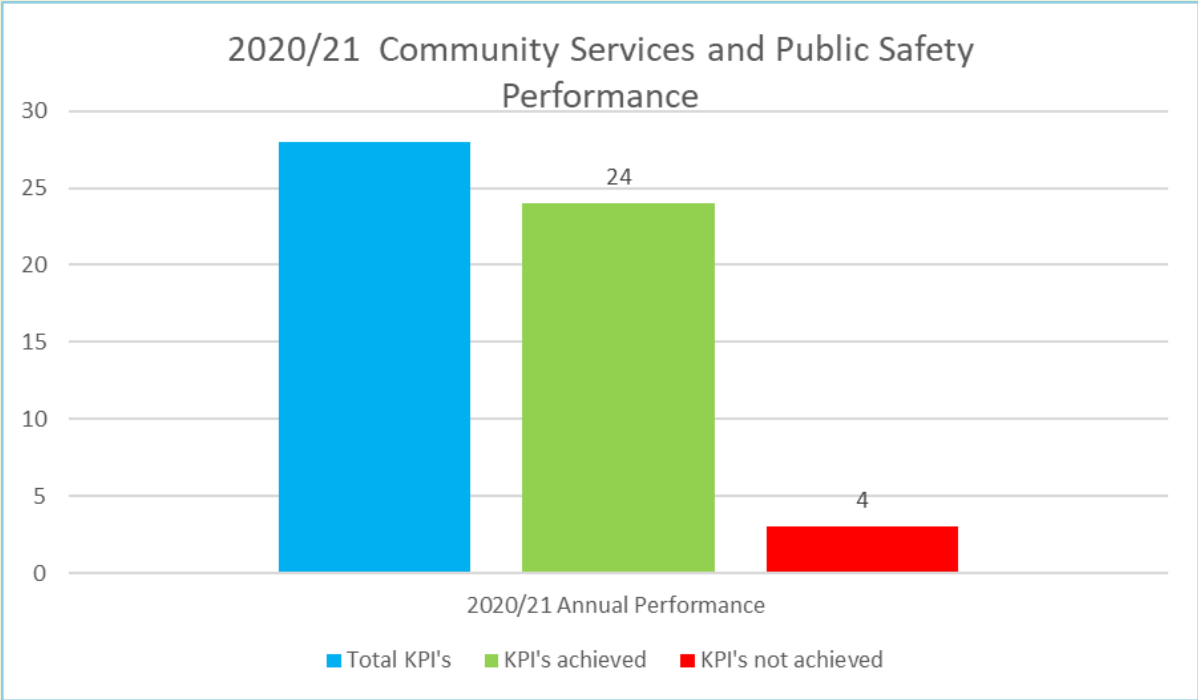
LE D 06	4 8	Date of ensuring that all qualifying tender specifications provide for subcontracting opportunities for emerging local contractors as and when a tender document is being compiled by 30 June 2022	N/A	N/A	30-Jun-22	30-Jun-22	The planning stage (Bid Spec and advertisement) for the projects was done the previous year 2020/21 for projects that will be implemented 2021/22 .	N/A	Copy of the signed/published tender advert.	N/A
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#### D. COMMUNITY SERVICES AND PUBLIC SAFETY

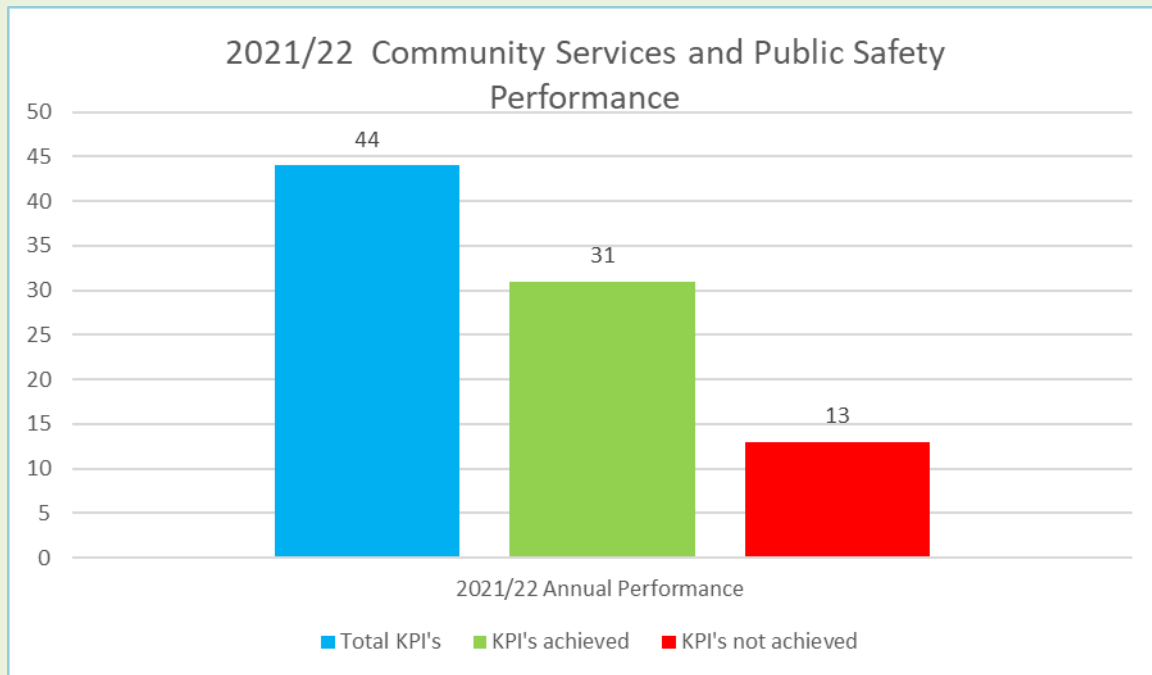
The community Services Department is primarily responsible for the social wellbeing of the community. It comprises the following sections:

- ✚ Library Services;
- ✚ Parks, Verges and Gardens Community Facilities; Community Development;
- ✚ Public Safety
- ✚ Fire and Rescue Services and Disaster Management;
- ✚ Security Services;
- ✚ Cemeteries & Crematoria;
- ✚ Waste Management.

Below are the graphs representing the performance of the Community Services and Public Safety Department during the 2020/21 and 2021/22 financial years.



	Number of KPI's	Percentage of KPI's
Total KPI's	28	100%
KPI's achieved	24	85%
KPI's not achieved	4	15%



	Number of KPI's	Percentage of KPI's
Total KPI's	44	100%
KPI's achieved	31	70%
KPI's not achieved	13	30%

The Community Services and Public Safety Department has a total of 44 KPI's. 31 KPI's were achieved. And 13 KPI's were not achieved. This resulted in an 76% achievement for the department.

IDP/P OE REF	KPI NO	Key performan ce indicator 2021/22	2021/22		2021/22		Reason for Variance	Challen ges / Correcti ve Measur es	Portfolio of Evidence	Ward
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY										

<b>BSD 04</b>	<b>1</b>	Number of times waste collected weekly at Tugela Mouth Beach, Tugela Mouth Village North bound, Renckens, Dark city, Qhib'khowe, Bhidla, Gcaleka, Thokoza, Majuba and households from sondoni traffic robot to sibusisiwe CH (wards 2, 7 & 15) by June 2022 (MONDAYS)	52	52	52	52	N/A	N/A	Waste collection plan and register	2,7 & 15
<b>BSD 04</b>	<b>2</b>	Number of times waste collected weekly at Renckens, Ireland, White City, Red Hill, Cappies and Sikhilamba zo (wards 7, 13 & 14) by 30 June 2022 (TUESDAYS)	52	52	52	52	N/A	N/A	Waste collection plan and register	7, 13 & 14

<b>BSD 04</b>	<b>3</b>	Number of times waste collected weekly at Mandeni and Sappi Village, Renckens and Khenan Area (wards 3, 7 & 10) by 30 June 2022 (WEDNESDAYS)	N/A	N/A	52	52	N/A	N/A	Waste collection plan and register	3, 7 & 10
<b>BSD 04</b>	<b>4</b>	Number of times waste collected weekly at Tugela, Tugela Mouth Village, South Bound, Newark, New Town, Padianagar, Ematankeni, Ehholo, Ebhokisini, Skhephekehpheni, Ezinsimbini, Nova Farm and renckens (wards 4 & 7) by 30 June 2022 (THURSDAYS)	N/A	N/A	53	53	N/A	N/A	Waste collection plan and register	4 & 7

<b>BSD 04</b>	<b>5</b>	Number of times waste collected weekly at Businesses, Skips, Ndulinde Library, Ndulinde Clinic and Renckens ( and out-call requests) ( 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12,16, 17 & 18) by 30 June 2022 (FRIDAYS)	N/A	N/A	52	52	N/A	N/A	Waste collection plan and register	1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12,16, 17 & 18
<b>BSD 04</b>	<b>6</b>	Number of m <sup>2</sup> of monthly grass-cutting performed in all Wards by 30 June 2022	7 100 458m <sup>2</sup>	7 956 139m <sup>2</sup>	7 100 458 m <sup>2</sup>	8 060 394 m <sup>2</sup>	Grass cutting did not take place in the month of June due to the grass being dormant during the winter season, and due to expiry contracts of some service providers due SCM process this was also cause the target not met	Target should be reduced during the winter months	Grass cutting schedules/r registers	All Wards

<b>BSD 05</b>	<b>7</b>	Date of establishment of Recycling Program in ward 16 by 30 June 22	N/A	N/A	30-Jun-22	Not Achieved	There was a disagreement between Service provider and Council, regarding money issues, then this project was put on hold	Council to take resolution about the project	Memorandum of Opening Launch of the Recycling Centre and attendance register	16
<b>BSD 05</b>	<b>8</b>	Date of completion of Beautification of Access No.1 in Mandeni by 31 December 2021	N/A	N/A	31-Dec-21	16-Dec-21	N/A	N/A	Dated photos and Completion certificate	3
<b>BSD 05</b>	<b>9</b>	Date of Arbor Month Celebration in all wards by 30 September 2021	30-Sep-20	15-Sep-20	30-Sep-21	28-Sep-21	N/A	N/A	Dated photos and attendance register	All Wards
<b>BSD 05</b>	<b>10</b>	Number of monthly clean-up campaign conducted by 30 June 2022	4	7	12	17	Due to a high number of clean-ups request	N/A	Dated photos and attendance register	

<b>BSD 05</b>	<b>11</b>	Number of digital environmental awareness campaign conducted by 30 June 2022	N/A	N/A	12	12	N/A	N/A	Dated photos and attendance register	All Wards
<b>MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
<b>MFV M 01</b>	<b>12</b>	Percentage of operational budget spent by 30 June 2022	New indicator		100%	116%	N/A	N/A	Management account	
<b>MFV M 02</b>	<b>13</b>	amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2022	New indicator		R350 000	R987 997.73	Shortage of staff, some of the staff were employed on contractual basis	Filling of vacant positions, in the new financial year	Report from finance showing expenditure on overtime	



<b>MFV M 04</b>	<b>14</b>	Percentage of EPWP conditional grant spent by 30 June 2022	N/A	N/A	100%	100%			Expenditure report from BTO	N/A
<b>MFV M 04</b>	<b>15</b>	Percentage of Library (DAC) conditional grant spent by 30 June 2022	N/A	N/A	100%	100%	N/A	N/A	Expenditure report from BTO	N/A
<b>MFV M 06</b>	<b>16</b>	Date of procurement of all Libraries furniture by 31 March 2022	N/A	N/A	31-Mar-22	26-Mar-22	N/A	N/A	Copy of delivery note	N/A

<b>MFV M 06</b>	<b>17</b>	Date of procurement of Ndulinde Library Parkhome by 30 June 2022	N/A	N/A	30-Jun-22	30-Jun-22	N/A	N/A	delivery note	6
<b>MFV M 06</b>	<b>18</b>	Date of procurement of crew cab and cherry picker by 30 June 2022	N/A	N/A	30-Jun-22	30-Jun-22	N/A	N/A	copy of delivery note	N/A
<b>MFV M 06</b>	<b>19</b>	Date of procurement of compactor truck and cage truck by 31 March 2022	N/A	N/A	31-Mar-22	Not Achieved	SCM Delays	Re-appointment of a new Service Provider	delivery note	N/A

<b>MFV M 06</b>	<b>20</b>	Date of Brush-cutters procured by 31 December 2021	N/A	N/A	31-Dec-21	25-Nov-21	N/A	N/A	Copy of delivery note	N/A
<b>MFV M 05</b>	<b>21</b>	Amount of Revenue collected on services provided by CSPSD by 30 June 2022	NEW KPI		R107 000	R 4 476 258.88	N/A	N/A	Ledge Spread Sheet from Finance	N/A
<b>GGPP 01</b>	<b>22</b>	Number of quarterly Audit and Performance Audit committee meetings attended by 30 June 2022	4	3	4	3	Due to other competing activities it was not possible for the HOD to attend Audit & Performance Committee meeting scheduled	To delegate someone from CSPS	Attendance Register	N/A

	23	Number of quarterly MPAC meetings attended by 30 June 2022	4	3	4	3	The Dir CSPA was not invited by MPAC	The Dir will only attend the meeting when the is an invite	Attendance registers, signed minutes and agenda of meetings attended	N/A
GGPP 05	24	Number of monthly (July to November 2021 and February to June 2022) portfolio committee meetings held by 30 June 2022	10	10	10	8	Due to LG Elections Portfolio meetings were not held	N/A	Attendance registers of meetings/signed minutes and agenda	N/A
GGPP 05	25	Number of quarterly Performance reports submitted to Community Services Portfolio Committee by 30 June 2022	N/A	N/A	4	3	It is not possible to submit performance report in the middle of the quarter, once the quarter 4 has ended its performance report will then be submitted to Portfolio Committee.	The performance report for Quarter 4 will be submitted during the Quarter 1 of 2022/23 FY	Minutes of CSPA Portfolio Committee	

GGPP 05	26	Number of quarterly Disaster Advisory forum meetings held by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Agenda, Minutes and Attendance register	N/A
GGPP 02	27	Number of quarterly IGR meetings attended by 30 June 2022	3	3	4	6			Attendance registers/ screenshots	N/A
GGPP 02	28	Number of quarterly cluster war-room reports submitted to OMM by 30 June 2022	4	0	4	0	Meeting s not schedule d and none invitatio ns received	To encoura ge public particip ation to provide a list of War room meeting s, and commu nicate with relevant manage rs	Acknowledg ement letters	N/A

GGPP 03	29	Number of monthly disaster awareness campaigns held in wards 1,2,4, 5,6, 7,8,9,11,12 ,16,17 and 18 by 30 June 2022	N/A	N/A	12	11	Due to other competing disaster incidents such as floods and shortage of human resources	Fill the vacant post of Disaster field worker	Dated photos and attendance registers	All Wards
GGPP 03	30	Number of bi-annual Road Safety Awareness campaign (festive and Easter) conducted by 30 June 2022	2	0	2	2	N/A	N/A	Dated photos, attendance registers stop and check list	N/A
GGPP 03	31	Number of bi-monthly road blocks conducted by 30 June 2022	15	15	24	28			Attendance register and stop and checklist	N/A
GGPP 03	32	Number of seasonal Fire-breaks conducted by 30 June 2022	NA	NA	4	0	Since weather was rainy, it was impossible to conduct fire breakers in green grasses	The Fire Breakers determine by the weather condition it is only doable on dry	Dated photos and attendance registers	5,6,8 & 16

								grasses		
GGPP 06	33	Number of risk mitigation strategies implemented by CSPS Department by 30 June 2022	New indicator		4	2		N/A	Quarterly risk mitigation action plan	N/A
GGPP 06	34	Number Quarterly Reports on Implementation of Risk Management Action Plans submitted to Risk Management Unit by 30 June 2022	New indicator		4	4	N/A	N/A	Quarterly risk mitigation reports and RM Committee minutes	N/A
GGPP 06	35	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2022	New	None	3 days	3 days	N/A	N/A	Acknowledgment letters	N/A

<b>GGPP 06</b>	<b>36</b>	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2021	New	None	3 days	3 days	N/A	N/A	Tracking Tool	N/A
<b>LOCAL ECONOMIC DEVELOPMENT</b>										
<b>LED 03</b>	<b>37</b>	Number of EPWP participants on various EPWP programs (Zimbabwe, Life Guards) recruited and sustained by 30 September 2021	250	250	250	250	N/A	N/A	Appointment contracts.	N/A
<b>LED 05</b>	<b>38</b>	Number of Quarterly reports on implementation of EPWP (CWP, Zimbabwe, food for waste, Life guards) programmes submitted to EXCO by 30 June 2022	4	3	4	2	Due to contract expired for EPWP employees	Appointment in new financial year	Attendance register and minutes	N/A



# MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

<b>MTID 01</b>	<b>39</b>	Date of developed draft policies and by-laws And/or reviewed draft policies and by-laws approved by Council by 30 June 2022	30-Jun-21	30-Jun-21	30-Jun-22	Not Achieved	Due to unforeseen circumstances the Departmental Policies and By-laws were not reviewed during the schedule period. However, reviewal has been conducted now awaiting for Council's adoption and approval	The Council advised CSPA dept to present their policies, there was a CSPA presentation that took place on the 29 June 2022 at Council chamber.	Copy of a Council resolution	N/A
<b>MTO D 02</b>	<b>40</b>	Date of submission of the departmental Organogram to Corporate Services Department for inclusion in the overall municipal organogram by 28 Feb 2022	24-Feb-20	None	28-Feb-22	11-Mar-22	N/A	N/A	Draft Organogram and Transmittal to CS/ Council resolution	

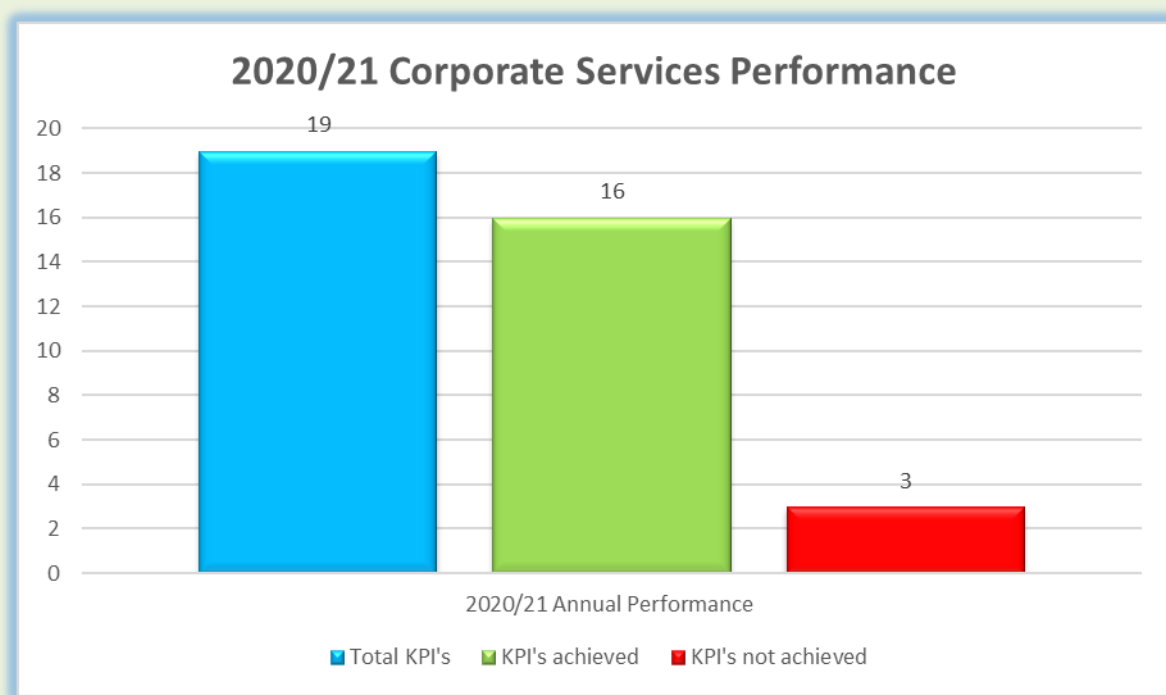
<b>MTID 04</b>	<b>41</b>	Date of submission of managers performance plans to HOD's by 31 August 2021	31-Aug-20	31-Aug-20	31-Aug-21	30-Aug-21	N/A	N/A		N/A
<b>MTID 04</b>	<b>42</b>	Number of progress reports on implementation of performance plans by managers submitted to HOD's by 30 June 2022	24	24	24	24	Manager Community Services did not submit progress reports for Q4	N/A	Manager's Performance Plan's	N/A
<b>SPATIAL RATIONAL ENVIRONMENTAL MANAGEMENT/ CROSS-CUTTING MEASURES</b>										
<b>SREM 03</b>	<b>43</b>	Date of adopted Disaster Management Framework by 31 May 2022	N/A	N/A	31-May-22	31-May-22	N/A	N/A	Council Resolution/	N/A
<b>SREM 03</b>	<b>44</b>	Date of submission of Fire and Emergency Service Section 78 Report by Council by 30 April 2022	N/A	N/A	30-Apr-22	30-Mar-22	N/A	N/A	Section 78 Report submitted to Council	N/A

## E. CORPORATE SERVICES

The Department of Corporate Services is headed by the Director: Corporate Services who is a section 57 employee according to the Municipal Systems Act of 2000. The corporate wing is mainly responsible for the following;

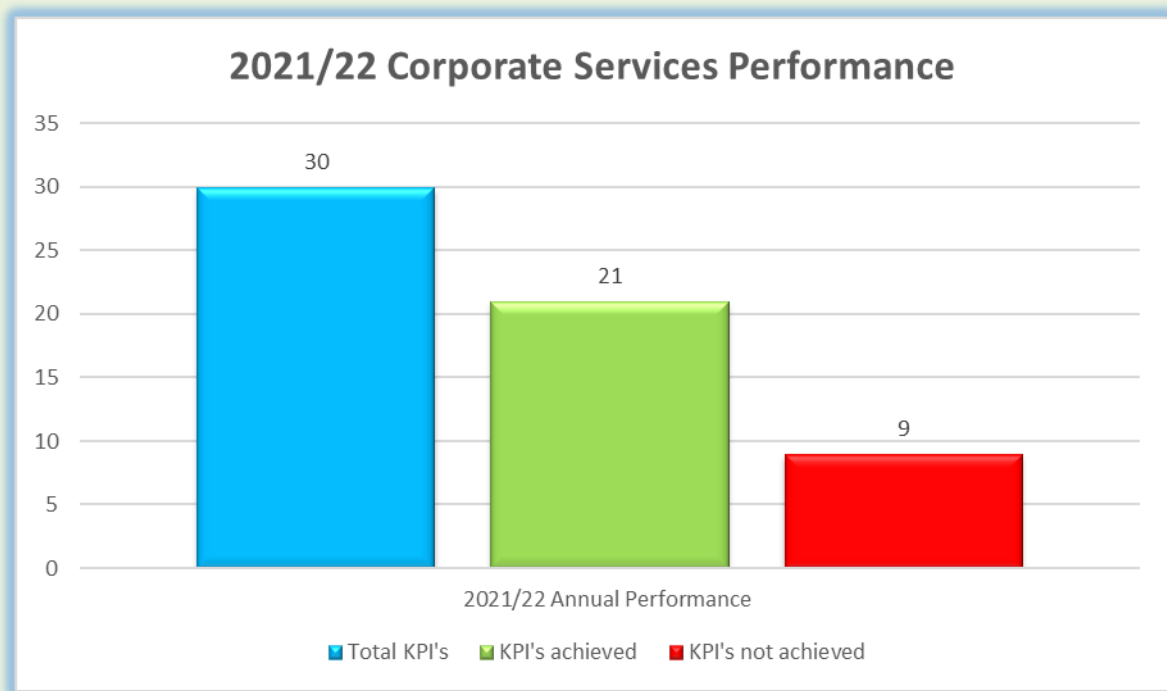
- + Human Resources Management;
- + General Administration;
- + Information Technology;
- + Committees; and
- + Labour Relations.

Below is a graph of the performance of the Corporate Services Department in 2020/21 and 2021/22 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	19	100%
KPI's achieved	16	84%

KPI's not achieved	3	16%
--------------------	---	-----



	Number of KPI's	Percentage of KPI's
Total KPI's	30	100%
KPI's achieved	21	70%
KPI's not achieved	9	30%

The Corporate Services Department had a total of 30 KPI's in the 2021/22 financial year. 21 KPI's were achieved and 9 KPI's were not achieved. This translates to an overall achievement of 70%.

IDP Ref	K P I N O .	KEY PERFOR MANCE INDICA TORS 2021/2 2	2020/21		2021/22		Reason for variance	Corre ctive Meas ure	Portfoli o of Evidenc e	W ard
			Tar get	Act ual	Tar get	Actu al				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
MTI D 01	1	Date of adoptin g the reviewe d corpora te services depart mental policies by council by 30 June 2022	30-Jun- 21	30-Jun- 21	30-Jun- 22	30-Jun- 22	N/A	N/A	Attenda nce register and council resoluti on	N / A
MTI D 02	2	Date of adoptin g the organis ational structur e aligned to the 2022/2 3 IDP and Budget by council by 30 May 2022	30-Ma y- 21	30-Jun- 21	31-Ma y- 22	31-May- 22	N/A	N/A	Copy of signed and approve d organog ram and council resoluti on	N / A

<b>MTI D 02</b>	<b>3</b>	Date of submission of the reviewed employment equity report to department of labour by 31 January 2022	31-Jan-21	15-Dec-20	31-Jan-22	04-Jan-22	N/A	N/A	Proof of Submission from DoL	N / A
<b>MTI D 02</b>	<b>4</b>	Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2022	100 %	100 %	100 %	100 %	N/A	N/A	Employment Equity Plan/appointment letters	N / A

MTI D 02	5	Number of quarterly local labour forum meetings to be held by 30 June 2022	N/A	N/A	3	3	N/A	N/A	attendance register	N / A
MTI D 02	6	Percentage of municipal budget actuals spent on implementation of WSP by 30 June 2022	N/A	N/A	100 %	100 %	N/A	N/A	Management account	N / A
MTI D 02	7	Number of quarterly Health and Safety meetings/trainings conducted by 30 June 2022	4	4	2	Not achieved	Committee have not been appointed yet	to be achieved when the new committee have been appointed	Agenda, minutes, attendance register	N / A
MT OD 02	8	Number of annual workshops on collective agreements and applicable legislation conducted	N/A	N/A	1	1	N/A	N/A	Agenda, minutes, attendance register	N / A

		ted by 30 June 2022								
<b>MTI D 03</b>	<b>9</b>	Date of submiss ion of the Workpl ace Skills Plan/An nual Trainin g Report to SETA by 30 April 2022	30- Apr -21	29- Apr- 21	30- Apr -22	25- Apr- 22	N/A	N/A	LGSETA report	N / A
<b>MTI D 04</b>	<b>1 0</b>	Date of submiss ion of manage rs perform ance plans to HOD's by 31 August 2021	31- Aug -20	31- Aug -20	31- Aug -21	31- Aug- 21	N/A	N/A	Signed manage r's Perform ance Plan's	N / A



MTI D 04	1 1	Number of monthly progress reports on implementation of performance plans by managers submitted to HOD by 30 June 2022	36	36	26	26	N/A	N/A	PMS monthly progress reports signed by HOD, manager and MM	N / A
MTI D 05	1 2	Number of quarterly ICT Steering Committee meetings conducted by 30 June 2022	4	4	4	4	N/A	N/A	IT steering committee agenda, minutes, register	N / A
MTI D 05	1 3	Date of upgrading of Disaster Recovery site by 30 June 2022	31-Dec-20	Not achieved	30-Jun-22	Not achieved	Judgement which frozen all procurement processes over R30 000. however as of 30 May 2022, the judgment was clarified to allow procurement process to continue. This then was late for this project as it	The KPI is then deferred to Q2 of new financial year as the tender process is now unfol	Signed project completion/invoices	N / A

								ding.		
<b>MTI D 05</b>	<b>1 4</b>	Date of completion of the Network connection at the youth advisory centre by 31 December 2021	30-Jun-21	07-Jun-21	31-Dec-21	31-Aug-21	an emergency occurred	N/A	Signed project completion/invoices	N / A
<b>MTI D 05</b>	<b>1 5</b>	Date of upgrading of the municipal servers by 30 June 2022	31-Dec-20	Not achieved	30-Jun-22	Not achieved	Judgement which frozen all procurement processes over R30 000.however as of 30 May 2022, the judgment was clarified to allow procurement process to continue. This then was late for this project as it	The KPI is then deferred to Q2 of new financial year as the tender process is now unfolding.	Signed project completion/invoices	N / A

GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GG PP 01	1 6	Number of portfolio committee agendas issued by 30 June 2022	42	42	40	42	N/A	N/A	Portfolio Committee Attendance registers	N / A
GG PP 01	1 7	Number of monthly (July to November 2021 and February to June 2022) portfolio committee meetings held by 30 June 2022	N/A	N/A	8	11	N/A	N/A	Attendance registers of meetings/signed minutes and agenda	N / A
GG PP 01	1 8	Number of quarterly audit and performance committee meetings attended by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Attendance registers	N / A

GG PP 02	1 9	Number of quarterly participation in district IGR attended by 30 June 2022	4	None	4'	3	No invitation from IGR Coordinator	Ensure proper planning	Attendance registers	N / A
GG PP 02	2 0	Number of EXCO meeting coordinated by 30 June 2022	11	11	9	9	N/A	N/A	Attendance registers , notice of the meeting and minutes	N / A
GG PP 01	2 1	Number of Council meeting coordinated by 30 June 2022	8	8	10	17	N/A	N/A	Attendance registers , notice of the meeting and minutes	N / A
GG PP 01	2 2	Number of quarterly MPAC meetings attended by 30 June 2022	N/A	N/A	4	3	The meeting didn't sit on Q2	Achieved on the next quarters	Attendance registers , signed minutes and agenda of meetings attended	N / A

GG PP 05	2 3	Number of quarterly Performance reports submitted to Corporate Portfolio Committee by 30 June 2022	42	42	3	4	N/A	N/A	Minutes of Corporate Services Portfolio Committee	N / A
GG PP 06	2 4	Number of risk mitigation strategies implemented by 30 June 2022	N/A	N/A	10	10	N/A	N/A	Quarterly risk mitigation action plan	N / A
GG PP 06	2 5	Number of risk progress reports submitted to risk management unit by 30 June 2022	N/A	N/A	3	2	Quorum issued on Q1 and the meeting didn't sit	Achieved on the next quarters	Quarterly risk mitigation reports and RM Committee minutes	N / A
GG PP 06	2 6	Number of days for management to respond to Internal Audit Unit queries raised by 30	N/A	N/A	3 days'	3 days'	N/A	N/A	Acknowledgement Letters	N / A

		June 2022								
GG PP 06	2 7	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2021	N/A	N/A	3 days'	3 days'	N/A	N/A	Tracking Tool	N / A
MUNICIPAL FINANCIAL MANAGEMENT VIABILITY										
MF VM 01	2 8	Percentage of operational budget spent by CS by 30 June 2022	N/A	N/A	100 %	88%	The Dept did not achieved 100% on operational budget due municipal implemented the Const court judgement invalidation, 2017 preferential procurement	Waiting for outcome of the court judgement	Management account	N / A

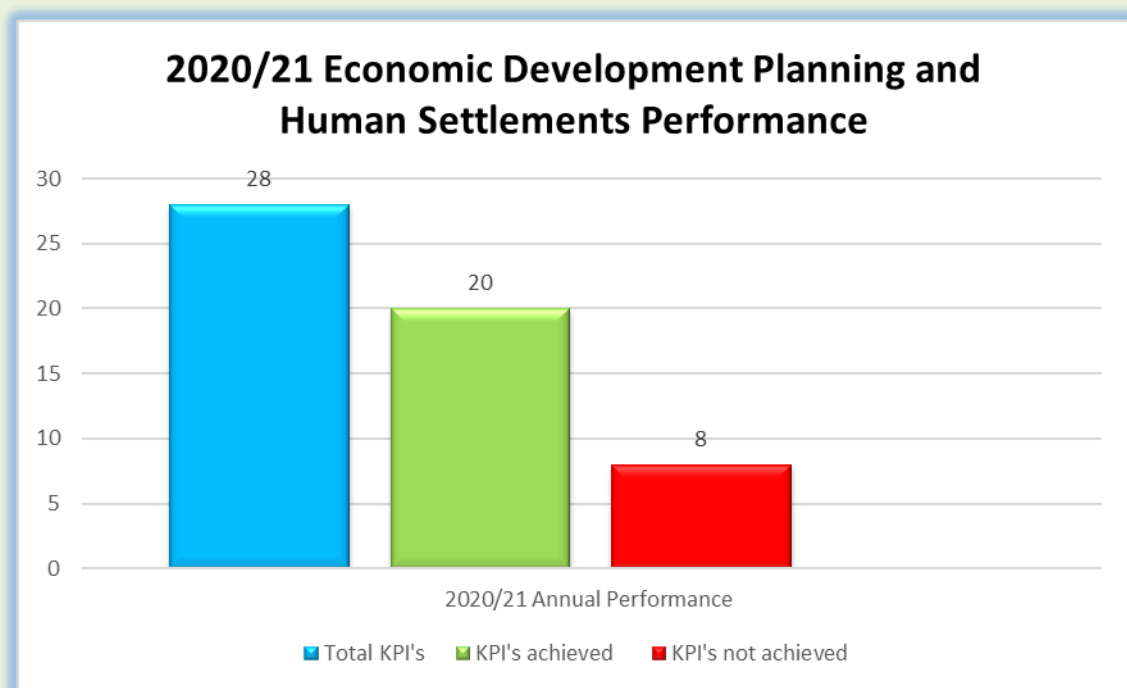
<b>MF VM 02</b>	<b>29</b>	Amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2022	N/A	N/A	R30 000	R139 552, 35	The challenge is that most of the employers that incurred overtime are paid under cs vote	Will be resolved in q1	Report from finance showing expenditure on overtime	N / A
<b>MF VM 05</b>	<b>30</b>	Amount of Revenue collected on services (municipal houses rented) provided by municipal departments by 30 June 2022	N/A	N/A	R11 2 000	R54 367, 46	Municipal houses are not in good condition that to be rented full amount which result to the state of failing to achieve the targeted amounted	To ensure that municipal houses rented acquire proper maintenance in order to generate profit	Ledge Spread Sheet from Finance	N / A

## F. ECONOMIC DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS.

The Economic Development and Planning Department is the strategic business unit of the municipality and includes the following four divisions:

- ✚ Integrated Development (Strategic) Planning, Spatial Planning and Statutory Planning which includes implementation of the Land Use Management System, particularly the Planning and Development Act (PDA) and in future, the Spatial Planning and Land Use Management Act (SPLUMA).
- ✚ Human Settlements is essentially the implementation of rural and urban sustainable human settlement and development projects as an agent of the provincial Department of Human Settlements. Building controls which includes; the assessment and approval of building plans and enforcement of the National Building Regulations.
- ✚ Local Economic Development (Tourism, Business Licensing and SMME's Development, Agriculture, Manufacturing).

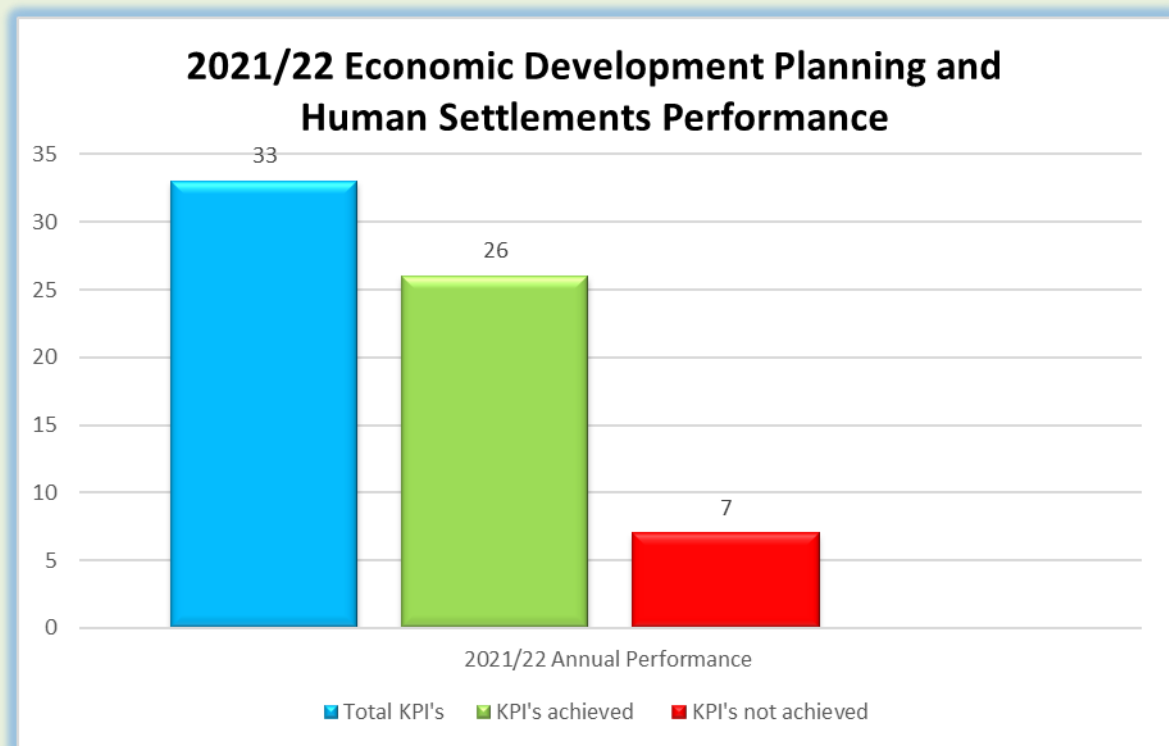
Below is a graph demonstration of the performance of this department in the 2020/21 and 2021/22 financial year.





Total KPI's	28	100%
KPI's achieved	20	71%
KPI's not achieved	8	29%

The Economic Development Planning and Human Settlements Department had a total of 33 KPI's in the 2021/22 financial year. 26 KPI's were achieved and 7 KPI's were not achieved. This translates to an 78 % achievement for



the department.

	Number of KPI's	Percentage of KPI's
Total KPI's	33	100%
KPI's achieved	26	78%
KPI's not achieved	7	22%

# Chapter 5

IDP REF NO	KPI NO .	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
BSD 03	1	Number of new RDP houses constructed in Wards 1,8, 10, 11, 12, 16,17 and 18 by 30 June 2022	N/A	N/A	600	693	N/A	N/A	Completion certificates (D6)	1; 2; 3; 7;8; 9; 10; 11; 12; 13; 14; 15; 16,17 and 18
BSD 03	2	Number of Pre and Post 1994 units transferred in Ward 3,4,7, 10,13,14 and 15 by 30 June 2022	N/A	N/A	500	350	Delays in opening of township register and subsequent transfers for Inyoni IRDP	Appointment of new implementin g agent who will take over the opening of township register and subsequent transfers for Inyoni IRDP	List of transfer documents / List of title deeds handed over showing ID Numbers and Names of beneficences with lot numbers and Signatures to list of transfer documents.	3; 4; 7; 10; 13; 14; 15;

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGPP 01	3	Number of quarterly audit and performance committee meetings attended by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Attendance Registers	N/A
GGPP 01	4	Number of quarterly MPAC meetings attended by 30 June 2022	N/A	N/A	4	2	Due to prior commitment EDPHS could not able to attend MPAC meeting. There was no invitation sent for MPAC meeting during Q4	Stick on the Council adopted meeting calendar and do not rely on invitation or meeting notices	Attendance Registers	N/A

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
GGPP 02	5	Number of quarterly District LED IGR forum /Economic Cluster/ Local LED Forum attended by 30 June 2022	4	9	4	3	Meeting on the Q2 was cancelled on the basis that key stakeholders were not present	Remove this KPI since the arranging of these meeting is not within EDPHS's control	Attendance/ register notice and screenshot	N/A
GGPP 02	6	Number of quarterly cluster war-rooms reports submitted to OMM by 30 June 2022 (Ward 5 & 14)	N/A	N/A	4	0	No invite to Managers to attend war room	Public participation need to provide schedule list to all relevant managers	Attendance register	N/A
GGPP 05	7	Date of adoption of the 2021/22 IDP, Budget and PMS Process Plan by 31 August 2021	30-Sep-20	30-Sep-20	31-Aug-21	26-Aug-22	N/A	N/A	Council Resolution	N/A

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
GGPP 05	8	Date of approval and adoption of the 2022/2023 IDP by Council by 31 May 2022	30-Jun-21	27-May-21	31-May-22	31-May-22	N/A	N/A	Newspaper advert Council Resolutions Attendance Registers	18 Wards
GGPP 05	9	Date of conducting Strategic Planning for new Councillors and Management by 31 May 2022	N/A	N/A	31-May-22	08 - 11 Febr- 2022	N/A	N/A	Attendance Registers	All Wards (18)
GGPP 05	10	Number of quarterly Performance reports submitted to EDPHS Portfolio Committee by 30 June 2022	4	4	4	4	N/A	N/A	Minutes of EDPHS Portfolio Committee	N/A

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
GGPP06	11	Number of risk mitigation strategies implemented by EDPHS Department by 30 June 2022	N/A	N/A	4	6	N/A	N/A	Acknowledgement Letter and Quarterly risk mitigation action plan	N/A
GGPP06	12	Number of risk progress reports submitted to risk management unit by 30 June 2022	N/A	N/A	4	4	N/A	N/A	Acknowledgement Letter and Quarterly risk mitigation progress report	N/A
GGPP06	13	Number of days for management to respond to Internal Audit Unit queries raised by 30 June 2022	N/A	N/A	3 days	3 days'	N/A	N/A	Acknowledgement Letters	N/A

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
GGPP 06	14	Number of days for management to respond to request for information and Audit Queries raised by Auditor General by 31 December 2021	N/A	N/A	3 days	3 days'	N/A	N/A	Tracking Tool	N/A
LOCAL ECONOMIC DEVELOPMENT										
LED 07	15	Date of annual training provided intended to improving the community skills in particular SMME's by 31 December 2021	1	2	31-Dec-21	19-Oct-21	N/A	N/A	Attendance register and certificates	All

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
LED 07	16	Number of SMMEs and Cooperatives supported on Quick Win Programme by 30 June 2022	50	40	36	37	N/A	N/A	Acknowledgement letter of SMMEs / Cooperatives supported	All
LED 07	17	Number of quarterly Emerging Entrepreneurs supported on the entrepreneur support programme by 30 June 2022	8	5	4	5	N/A	N/A	List the entrepreneurs supported and report	All
LED 07	18	Number of quarterly business compliance inspections conducted by 30 June 2022	4	4	4	4	N/A	N/A	Attendance Register (A list of various B C workshops conducted)	All



IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
LED 04	19	Number of jobs sustained through construction of RDP housing projects by 30 June 2022	N/A	N/A	200	634	N/A	N/A	Beneficiary List of employees employed during the period under review per project. Identification/ appointment letters	1,8,10,11,12,16,17&18
LED 04	20	Number of Agricultural Project Supported by 30 June 2022	N/A	N/A	4	6	N/A	N/A	Acknowledgement letters	1,6,9 &10
LED 06	21	Date of hosting business of Fair by 31 March 2022	N/A	N/A	31-Mar-22	29-Jun-22	N/A	N/A	Attendance Register	All
LED 07	22	Number of quarterly reports on the implementation of Vuthela	4	4	4	Not achieved	The Vuthela meetin in Q2 took place on the 9 <sup>th</sup> of Dec	Ensure proper planning	Reports/EXCO resolution	All

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
		LED programme submitted to EXCO by 30 June 2022					21, which ample time to consolidate report for exco meeting			
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MFVM 01	23	Percentage of operational budget spent by 30 June 2022	N/A	N/A	100%	89.90%	Delays in procuring service providers to supply and deliver SMME's business support equipment	Start procurement processes on the first month of the new financial years	Management account	N/A
MFVM 02	24	amount of quarterly of expenditure on overtime kept within allocated budget by 30 June 2022	N/A	N/A	R30 000	R0	N/A	N/A	Report from finance showing expenditure on overtime	All

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
MFVM 05	25	Amount of revenue collected as per submitted town planning applications, business license, building plans and rental collection from Informal Traders Stalls by 30 June 2022	R60 000	R121 924.60	R96 600.00	R158 569.84	N/A	N/A	Ledge Spread Sheet from Finance	All
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT/CROSS-CUTTING MEASURES										

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
SREM 01	26	Percentage of building plans less than 500m <sup>2</sup> approved within 30 days	N/A	N/A	100%	100%	N/A	N/A	Date and time stamped data, Sequential List of building plans received, sequential list of building plans processed within 30days letters to applicants	N/A
SREM 01	27	Percentage of building plans more than 500m <sup>2</sup> approved within 60 days	N/A	N/A	100%	100%	No application of this magnitude received during Q3 & Q4		Date and time stamped data, Sequential List of building plans received, sequential list of building plans processed within 60days, letters to applicants	N/A

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
SREM 03	28	Date of Review and final adoption of Spatial Development Framework by Council by 31 March 2022	30-Jun-21	Not achieved	31-Mar-22	31-Mar-22	N/A	N/A	Council Resolution	All
SREM 02	29	Date of preparation of draft EIA scoping report for the Dokodweni Beach presented to Project steering committee by 30 June 2022	30-Jun-21	Not achieved	30-Jun-22	37-Jun-22	N/A	N/A	Inception Report	N/A
SREM 02	30	Date of preparation and adoption of Estuary Management Plan by Council by 30 June-	30-Jun-21	11-Jun-21	30-Jun-22	30-Jun-22	N/A	N/A	Council Resolution	Ward 1 & 8

IDP REF NO	KPI NO	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
		2022								
SREM 02	31	Date of preparation of the Draft Mandeni Nodal Development Plan covering Wards 3,10, 17 by Council by 30 June 2022	N/A	N/A	30-Jun-22	Not achieved	Delays in the procurement of the panel of Planners and Surveyors	Panel of Planners and Surveyors have since been appointed	Council Resolution	Ward 10
MUNICIPAL TRANSFORMATION INSTITUTIONAL DEVELOPMENT										
MTID 04	32	Date of submission of managers performance plans to HOD's	30-Aug-21	30-Aug-21	31-Aug-22	31-Aug-22	N/A	N/A	Manager's Performance Plan's	N/A

IDP REF NO	KPI NO .	Key Performance Indicator	2020/21		2021/22		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
		by 31 August 2021								
MTID 04	33	Number of progress reports on implementatio n of performance plans by managers submitted to HOD's by 30 June 2022	36	30	36	36	N/A	N/A	PMS monthly progress reports	N/A

## **INTRODUCTION TO THE MUNICIPAL PERSONELLE**

SKILLS LEVEL	MANDENI
Senior officials	2.5
Professionals	2.3
Tech/Assoc Prof	7.8
Clerks	7.3
Service workers	4.9
Skilled agric workers	2.9
Plant operators	22.1
Craft and trade	20.3



## **MANAGING THE MUNICIPAL WORKFORCE**

This document, the Mandeni Municipality Employment Equity Plan (EEP) is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998' hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The EEP addresses all aspects of Affirmative Action measures defined by the Act, to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in all the occupational levels in the workforce.

The purpose of the Act is to achieve in the workplace by:

- (a) Promoting equal opportunity and fair treatment in employment through elimination of unfair practice.
- (b) Implementing affirmative action measures to redress the disadvantages in employment by designated groups in order to ensure their equitable representation in all occupational levels and levels in the workplace.

### **Workforce capacity development**

The municipal remains committed to the development of internal and external capacity by providing the various skills development intervention and at improving the performance of individual employees, councillors and providing skills to unemployed youth within Mandeni jurisdiction.

The human resource development ensures that workplace skills plans (WSP) which is aligned to the municipal strategic objectives is developed annually in line with Skills Development Act and local government sector and training authority (LGSETA) guidelines. Funding to implement learning programs has been provided by the municipality or sourced from LGSETA.

The workplace skills plan focuses on the following

Training programme	Number of beneficiaries
1. OHS	0
2. Various formal studies	14
3. Councilors development	4
4. Staff bursaries	9

### **Managing the Municipal workforce expenditure**

#### ***Remuneration package of municipal manager and managers directly accountable to the Municipal Manager***

The municipality complies with government gazette number 43122 of 20 March 2020, notice 351 has issued by minister of COGTA that is Local Government remuneration, remuneration framework for the remuneration packages payable to Municipal Manager and Managers directly accountable to the Municipal Manager.

The current total remuneration package for 2020 Financial Year of the municipal manager and managers reporting to the municipal manager is therefore structured as follows.

Designation of Senior Manager	Remuneration
<b>MUNICIPAL MANAGER</b>	
	1
	784.64
	<b>1 267</b>
	<b>068.00</b>
CFO	
	<b>1 040</b>
	<b>328.24</b>
Director: CORP	
	1 040
	328.24
DIRECTOR: EDPHS	
	<b>1 040</b>
	<b>328.00</b>
DIRECTOR: TECHNICAL	
	<b>1 040</b>
	<b>328.00</b>
DIRECTOR: COMMUNITY	
	<b>1 040</b>
	<b>328.00</b>

# CHAPTER 5

## FINANCIAL PERFORMANCE

### FINANCIAL HEALTH OVERVIEW

### COMPONENT A: STATEMENT OF FINANCIAL POSITION

#### Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2021	2020 Restated *
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	863,761	979,669
Receivables from exchange transactions	4	9,059,003	8,053,421
Receivables from non-exchange transactions	5	18,309,043	30,216,919
VAT receivable	6	2,901,600	2,483,602
Call and investments deposits	7	181,073,835	108,233,646
Cash and cash equivalents	8	905,854	2,912,431
		<b>213,113,096</b>	<b>152,879,688</b>
<b>Non-Current Assets</b>			
Investment property	9	84,587,000	70,116,000
Property, plant and equipment	10	455,470,654	436,097,707

Intangible assets	11	674,125	779,811
		<u>540,731,779</u>	<u>506,993,518</u>
<b>Total Assets</b>		<u>753,844,875</u>	<u>659,873,206</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	12	896,351	870,146
Operating lease liability	13	-	6,217
Payables from exchange transactions	14	31,571,620	18,196,674
Consumer deposits	15	290,048	380,067
Unspent conditional grants and receipts	16	30,079,407	26,216,907
		<u>62,837,426</u>	<u>45,670,011</u>
<b>Non-Current Liabilities</b>			
Finance lease obligation	12	13,719	893,490
Employee benefit obligation	17	23,593,831	19,465,119
		<u>23,607,550</u>	<u>20,358,609</u>
<b>Total Liabilities</b>		<u>86,444,976</u>	<u>66,028,620</u>
<b>Net Assets</b>		<u>667,399,899</u>	<u>593,844,586</u>
Reserves			
Housing Development fund		1,826,842	1,782,255
Accumulated surplus	18	665,573,057	592,062,331
<b>Total Net Assets</b>		<u>667,399,899</u>	<u>593,844,586</u>

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The Budget and Treasury Office's main responsibilities are to ensure that:

- The municipality's assets are safeguarded
- The municipality's budget is achieved
- The finances are properly accounted for and reported accordingly.

In implementing these functions there are key indicators to ensure their achievement. Deviations are explained.

The purpose of this report is to give an overview update on the progress of implementing these functions

Financial Overview: 2021/22			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	200,339,600	220,297,780	219,890,978

Taxes, Levies and tariffs	102,143,448	99,143,448	103,763,500
Other	6,680,243	8,551,061	23,067,557
Sub Total	309,163,291	327,992,289	346,722,035
Less: Expenditure	323,462,449	339,729,095	310,111,318
Net Total*	14,299,158	11,736,806	36,610,717
<i>* Note: surplus/(deficit</i>			

Operating Ratios	
Detail	%
Employee Cost	40
Finance Charges & Impairment	10

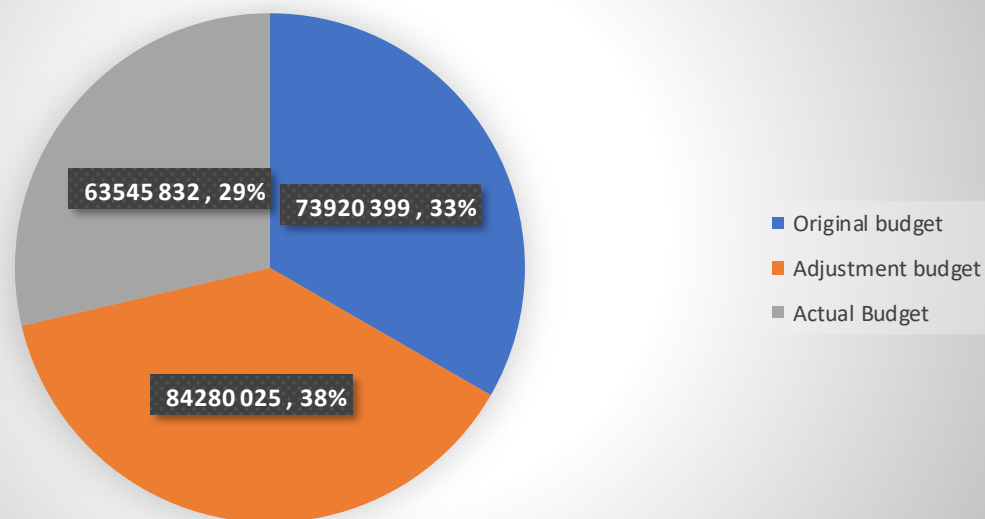
**Total Capital Expenditure: 2020/21 and 2021/22 Financial Years**

**R'000**

<b>Detail</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Original Budget	66,147,691	59,005,493	73,920,399
Adjustment Budget	79,681,825	93,192,437	84,280,025
Actual	59,146,462	51,275,442	63,545,832



## Capital Budget 2021/22



## COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENT

### Cash Flow Statement

Figures in Rand	Note(s)	2021	2020
			Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		64,738,586	26,033,773
Sale of goods and services		47,256,087	38,585,191
Grants		262,406,642	215,342,098
Interest- External investment		6,453,515	6,818,965
		<u>380,854,830</u>	<u>286,780,027</u>
<b>Payments</b>			
Employee costs		(116,286,116)	(108,260,392)
Suppliers		(141,467,584)	(104,748,556)
Other payments		(331,943)	(919,129)
		<u>(258,085,643)</u>	<u>(213,928,077)</u>
<b>Net cash flows from operating activities</b>	42	<b><u>122,769,187</u></b>	<b><u>72,851,950</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(51,275,442)	(21,363,568)

Proceeds from sale of property, plant and equipment	10	148,846	47,234
Purchase of other intangible assets	11	-	(142,000)
<b>Net cash flows used in investing activities</b>		<b>(51,126,596)</b>	<b>(21,458,334)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(853,566)	(940,039)
Interest on reserves capitalised		44,587	85,802
<b>Net cash flows used in financing activities</b>		<b>(808,979)</b>	<b>(854,237)</b>
<b>Net increase in cash and cash equivalents</b>		<b>70,833,612</b>	<b>50,539,379</b>
Cash and cash equivalents at the beginning of the year		111,146,077	60,606,698
<b>Cash and cash equivalents at the end of the year</b>	8	<b>181,979,689</b>	<b>111,146,077</b>

## ACCOUNTING OFFICER'S RESPONSIBILITY 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.

The accounting officer acknowledges that he is 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, the accounting officer sets 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.

The accounting officer is 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 loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in light of this review and the current financial position, he is 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 municipality 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.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 6 to 88, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

## COMPONENT D: OTHER FINANCIAL MATTERS

- a) Maintain alignment between the IDP, PMS and Budget Process
- b) That monthly monitoring of SDBIP's and Capital Program through presentation conducted to the respective Portfolio Committees be a standing item.
- c) That the financial system and performance management system be tightly aligned to ensure accurate and clear performance reports are prepared and submitted for the understanding of all stakeholders.
- d) Monitoring and evaluation be strengthened were PMS, M, E & R Unit conduct monthly consultation verification meetings at least a month before the end of the quarter, and obedience to the timeframes that are as per the process plan.
- e) Department to take ownership of cascading PMS to lower levels, and OPMSMER Unit to assist and report through all structures of the municipality, Top Manco, Manco, Departmental Meetings, Portfolio, Council and Executive Council.

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

N o.	AUDIT QUERY	ROOT CAUSES	RECOMMENDA TIONS	MANAGEMENT RESPONSES	MANAGEMENT ACTION PLAN	TARGET DATE	RESPONSIBLE PERSON	PROGRESS TO DATE BY MANAGEMENT	INTERNAL AUDIT OBSERVATIONS
A	ANNEXURE A: NON-COMPLINACE FINDING								

1	<p><b>1. Non-compliance with the CIDB regulations - competitive bids</b></p> <p>During the audit of competitive bids awarded by the municipality, we noted that the bids listed on the table below were awarded to registered contractors who tendered above the tender value range associated with their contractor grading designation i.e. the winning contractor's offer was higher than the maximum amount in which the contractor is</p>	<p>Management did not monitor compliance with applicable laws and regulations.</p> <p>Lack of risk assessment as required by Practice note 3 paragraph 3 as issued by the CIDB regulation 25(7A)</p> <p>Lack of knowledge of some of the CIDB practice notes</p>	<ul style="list-style-type: none"> <li>Management should enhance the review and monitoring of compliance with applicable laws and regulations in order to avoid the re-occurrence of the above mentioned instance of non-compliance.</li> </ul> <p>Management should always perform as reasonability test and a risk assessment in cases where recommended bidders tender above the tender value range associated with their contractor grading and if management decides to award the contract to the recommended bidder after performing the reasonability test and risk assessment then management</p>	<p>In drafting the bid specifications and requirements for the identified bids, the Bid Specification Committee considered the dual responsibilities of the SCM practices: procurement and SMME empowerment.</p> <p>During this understanding, it had been standard practice to open the CIDB grade requirements to bidders who, as per CIDB, have demonstrated the capacity to execute projects that are a grade above them. It is the CIDB that has vetted the said contractors on behalf of the public entities.</p> <p>It had therefore</p>	<p>1. The SCM Manager will engage the CIDB to offer webinar on all matters related to the act and practice notes to the SCM practitioners and management team</p> <p>2. Bid documents for all construction projects to be revised to include the CIDB requirements on the contract values and grading This requirement shall form part of the bid specifications.</p>	<p>29-Nov-22</p> <p>06-Dec-22</p>	<p>CFO</p> <p>CFO</p> <p>Chief Audit Executive</p>	<p>1. CIDB hosted a webinar to provide role-players with the latest developments in the industry. Management of the municipality attended and it was held on the 29th November 2022</p> <p>2.</p> <p>3. The item on the establishment of the Municipal Disciplinary Board will be presented</p>	<p>1. The CIDB was indeed held on the 29th of November 2022 and management, including the CAE, attended the session with the exception of senior management who could not attend due to EXCO taking place on the same day and time</p> <p>2. The CFO should include timeframe for this action plan.</p> <p>3. The item was considered by EXCO and</p>
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<p>considered to be capable of executing the contract as per their grading in terms of regulation 17.</p> <p>We also considered regulation 25(7A) and practice note 3 paragraph 3 and we could not reasonably conclude that the margin in which the contractors exceeded their tender value ranges were reasonable as the margins were significantly higher than 15% nor is there any evidence that management performed a risk assessment to confirm</p>		<p>should notify the CIDB as required by regulation 21(3)</p> <p>Management should disclose the irregular expenditure in the annual financial statements and implement the required consequence management where necessary</p>	<p>become the modus operandi that the Municipality calls for emerging contractors to bid. This is not done in a reckless manner. All material conditions must be met by the contractors during evaluation and the successful bidder is closely monitored by both the Consultant and PMU office in the Technical and Infrastructure Development Department.</p> <p>In terms of the Regulations, where a municipality has in place a targeted development program, contractors who are registered with the CIDB as potentially emerging contractors may be</p>	<p>3. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will investigate issues relating to irregular expenditure and report to the Accounting Officer and Council on whether:</p> <p>- <i>there are any financial losses occurred in these transactions;</i></p> <p>- <i>expenditure incurred due to the negligence of any official/s and as such disciplinary actions are</i></p>			<p>to EXCO on the 29th of November 2022 and will be presented to council for approval on the 06th of December 2022</p>	<p>all the recommendations, including the new members of the Municipal Disciplinary Board, were approved.</p> <p>4. Based on the CIDB webinar hosted, management should consider developing a separate CIDB checklist that will be applied during the evaluation of all construction tenders considering a number of CIDB compliance that should</p>
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<p>whether awarding the bids to these particular contractors will not pose any undue risk to the state.</p> <p>Also since the contractors who were awarded the bids are registered at a grading designation which is one level lower than that required for the contract as contemplated in regulation 25 , management was required to notify the CIDB of the nature of the financial or management support that is provided to the contractor concerned as contemplated</p>			<p>awarded a contract with one contractor grading designation higher than their current contractor grading designation.</p> <p>Regulation 25(8), however, requires that employers must:</p> <ul style="list-style-type: none"> <li>· be satisfied that the contractor has the potential to develop into and qualify for registration in a higher grade; and</li> <li>· ensure that financial, management or other support is provided to that contractor to enable the contractor to successfully execute the contract.</li> </ul> <p>In line with our policy, the provisions enable Mandeni Municipality to promote the development</p>	<i>required</i>				be observed
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	in that Part and the benefit derived from such support in the development of that contractor , however there is no evidence that this was performed by management.			of contractors who have a willingness and ability to develop and progress to a higher contractor grading designation provided that such employer ensures financial, management or other support to reduce the increased risk to both employer and contractors. Such support may, as appropriate, include technical training, management training, professional construction mentorship, third party construction management support, third party materials management support, materials supplied by the employer, shorter payment cycles, sponsorships, reduced guarantees and					
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				<p>facilitation of bridging finance.</p> <p>Furthermore, it must be noted that Practice No #3 was issued in October 2020 during the time of COVID-19. To date, inflation has taken an economic downturn Most industries were badly affected by increasing the price of supply; not forgetting the fuel price increase which affect the whole value chain of procurement. In our view the reasonability of the appointment of the recommended bidders as per the above we well met</p>					
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2	<p><b>Call and Investment Deposit incorrectly classified as a current asset</b></p> <p>During the audit of call and investment deposits it was noted that the municipality incorrectly classified an investment with Nedbank (see details in the table below) with a maturity date of 28 December 2023 as a current asset in the financial statements.</p> <p>The investment in question matures 18 months after the 30 June 2022 being the reporting</p>	<p>Non-compliance with GRAP 1 read with the requirements of GRAP 2 resulting in the misstatements noted.</p> <p>Lack of adequate review of the AFS by the relevant assurance providers</p>	<p>Management should correct the misstatement by classifying the investment as a non-current asset and not as a current asset.</p>	<p>Management agrees with the finding.</p> <p>The municipality incorrectly disclosed Nedbank investment of R65 million (037881155450/00020) which matures in December 2023 as current asset instead of classifying it as non-current assets since the investment has been invested for a period of 18 months.</p>	<p>1. All call and investments deposits will be assessed in line with the four (4) criterias listed in paragraph 68 of GRAP 1 and reported accordingly based on their maturity dates after the reporting date.</p>		<p>Manager Treasury</p>	<p>Include in the action plan what other measures will be implemented to prevent issues going forward. MM indicated GRAP training interventions.</p> <p>Target date should be by 30 June 2023 in time for the AFS review processes to be undertaken</p> <p>Timeframes should be included for the action plans</p>
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	date and therefore does not meet the requirements for classification under current assets as envisaged by GRAP1.68.								
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3	<p><b>Misstatement : Principal - agent arrangement not disclosed</b></p> <p>During the audit of unspent conditional grants and subsidies it was noted that the municipality received an urban settlement development grant (USDG) from the Kwazulu-Natal provincial department of human settlements (hereinafter referred to as the department) amounting to R50 633 546 and this USDG is for two rural housing projects within the municipality.</p>	<p>Non-compliance with GRAP 109</p> <p>Lack of adequate reviews by the relevant assurance providers</p>	<p>Management should disclose the abovementioned principal –agent arrangement in accordance with GRAP 109 – Accounting by principals and agents</p> <p>Monitoring controls should be enhanced to support accurate financial reporting.</p>	<p>Management agrees with the finding:</p> <p>The management note the finding by auditors. This is due to the fact that USDG grant is not publicized on DORA (Division of revenue Bill) as one of the grants the municipality will receive for that applicable financial year, further to that this grant was not included in the budget as it was not included in the Provincial Gazette by Human Settlement. Grant is only received based on project completion to be paid over to the contractor. This has then resulted to the fact that reporting and treatment of USDG grant not to be clear to the municipality. The management</p>	<p>1. Going forward, the municipality will include the Urban Settlement Development Grant (USDG) in the notes to the Annual Financial Statement s in future financial years and ensure compliance with GRAP 109</p>				<p>Management should consider including possible training interventions on the GRAP 109 which will cover identification of all principal and agent transactions as an action plan.</p> <p>Also include the fact that municipalities are engaging Provincial Treasury on treatment of these type of transactions which will assist going forward.</p> <p>Timeframe should also be indicated</p>
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<p>The municipality has a memorandum of agreement (MOA) with the department and implementing agents (hereinafter referred to as the contractors) for each project.</p> <p>Based on the understanding and information provided to the audit team, the department pays the USDG to the municipality and then the municipality pays over the USDG to the contractor based on invoiced amounts for work completed by</p>			<p>propose to adjust the AFS – Note 58 to comply with GRAP 109 accordingly.</p> <p>USDG Urban Settlement Development Grant</p> <ul style="list-style-type: none"> <li>• There is a binding agreement with the Provincial Department of Human Settlements Kwa-Zulu Natal for the development of two rural housing projects within Mandeni for Isithebe and Macambini;</li> <li>• Transactions are for the benefit of another entity i.e. benefits are for The Provincial Department of Human Settlements in that the urban settlement development undertaken are on behalf of the Department.</li> <li>• The municipality</li> </ul>					
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the contractor on each project. The municipality therefore acts as an agent of the department according to the above definition of “agent”, as the municipality has been directed by another entity (the department), through a binding arrangement being the MOA to undertake transactions with third parties being the contractors for the benefit of the department. The department is therefore the “principal” according to the above arrangement			<p>does not have the power to determine the significant terms and conditions of the transactions as the municipality pays over the USDG to the contractor based on invoiced amounts for work completed by the contractor on each project.</p> <ul style="list-style-type: none"> <li>• The municipality has limited inventory risk and therefore not exposed to the variability in the results of transactions.</li> </ul>					
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as the department directs another entity (the municipality) through a binding arrangement being the MOA to undertake transactions with third parties being the contractors for the benefit of the department. The receipts by the municipality from the department are always equal to the invoiced amounts by the contractors hence the entire amount of R50 633 546 was paid over to the contractors by the municipality.									
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Based on the above there is a principal – agent arrangement which exists between the municipality and the department and which should have been disclosed on the annual financial statements of the municipality in terms of paragraph 62 of GRAP 109. Paragraph 63 to 66 of GRAP 109 prescribes further disclosure requirements for the municipality being the agent in the arrangement.									
On inspection of note 58 - Accounting by									

	principals and agents on the annual financial statements, we noted that the above principal – agent arrangement has not been disclosed as required by paragraph 62 to paragraph 66 of GRAP 109.								
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4	<p><b>Misstatements noted on Consistency in the APR</b></p> <p>Consistency of Reported Indicators</p> <p>As per the auditors assessment of the Annual Performance report and the relevant KPI's that have been scoped into the key performance area of Basic Service Delivery and Infrastructure Development, it was noted that some of the indicators as included in the table below that were reported in the Annual Performance report are not consistent with the indicators that have been</p>	<p>Management oversight.</p> <p>Lack of adequate reviews by the relevant assurance providers</p>	<p>Management should ensure that adequate review of the consistency of planned targets and that reported targets consistently take into account the comparison of reported information to the planning documents.</p> <p>The annual performance report should be adjusted for the above indicators to reflect the actual achievement based on what the targeted achievement was, and not to indicate "not achieved". This will ensure that the targets indicated on the APR are consistent to the SDBIP</p>	<p>The municipality has consistently been using the same approach used of Not achieved under actuals column, where there were no households who received the energised electricity in all KPI's of electrification projects. It be noted that the municipality had used similar approach of "Not Achieved" on similar KPIs under the 2020/21 APR Ref BSD01 KPI's 3, 4 which had similar status as the KPIs under this finding where no findings were raised by AG previously.</p>	<p>1. Management will ensure that the actual number that is achieved is captured in the actual column instead of not achieved in all instances where the unit of measure is a number and/or square metres or kilometres.</p> <p>2. This will be a specific focus area of internal audit when performing quarterly PMS reviews and when reviewing APR for 2022/2023 FY</p>	<p>2022/09/30</p> <p>Quarterly</p>	<p>Manager PMS</p> <p>CAE</p>	<p>As an action plan, management should review all indicators in line with the Framework for Managing Programme Performance Information (FMPPI) to ensure that indicators meet the SMART criteria and the requirements of the MSA</p> <p>Timeframe should also be indicated</p>
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	planned for in the Service Delivery and Budget Implementatio n plan (SDBIP)								
	<b>ANNEXURE B: OTHER IMPORTANT MATTERS</b>								

5	<p><b>Non-compliance with the section 116 of MFMA - Contract management</b></p> <p>During the audit of contract management, it was noted that the following bids were awarded by the municipality and the contracts (form of offer and acceptance) were signed by the successful bidders, however the contracts were not signed by the municipal manager on behalf of the municipality.</p> <p>For a contract to be in place it must be</p>	<p>Ineffective contract management in place</p> <p>Lack of supervision of staff in the SCM unit</p>	<p>Management should enhance the review and monitoring of compliance with applicable laws and regulations in order to avoid the re-occurrence of the above-mentioned instance of noncompliance.</p> <p>Management should ensure that the above-mentioned contracts are signed by the municipal manager and should assess the entire population of contracts in place to ensure that these are validly signed.</p>	<p>Management notes the finding and will take steps to eliminate any future occurrence of this matter. The Form of Acceptance and other required conditions of contracts will be signed by the Municipal Manager for all three listed bids and also a review of all construction-related contracts will be made to ensure that all are duly signed.</p> <p>It must be further noted that contractor assessments were performed during the year to track performance for the implementation of these projects. Management will continue monitoring compliance with applicable laws</p>	<p>1. The Municipal Manager will not sign the award letters if they are not accompanied by the bid documents.</p> <p>2. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will ensure implementation of consequence management against officials who are guilty of negligence and poor performance:</p>	06-Dec-22	Chief Audit Executive		<p>Suitable</p> <p>Timeframe should also be indicated</p>
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	signed by both parties to the contract being the supplier and municipality.			and regulations to ensure that all contracts in place at the municipality are signed on behalf of the municipality by the municipal manager. Management will improve on this control deficiency					
6	<b>Overstatement of general expenses</b>  During the audit of general expenses, it was noted that the entire invoice amount relating to the services below was recorded under general expenses, however upon inspection of the invoice it	Non-compliance with GRAP 1  Lack of adequate reviews by the relevant assurance providers	Management should recognise 16, 67% (2 months /12 months) of the invoice amount as a prepayment under receivables from exchange transactions and process a corresponding adjustment against general expenses (Credit).  Management should also examine the	Management Agree with the finding, upon our enquiry it was discovered that a payment of the insurance cover was made in the month of September 2021, the invoice stated the cover period to be from the month of September 2021 to August 2022 as a result there are two outer months which relates to the following financial year.	1. All invoices relating to the general expenses will now be evaluated and reported in a period in which they relate to in line with the concept of Accrual Basis Accounting.	01-Jul-22	Manager Treasury		Also add GRAP training interventions as indicated by the MM as an action plan and timeframe



<p>was noted that the insurance cover (services) is for a period of 12 months starting on 01 September 2021 and ending on 31 August 2022, hence only 10 months of the cover relates to the 2021-22 Financial year and 2 months relates to the 2022-23 financial year.</p> <p>Therefore, only 83, 33% (10 months/12 months) of the invoice should have been recognised an expense in 2021-22 and since the municipality paid the whole invoice amount on 23 September</p>		<p>population of general expenses to confirm that there are no misstatements of a similar nature and amend the annual financial statements accordingly.</p>	<p>Applying the principle of accrual accounting in line with GRAP 1, management has concluded that the two outer months should be considered as Receivables (Advance Payment) and should be expensed in a period in which it falls under.</p> <p>Management has further done a 100% analysis of all the transactions that has a potential of falling within this category and it was further discovered that an amount of R1 215 741.60 paid to the South African Local Government Association (SALGA) in the month of April 2022 for the 2022/2023 Membership Fee</p>					
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	2021, 16,67% (2 months /12 months) of the invoice amount should have been recorded as a prepayment and included under receivables from exchange transactions.			should also be disclosed as Receivables (Advance Payment).  Management also considered last financial year AFS; we propose to process an adjustment amount of R1 256 556.90 as a prior year error.					
7	<b>Interest earned on investments not accrued for</b>  During the audit of interest income from investments it was noted that the municipality only recognised interest that was received on investments that matured in the year under audit.	Non-compliance with GRAP 1 as well as GRAP 9  Controls over monthly processing and reconciling were inadequate as they did not identify instances requiring the recognition of interest which had already accrued to	Management should correct the misstatement by recognising the R3 721 082.19 interest receivable from exchange transactions and recognising a corresponding adjustment for R2 701 980.25 in interest income and a R1 016 319.46 prior period error for accumulated surplus and receivables. The prior period error should be disclosed taking into account the	Management agrees with the finding: This is due to fact that the municipality recognises interest when it is received on its maturity date and did not consider interest accrued for all investments as at year end.  All our external investments are quoted at an effective rate, meaning interest will be received on its maturity date.  The management	1. Management will ensure compliance with GRAP 1 and GRAP 9 by applying accrual basis of accounting, this will ensure that interest on the investments are recognized when they are received instead of recognizing the interest on maturity of				Also add GRAP training interventions as indicated by the MM as an action plan and timeframe

	<p>It was noted that interest of R1 016 319.46 (see table below with details) for interest accruing in the prior period was incorrectly included in the total amount for interest income for the current period due to it being received on maturity of the investment in the current year.</p>	<p>the entity based on review of bank statements.</p> <p>Lack of adequate reviews by the relevant assurance providers</p>	<p>applicable requirements of GRAP 3 - Accounting Policies, changes in accounting estimates and errors.</p>	<p>proposes to adjust the AFS – Note 56 Prior Period Adjustments to comply with GRAP 3 accordingly, with an amount recognised as interest income of R1 016 319.46 due to effect of interest income incorrectly included in the current year which was accrued in the prior year.</p>	investments.					
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8	<p><b>Calculation errors noted on the commitment schedule</b></p> <p>During the audit of commitment balance it was noted that the commitments schedule was not accurately determined resulting in differences between the amounts on the schedule and the recalculated amounts.</p>	<p>Lack of adequate reviews of commitments schedule by management resulting in a misstatement in the commitments.</p> <p>Lack of adequate reviews by the relevant assurance providers</p>	<p>Management should adjust the individual commitments amount which have been misstated as indicated above as well as note 43 to the annual financial statements by the net amount of R1 653 692.13 in order to ensure that the annual financial statements agree to the corrected supporting schedule of commitments.</p>	<p>Management concurs with the finding. The commitments register and associated disclosure note to the annual financial statements will be reviewed and amended accordingly</p> <p>The commitment relating to Bheka Phezulu Investments and Sales is incorrectly shown as a negative of R745 593.75, when it should be shown as +R148 741.38, since there was a variation order amounting to R894 355.13</p> <p>The commitment relating to Mihlali Construction is overstated by R2 399 285.88 and management has considered the re-calculation of figures to consider</p>	<p>1. Management will ensure adequate review of commitments register for accuracy and completeness.</p> <p>2. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will ensure implementation of consequence management against officials who are guilty of negligence and poor performance:</p>	06-Dec-22	<p>Chief Financial Officer</p> <p>Chief Audit Executive</p>	<p>1.</p> <p>2. The item on the establishment of the Municipal Disciplinary Board will be presented to EXCO on the 29th of November 2022 and will be presented to council for approval on the 06th of December 2022</p>	<p>1. CFO should include timeframe for this action plan</p>
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				<p>the overstatement</p> <p>Further, the commitment relating to The Curve Behind for the Rehabilitation of Manono Road in Ward 15 project is overstated by R202 298.69 which was omitted in the register as an expenditure to date</p>					
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9	<p><b>Misstatements and inconsistencies identified during the high level review of the AFS</b></p> <p>While performing a high-level review of the annual financial statements submitted for audit on 31 August 2022, we identified the following misstatements and inconsistencies:</p> <p>1. On PPE, Supporting schedules/registers not agreeing to the amounts on the annual financial statements</p> <p>2. Inconsistent disclosure of fruitless and</p>	<p>Lack of adequate reviews of FAR and AFS by management resulting in the difference identified.</p> <p>Lack of adequate reviews by the relevant assurance providers</p>	<p>Management should adjust the financial statements in order to ensure that the annual financial statements agree to the underlying supporting schedules.</p> <p>Misstatements and discrepancies in relation to note 47 should be adjusted to ensure that the note achieves fair presentation.</p> <p>Monitoring controls should be enhanced to support accurate financial reporting.</p>	<p>Agree with the finding. The differences are in respect of WIP Transferred where items that were previously classified as Building and Community Assets changed asset class to Other Property Plant and Equipment. The journal will be passed to correct the differences between the asset categories.</p> <p>Management agrees with the finding: Note will be updated to reflect the actual closing balance for Fruitless and wasteful expenditure. Expenditure of R613,998 relates to the E-fuel ring that was stolen in February from the trailer and the matter is still under</p>	1. Management adequate reviews of annual financial statements prior to submission to the relevant assurance providers.				Also add GRAP training interventions as indicated by the MM as an action plan and timeframe
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	wasteful expenditure			investigation by the municipality					
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10	<p>Misstatement on note 53 to the annual financial statement</p> <p>While auditing the below quotations and competitive bids awarded by the municipality, we inspected the declarations of interest form (MBD 4) completed by the successful suppliers and we noted that the directors of the suppliers declared that they have spouses in service of the state, however upon inspection of note 53 on the Annual financial statements none of the awards below</p>	<p>Lac of adequate controls in place to identify awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months.</p>	<p>Management should adjust note 53 on the Annual financial statements with the details of the awards below and also inspect the entire population of quotations and competitive bids awarded to confirm whether there is no similar misstatement on those awards.</p>	<p>Management notes the finding and will make the adjustments necessary to the AFS and disclosure note. However, in the case of Conlog, our proposal is to disclose the amount paid initially for both financial years and not the full value of the contract as these payments are supported and backed by initial years.</p> <p>The municipality will be disclosing accordingly until the contract ends or should the status of the spouses change the municipality will not have to disclose the expenditure as related parties</p> <p>The remaining amount of the contract will be disclosed as a</p>	<p>1. MDB4 form will be checked during the evaluation of bids (i.e. both quotations and tenders) and SCM checklist will be reviewed to include checking of MBD4 for such declarations for both closed quotations and tenders to include this requirement.</p> <p>2. A register to record particulars of any awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the</p>				<p>Also add GRAP training interventions as indicated by the MM as an action plan and timeframe</p>
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	are disclosed as required by regulation 45.			<p>commitment will be disclosed further This is also due to the fact that in the financial proposal of the bidder, therein lies a proposal of 4% of the total electricity sold to the public. It must be noted that some of the priced services are on a needs basis and we may not utilize all the services in any given financial year.</p> <p>This then means should we disclose the bid price as stated, we may be overstating the disclosure.</p>	<p>service of the state in the previous 12 months will be kept and updated on a regular basis and this register will support the disclose note reported in the Annual Financial Statements.</p>				
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11	<p><b>Misstatements noted on impairment of receivables</b></p> <p><b>1. Overstatement of impairment related to exchange transactions (Electricity)</b></p> <p>During the audit of receivables from exchange transactions and the impairment it was identified that debtor account 210333 Umgeni Water with a balance outstanding of R 3 147 230.02 was considered as a doubtful debt by management and included in the impairment of</p>	<p>Lack of review of the impairment assessment and calculation to ensure that the underlying register and calculation therein do not contain any errors which result in misstatement on the amounts disclosed on the AFS.</p> <p>Lack of review of the impairment assessment and calculation to determine if there was in fact objective evidence of</p>	<p>Implement controls to monitor compliance with GRAP 104.</p> <p>- Perform a detail assessment at the end of each reporting period whether there is objective evidence that receivables from exchange transactions require impairment.</p> <p>- Should there be objective evidence that receivables from exchange transactions requires impairment the entity should appropriately apply paragraphs 61 to 63 of GRAP 104 to determine the amount of any impairment loss.</p> <p>- There after the entity should appropriately account for and</p>	<p>Management agrees, Management has since performed a recalculation of the impairment allowance. Management further intends to adjust the Annual Financial Statements and rewrite the Statutory Receivables Disclosure, Receivables from Exchange Transactions Disclosure and Receivables from non-Exchange transactions Disclosure.</p>	<p>1. Management intends to limit the extraction of receipts after year-end to 15 August so as to allow management time to review the calculations and disclose accordingly.</p> <p>2. Furthermore, management will perform quarterly calculations which will form part of section 52 reports</p> <p>3. Debtors age analysis will be reviewed on a regular basis and ensure that only long outstanding debtors are taken into account</p>	<p>15-Aug-23</p> <p>Quarterly</p> <p>Quarterly</p> <p>Quarterly</p>	<p>Manager Treasury</p> <p>Manager Treasury</p> <p>Manager Treasury</p> <p>Manager Treasury</p>	<p>This calculation was performed by the expert so consideration needs to also extend to review procedures over review of their work.</p> <p>Timeframe should also be indicated</p>
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<p>electricity (receivables from exchange transaction). However as per inspection of the debtors age analysis the entire balance of this debtor's balance was reflected in the current aging (30 days) and therefore not long outstanding. It was also identified that the debtor made payments within the 2022 financial year.</p> <p>Therefore, this debtor should have not been considered for impairment as there was no objective evidence of impairment related to</p>	<p>impairment related to debtor account 210333.</p> <p>Furthermore, there was a lack of monitoring of compliance with GRAP 104</p>	<p>disclose the allowance for credit losses in accordance with GRAP 104.</p> <ul style="list-style-type: none"> <li>- Reduce the amount of impairment recognised on receivables from exchange transactions (electricity) by R 3 147 320.02 together with the related expense.</li> <li>- Increase the amount of impairment recognised on the commercial debtors by R1 105 183.32 together with the related expense.</li> <li>- Strengthen review processes over the underlying schedules supporting the impairment provision</li> </ul>		<p>when calculations are performed.</p> <p>4. Payment history of debtors will also be considered when performing the calculations</p>					
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<p>account 210333. Consequently, the impairment related to receivables from exchange transactions (electricity) is overstated by R 3 147 230.02</p> <p><b>2. Error noted in impairment schedule affecting commercial debtors</b></p> <p>On assessment of the impairment schedule, it was identified that the formula in the “4. Impairment – Individual” TAB has not been carried down correctly for cell R 15 resulting in a misstatement</p>								
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of approximately R1 105 183.32 as a result of the impairment on the debtor being states as R153 854.45 as opposed to R1 259 037.77 in the impairment for commercial debtors. This is for debtor account number 000080021.								
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12	<p><b>Misstatements noted on presentation and disclosure in the APR</b></p> <p>Presentation and Disclosure</p> <p>On assessment of the corrective measures on the APR as indicated for the targets which were not achieved, it was noted that certain indicators that were reported as not achieved did not include adequate corrective measures that the municipality intends to take to improve performance, which clearly</p>	<p>Reasons for variance and Corrective measures not captured by the process owners resulting in incorrecting information recorded in the departmental scorecards and eventually the Annual Performance Report.</p>	<p>Management should amend the corrective measures as indicated for all indicators which have not been achieved and ensure that these are stated in a manner which is understandable and provides sufficient clarity that the measure will indeed result in improved performance and achievement of the indicator in future. The measures should be supported by verifiable evidence which should be submitted to the auditors.</p> <p>Amendment should also be made as to the reasons for not meeting the target so that these correlate to the measures to improve.</p>	<p>The municipality did provide the reason for not achieved as well as corrective measures which was regarded as sufficient to overcome the challenge of target not met, however upon the inspection of AG regarding reasons of not achieved and corrective measures. It was noted that such information provided were not adequately at some instances corrective measures are unable to surmount the challenge of improving the performance</p>	<p>1. Reasons for variance and corrective measures will be documented by the process owners and head of departments will review and sign off the departmental score cards prior to submission to PMS unit and internal audit.</p> <p>2. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will ensure implementation of consequence management against officials who</p>	<p>Quarterly</p> <p>06-Dec-22</p>	<p>HOD's Manager PMS</p> <p>Chief Audit Executive</p>	<p>Plan is suitable but also add the fact that review of all indicators in line with the Framework for Managing Programme Performance Information (FMPPI) will be done to ensure that indicators meet the SMART criteria and the requirements of the MSA (refer to finding raised)</p> <p>Timeframe should also be indicated</p>
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	demonstrate how the measure will assist in the improvement.				are guilty of negligence and poor performance:				
	<b>ANNEXURE C: ADMINISTRATIVE MATTERS</b>								

13	<p><b>Non-compliance with the SCM regulations - Quotations</b></p> <p>During the audit of quotations awarded by the municipality we noted that at least three quotations were not obtained from prospective providers for the requests for quotations stated in the table below and no reasons for not obtaining at least three quotations were recorded for approval by the chief financial officer which is contrary to regulation 17(1) (c) of the municipal supply chain management</p>	<p>Non-compliance with Regulation 17(1)(a) and (c) as contained in chapter 2 of the municipal supply chain management regulations</p>	<p>Management should make sure that for each RFQ where at least three quotations cannot be obtained, there are further steps taken to try to obtain at least three quotations such as re-advertising the RFQ with an extended closing date and if all else fails then the reasons together with the further steps taken must be documented for each RFQ and approved by the chief financial officer and then the RFQ may then be awarded to that particular supplier who responded.</p> <p>Management should disclose the irregular expenditure in the annual financial statements and</p>	<p>The SCM business process for formal quotation follows a specific step by step approach in ensuring compliance with the SCM policy.</p> <p>All quotation adverts are approved by the Manager SCM, to the CFO and finally the Municipal Manager.</p> <p>All adverts are accordingly uploaded to the website and placed on various Municipal notice boards.</p> <p>The adverts are a public invitation to all prospective service providers to submit their proposals to the Municipality. The SCM unit does not invite any specific service provider to quote.</p>	<p>1. The evaluation report will note the receiving of less than 3 quotations and be explicit in requesting the CFO to approve the reasons provided.</p> <p>2. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will ensure implementation of consequence management against officials who are guilty of negligence and poor performance:</p>	06-Dec-22	Chief Audit Executive	<p>Suitable</p> <p>Timeframe should also be indicated</p>
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<p>regulations.</p> <p>On further discussions with management it was indicated that there is a memorandum in place dated 01 July 2021 in which regulation 17(1) (c) was considered and this memorandum was applied to all quotations issued between 1 July 2021 – 30 June 2022 whereby at least three quotations were not obtained.</p> <p>On assessment of the memorandum however, this is a blanket approach and does not</p>		<p>implement the required consequence management where necessary. Management should further assess the entire population of quotations to identify other similar instances of non-compliance and disclose them as irregular expenditure.</p> <p>Management should enhance the review and monitoring of compliance with applicable laws and regulations in order to avoid the re-occurrence of the above mentioned instance of non-compliance.</p>	<p>The evaluation of submitted proposals or proposal, in this instance, the CFO still exercises her duly delegated authority to approve the transaction were less than 3 quotations were received.</p> <p>The memo seeks to place on record that the CFO will approve any formal quotations where less than 3 quotations were submitted. The reasons for not obtaining the required 3 quotations are consistent for all transactions of this nature: public invitation on specific date placed on website and notice boards and only one or two proposals were received.</p> <p>It is therefore</p>					
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<p>provide evidence that the regulation has been applied to each instance/RFQ. The requirements of 17(1)(c) and reasons must be recorded for each instance/RFQ as the instances/RFQs are unique and the reasons could be different depending on the circumstances and nature of the RFQ.</p> <p>In addition there is no evidence documented to indicate that further steps were taken by management to try to obtain three quotations</p>			<p>management's contention that declaring the above transactions as irregular expenditure is not supported as the process is not a material violation of the SCM regulations. The essence and spirit of the policy was adhered to.</p> <p>A material irregularity vitiates the procurement process leading to the conclusion of the contract, rendering the procurement process and the conclusion of the resulting contract unfair, inequitable, non-transparent, uncompetitive, or not cost-effective.</p> <p>Management believes there are no irregularities for the above awards but the nature of this finding may be</p>					
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	<p>after less than three suppliers responded. These steps amongst others would include re-advertising the RFQ with an extended closing date. The adequate steps that management followed to obtain three quotations are therefore not evident in the absence of documented reasons per procurement event and therefore compliance with 17(1)(c) is not evident</p>			<p>categorise as the deficiency (Ratification of minor breaches of the procurement process) rather than a noncompliance and we plead with the Auditor General to accept our internal controls as implemented.</p>					
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14	<p><b>Internal control deficiency : Non-adherence to post award and reporting requirement</b></p> <p>During the audit of quotations and competitive bids awarded, we noted that for the following awards, the invitation to tender and RFQ specified the minimum thresholds for local production and content which in accordance with Preferential Procurement regulations and the national treasury instruction notes on designated</p>	Lack of supervision of staff in the SCM unit	<p>Management should ensure that there are adequate controls in place to ensure all awards where the invitation to tender and RFQ specified the minimum thresholds for local production and content were awarded are reported to the DTI as per the national treasury instruction notes on local content, and sufficient evidence is maintained to validate the adherence to the reporting requirements</p>	<p>Management notes the finding and the Manager SCM will ensure that reports are not only compiled by the unit but are indeed forwarded to the DTI as per requirements.</p> <p>Management will submit information to adhere to procedures and controls</p>	<p>1. The post-award and reporting requirements will be complied with as follows:</p> <p>- <i>The DTI will be notified of all the successful bidders and the value of the contracts:</i></p> <p>- <i>The DTI will be provided with copies of the contracts and the MBD 6.2 certificates together with the Declaration C submitted by the successful bidders:</i></p> <p>2. The Municipality will finalize the appointment</p>	06-Dec-22	<p>Chief Financial Officer</p> <p>Chief Audit Executive</p>	Suitable - include a timeline for reporting so that it can be implemented
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sectors and the successful bidders complied with the specified minimum thresholds for local production and content and also submitted the MBD 6.2 declarations, however the municipality failed to adhere to the post award and reporting requirements contained in the instruction notes as the DTI was not notified of all the successful bidders and the value of the contracts nor was the DTI provided with copies of the contracts and the MBD 6.2 certificates together with the Declaration C					of the Municipal Disciplinary Board that will ensure implementation of consequence management against officials who are guilty of negligence and poor performance:				
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	submitted by the successful bidders.								
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15	<p><b>Internal control deficiency : application of Preferential Procurement Regulations</b></p> <p><b>1.1 Incorrect calculation of price preference points</b></p> <p>While auditing the following quotations and competitive bids awarded, it was noted that the calculation of price preference points as required by the Preferential Procurement Regulations (PPR), 2017, regulation 6 was incorrect. The formula used to recalculate the price</p>	Management oversight	Management should ensure that there are adequate controls in place in the form of reviews to ensure that quotations and competitive bids are evaluated correctly in line with the requirements of the PPR 2017.	<p>Management notes and concurs with the findings. The SCM Practitioners who are members of the Bid Evaluation Committee, and the Bid Adjudication Committee will be briefed on these discrepancies in so far as the competitive bids. Management will heighten their awareness to ensure that this issue does not repeat itself.</p> <p>With regards to formal quotations, the SCM unit utilizes formula that is built-in to a spreadsheet. The Senior Practitioner will investigate whether the formula was altered during the evaluation of the reported quotations\</p> <p>The BEC stopped</p>	<p>1. The SCM Practitioners who are members of the Bid Evaluation Committee, and the Bid Adjudication Committee will be briefed on these discrepancies in so far as the competitive bids</p> <p>2. The Senior Practitioner will investigate whether the formula was altered during the evaluation of the reported quotations</p> <p>3. Internal controls around SCM will be strengthened and recommenda</p>	06-Dec-22	Chief Audit Executive		<p>Suitable</p> <p>Timeframe should also be indicated</p>
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<p>preference points is as follows:</p> $P_s = 80(1 - (P_t - P_{min})/P_{min})$ <p>Where <math>P_s</math> = Points scored for price of tender under consideration;  <math>P_t</math> = Price of tender under consideration;  and  <math>P_{min}</math> = Price of lowest acceptable tender.</p> <p><b>1.2 Bidders not evaluated for functionality</b></p> <p>While auditing the following competitive bids awarded, it was noted that the some of the bidders that were responsive in terms of the mandatory compliance</p>			<p>evaluating 'top five' bids based on prices after the matter was raised by the BAC Chairperson and Manager SCM to the BEC Chairperson. As per the regulations, all bids submitted are evaluated</p>	<p>tions of internal will be implemented</p> <p>4. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will ensure implementation of consequence management against officials who are guilty of negligence and poor performance:</p>					
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	with the bid requirements were not evaluated further for functionality.								
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16	<p><b>Suppliers in service of the state – False declarations of interest submitted</b></p> <p>During the audit of procurement and contract management conflicts of interests, the below suppliers were identified to have been in service of another state institution. None of the below suppliers have declared the interests in the respective MBD4 documents provided in the bidding documents for the respective awards resulting in the declarations submitted</p>	<p>Inadequate SCM checklist in place to check all the requirements of SCM regulations</p>	<p>Supply Chain Management processes should be strengthened to require suppliers, on an annual basis for contracts and on submission of quotations for once-off procurement, to include a valid MBD4 declaration.</p> <p>Suppliers should be made aware that false declarations may invalidate a quotation and where false declarations have been identified, a quotation or bid should not be included as part of the evaluation processes.</p> <p>Furthermore, prior to all awards, supply chain management should perform</p>	<p>The municipality is engaging with the individuals who appear in this report to explain the danger and impacts it has in their careers and in our books of such act. The municipality will cease trading with these companies until they are cleared that in indeed they are no more working for the state</p>	<p>1. Draft the letters to the affected parties sensitizing them of the regulation and prescript of the law and these letters will be signed by the Accounting Officer</p> <p>2. The copies will be submitted as the POE for the Audit Action Plan</p> <p>3. The evaluation criteria for all bidders should include this line item (responsive and non-responsive) to ensure compliance and that information is verified since the CSD does capture</p>	06-Dec-22	Chief Audit Executive	<p>Suitable</p> <p>Timeframe should also be indicated</p>
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	being false.		<p>the required searches to enable the identification of instances that may result in conflicts of interests e.g. using the public servant verification system available on the DPSA website</p> <p>In addition, management should conduct an investigation of the entire population to identify similar instances including the items above to ensure that the adequate corrective measures are implemented to prevent the non-compliance noted.</p>		<p>it</p> <p>4. Revisit all tender awards and Close Quotes for 2022-2023</p> <p>5. The Municipality will finalize the appointment of the Municipal Disciplinary Board that will ensure implementation of consequence management against officials who are guilty of negligence and poor performance:</p>				

**LEGENDS**

	RESOLVED
	UNRESOLVED
	IN PROGRESS/ON-GOING
	ACTION PLAN NOT DUE AS YET



REPORT OF THE AUDITOR-GENERAL  
OF SOUTH AFRICA

For the year ended 30 June 2022

Mandeni Local Municipality



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Mandeni Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Mandeni Local Municipality set out on pages ... to ..., which comprise the appropriation statement, statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts 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 Mandeni Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (SA Standards of 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 (Act No. 9 of 2021) (DoRA).

### Basis for opinion

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

### Emphasis of matters

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

### Material Impairments

7. As disclosed in note 4 to the financial statements, the municipality reported material impairments of R55,87 million (2020-21: R43,91 million) on receivables from exchange transactions as the recoverability of these amounts was doubtful.



8. As disclosed in note 5 to the financial statements, the municipality reported material impairments of R33,57 million (2020-21: R31,02 million) on receivables from non-exchange transactions as the recoverability of these amounts was doubtful.
9. As disclosed in note 6 to the financial statements, the municipality reported material impairments of R67,67 million (2020-21: R64,89 million) on statutory receivables as the recoverability of these amounts was doubtful.

#### **Other matter**

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

#### **Unaudited disclosure notes**

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

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

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

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

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the *basic service delivery* key performance area presented in [the municipality's annual performance report for the year ended 30 June 2022](#).
19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected key performance area.

### Other matters

21. I draw attention to the matters below.

#### Achievement of planned targets

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

#### Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of basic service delivery key performance area. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.



## **Report on the audit of compliance with legislation**

### **Introduction and scope**

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

### **Annual financial statements**

26. 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 current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Procurement and contract management**

27. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 17 and 25(7A).

## **Other information**

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that has been specifically reported in this auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this 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

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
33. Controls and processes including reviews over financial reporting were not effectively implemented by senior management in specific areas, which resulted in material adjustments.
34. Controls and processes over compliance monitoring were not effectively implemented by senior management to ensure that there is no occurrence of non-compliance matters resulting in irregular expenditure.

### Other reports

35. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
36. The Provincial Department of Human Settlements together with the municipality is investigating allegations of fraudulent acts surrounding the approval of housing beneficiaries covering the period 21 August 2019 to 30 June 2020. The investigation is still in progress at the date of my report.
37. The Department of Co-operative Governance and Traditional Affairs is investigating allegations of maladministration, fraud and corruption covering the period 29 September 2019 to 30 June 2020. The investigation was still in progress at the date of my report.

38. The municipality is conducting an internal forensic investigation concerning allegations of alleged misappropriation and fraudulent use of Fuel Master Tag on the municipality's fleet which occurred during the period 29 January 2022 to 16 February 2022. The investigation was finalised on 02 July 2022 and the municipality is in the process of implementing the corrective actions.

AUDITOR - GENERAL

Pietermaritzburg

30 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general's responsibility for the audit**

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

### **Financial statements**

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

### **Communication with those charged with governance**

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

## CONCLUSION

The Mandeni wishes to reinforce its commitment and dedication in ensuring the service delivery and changing the lives of the people within our municipality. This report clearly demonstrates the commitment of the municipality to ensure that the local community have access to their basic needs.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report to Council and the local community demonstrates the ability of them Mandeni Municipality to adapt to the ever-changing social needs of the local community. The above the norm budget spent of 100% on capital infrastructure clearly indicates that the municipality has solid and establishment project management systems in place. Improving on those, will be the focus from now on.

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy Indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national

	executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic Municipal Service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget Year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost Indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution Indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> </ul>

	<ul style="list-style-type: none"> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to

	achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>



## APPENDICES

### APPENDIX A

#### (Councillors; Committee Allocation and Council Attendance)

##### COUNCILLORS

Councillors are elected by the local registered voters in terms of the local segment of the Voter's Roll to serve a predetermined term of office on the local council as representatives of their respective constituencies. Mandeni Local Municipality has a total of 35 seats. Eighteen (18) of these seats are allocated to ward councillors who are elected by each of the eighteen wards. Another seventeen (17) seats are allocated to parties through the proportional representation system of elections.

##### ALLOCATION OF COMMITTEES

Mandeni Local Municipality has five (5) Section 80 Committees established by Council. Each one of these committees is chaired by the members of Executive Committee, and the allocation is as follows:

A. ECONOMIC DEVELOPMENT AND HUMAN SETTLEMENT			
8. CLLR	SZ	MDLETSHÉ	ANC -Chairperson
9. CLLR	MC	MKHALIPHI	ANC
10. CLLR	S	NTULI	ANC
11. CLLR	NS	NCUBE	IFP
12. CLLR	F	GINA	IFP
13. CLLR	N	KHUZWAZYO	EFF
14. CLLR	SS	MDUNGE	ANC

B. INFRASTRUCTURE DEVELOPMENT TECHNICAL SERVICE			
8. CLLR	ST	MAGWAZA	ANC – Chairperson
9. CLLR	DGP	MTHEMBU	ANC
10. CLLR	S	MTHEMBU	ANC
11. CLLR	ST	THWALA	ANC
12. CLLR	BA	MCHUNU	IFP
13. CLLR	M	NCANANA	IFP

14. CLLR	SJ MATHONSI	AIC
----------	-------------	-----

#### C. LOCAL PUBLIC ADMINISTRATION HUMAN RESOURCE

8. CLLR	MS MDUGE	IFP -Chairperson
9. CLLR	S MABHIDA	ANC
10. CLLR	N NXUMALO	ANC
11. CLLR	S NAICKER	DA
12. CLLR	SJ MATHONSI	ANC
13. CLLR	Z NXUMALO	IFP
14. CLLR	X MATHONSI	ANC

#### D. FINANCE

7. CLLR	CLLR	TP MDLALOSE	ANC -Chairperson
8. CLLR	T MHLONGO	ANC	
9. CLLR	NO DLADLA	ANC	
10. CLLR	P NSELE	EEF	
11. CLLR	BA MCHUNU	IFP	
12. CLLR	LS ZUNGU	IFP	

#### E. COMMUNITY SERVICES AND PUBLIC SAFETY

1. CLLR	BL MAGWAZA	ANC -Chairperson
2. CLLR	SS MDUNGE	ANC
3. CLLR	MB NGIDI	ANC
4. CLLR	CL MTHEMBU	ANC
5. CLLR	SP NAICKER	DA
6. CLLR	PP NSELE	EFF
7. CLLR	BA KHUMALO	IFP

### POLITICAL DECISION-TAKING

The Standing Rules and Orders of Council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by Council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council:

a) Approval of Budget

b) The imposition of rates and taxes, levies and duties.

c) The passing of By-laws.

d) The raising of loans.

Other matters are delegated to the Executive Mayor in terms of Section 59 of the Municipal Systems Act. The Executive Mayor must report to Council on the execution of duties delegated to her. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councillor.

Before a Council passes a resolution on any of the following matters it shall first require the Mayor to play his executive role and submit a report and recommendation to the full sitting of Council.

a) The passing of By-laws

b) The approval of budgets

c) The imposition of rates

d) The raising of loans

e) The approval of the IDP and any amendments or reviews of this plan.

f) The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.

g) And any other powers and functions as prescribed by various pieces of legislation.

## **APPENDIX B**

### **COMMITTEES AND COMMITTEE PURPOSES**

#### **FINANCE PORTFOLIO COMMITTEE**

##### **CONSTITUTION:**

##### **1. Name and Status**

The finance portfolio committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

##### **2. Membership**

The committee shall consist of:-

1. Chairperson appointed by council;
2. Seven (7) Councilors appointed by the council; and
3. *The Mayor as a voting Ex-Officio member, please note here the Mayor is the chairperson*

##### **3. Quorum**

The quorum of the committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions]+1) of current members (excluding the Mayor).

##### **4. Rules of Procedure**

The Rules of Order of the council, insofar as they govern Committees, shall apply to the Committee.

##### **5. Functions**

5.1 The committee shall monitor, investigate, enquire into and make recommendations to the Executive committee relating to any aspect affecting the Council in connection with the following functions: -

- (a) Budget and Reporting
- (b) Revenue Management and Enhancement
- (c) Expenditure Control
- (d) Supply Chain and Contract Management
- (e) Financial Management
- (f) Anti-Corruption and Anti-fraud strategy

5.2 The committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the committee; -

(a) Shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

## **6. Standing Authorities**

Without derogation from the afore-going and subject to the provisions of any law, the committee is authorized to advise, from time to time, the Executive committee and any Employee to whom specific powers have been delegated on:-

(1) Aspects of policy in respect of the functions of the committee.

(2) all bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the committee.

(3) Any legislation or proposed legislation falling within the terms of reference of the committee which the Council may adopt.

(4) Any amendments to the terms of reference of the committee.

## **7. General Policy Functions**

The committee may:-

(1) appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

(2) refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

(3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

**COMMUNITY SERVICES AND PUBLIC SAFETY AND SECURITY PORTFOLIO COMMITTEE**

## **Constitution:-**

### **1. Name and Status**

- 1.1. The Community Services and Public Services Portfolio Committee, is a standing Committee appointed in terms of section 80 Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

### **2. Membership**

- 2.1. The committee shall consist of:

2.1.1. Chairperson appointed by Council

2.1.2. Seven (7) Councilors appointed by the council; and

2.1.3. The Mayor as a voting Ex-Officio member

### **3. Quorum**

- 3.1. The quorum shall be not less than fifty percent

(Disregarding fractions) plus one (50) % (disregarding fractions) + 1 of current members (excluding the Mayor).

### **4. Rules of Procedure**

- 4.1. The Rules of Order of the Council, insofar as they govern Committees,  
Shall apply to the Committee.

### **5. Functions**

- 5.1. The Committee shall monitor, investigate, enquire into and make

Recommendations to the Executive Committee relating to any aspect

Affecting the Council in connection with the following functions:-

- (a) Libraries
- (b) Museum
- (c) Beach Amenities
- (d) Marine Safety
- (e) Sports and Recreation
- (f) Verge Maintenance
- (g) Cemeteries
- (h) Pounds
- (i) Emergency Services (Traffic and Fire)
- (j) Security Services
- (k) Disaster Management
- (l) Communications

- (m) Vehicle Licensing
- (n) Trade Licensing
- (o) General Law Enforcement
- (p) Environmental Health
- (q) Personal Health
- (r) Youth Development Initiatives;
- (s) Gender Related Programme;
- (t) Programme of Children and Elderly;
- (u) Programmes Related to the Disable Persons (Persons Living with Disabilities);
- (v) Stakeholder Coordination (Operation Sukuma Sakhe)
- (w) Programmes dealing with promotion of preventative measures on HIV/AIDS Coordinate Activities of Local Aids Council Coordination of programmes dealing with promotion of preventative measures on HIV/AIDS and other related programmes for those infected and affected; and
- (x) Coordinate Activities of Local Aids Council

## **6. Standing Authorities**

### **6.1. Without derogating from the a foregoing and subject to the provisions**

Of any law, the Committee and any Employee to whom specific powers have been delegated on:-

6.1.1. Aspects of policy in respect of the functions of the Committee

6.1.2. All bylaws, fees, tariffs which the Council may enact or prescribe

Within the terms of reference of the committee.

6.1.3. Any legislation or proposed legislation falling within the terms of reference of the committee which the Council may adopt.

6.1.4. Any amendments to the terms of reference of the committee

## **7. General Policy Functions**

### **7.1. The Committee may:-**

7.1.1. Appoint from within its own membership a sub-committee with

Powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;

7.1.2. Refer to the Executive Committee for decision, with or without a

Recommendation, any matter falling within its terms of reference;

7.1.3. Consider all matters of a policy nature incidental to the above

Terms of reference and submit recommendations on such matters to the Executive Committee.

## ECONOMIC DEVELOPMENT, PLANNING, COMMUNITY DEVELOPMENT & HOUSING PORTFOLIO COMMITTEE

### Constitution:

#### 1. Name and Status

The Economic Development, Planning, Community Development and Human Settlement Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

#### 2. Membership

The Committee shall consist of:-

1. Chairperson appointed by Council;
2. Seven (7 ) Councilors appointed by the Council; and
3. The Mayor as a voting Ex-Officio member

#### 3. Quorum

The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

#### 4. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

#### 5. Functions

5.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

- (a) Town Planning;
- (b) Spatial planning
- (c) Local Economic Development;
- (d) Community Development;
- (e) Environmental Conservation
- (f) Building Control
- (g) Integrated Development Plan
- (h) Local Tourism
- (i) Business Licensing and Business Development (SMMes) and Cooperatives)



- (j) Agriculture Development
- (k) Human Settlements and Housing (Including Housing Sector Plan)
- (l) Implementation of Building Regulations and By-Laws
- (m) Environment and Coastal Management
- (n) Land Reform

5.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the Committee;-

(a) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;

(b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

## **6. Standing Authorities**

Without derogating from the a foregoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

- (1) Aspects of policy in respect of the functions of the Committee.
- (2) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.
- (3) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.
- (4) Any amendments to the terms of reference of the committee.

## **7. General Policy Functions**

The Committee may:-

- (1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;
- (2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

- (3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

## LOCAL PUBLIC ADMINISTRATION & HUMAN RESOURCES PORTFOLIO COMMITTEE

### **Constitution:-**

#### **1. Name and Status**

The Local Public Administration & Human Resources Portfolio Committee is a standing Committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

#### **2. Membership**

The Committee shall consist of

1. Chairperson appointed by council
2. Seven (7) Councillors appointed by the council; and
3. The Mayor as a voting Ex-Officio member

#### **3. Quorum**

The quorum of the Committee shall be not less than fifty percent  
(Disregarding fractions) plus one (50 %) (Disregarding fractions) + 1  
Of current members (excluding the Mayor).

#### **4. Rules of Procedure**

The Rules of Order of the Council, insofar as they govern Council,  
Shall apply to the Committee.

#### **5. Functions**

##### **5.1. The Committee shall monitor, investigate, enquire into and make**

Recommendation to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

- (a) Local Public Administration with particular reference to Chapter 7 the Local Government :Municipal Systems Act,2000;
- (b) Human Resources;
- (c) Labour Relations; and Employees Relations
- (d) Occupational Health and Safety
- (e) Performance Management
- (f) Information Technology
- (g) Municipal Administration and Auxiliary Services

- (h) Council Support
- (i) Fleet Management
- (j) Policy Development
- (k) Public Participation and Ward Committee Coordination
- (l) Implementing resolutions taken by the LLF and HRDC
- (m) Communications

5.2. The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee for such monitoring, investigations or enquiry.

### 5.3. In carrying out its functions the Committee

- (a) Shall at all times ensure that it complies with all requirements of law in regards to public participation, the receipt of evidence or representation and similar matters;
- (b) Shall, subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

## 6. Standing Authorities

Without derogation from the afore going and subject to the

provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:

- (1) Aspects of policy in respect of the functions of the Committee.
- (2) All bylaws, fees, tariffs which the council may enact or prescribe within the terms of reference of the committee.
- (3) Any legislation or proposed legislations falling within the terms of reference of the committee which the Council may adopts.
- (4) Any amendments to the terms of reference of the committee

## 7. General Policy Functions

The Committee may:-

- (1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;
- (2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference ;
- (3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee

## INFRASTRUCTURAL AND TECHNICAL SERVICES PORTFOLIO COMMITTEE

### **Constitution:-**

#### **1. Name and Status**

The Infrastructural and Technical Services Portfolio Committee is a standing committee appointed in terms of section 80 of the Local Government: Municipal Structures Act, 1998 to assist the Executive Committee.

#### **2. Membership**

The Committee shall consist of:-

1. Chairperson appointed by Council;
2. Seven (7) Councillors appointed by the Council; and
3. The Mayor as a voting Ex-Officio member

#### **3. Quorum**

The quorum of the Committee shall be not less than fifty percent [disregarding fractions] plus one (50% [disregarding fractions] +1) of current members (excluding the Mayor).

#### **4. Rules of Procedure**

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

#### **5. Functions**

5.1 The Committee shall monitor, investigate, enquire into and make recommendations to the Executive Committee relating to any aspect affecting the Council in connection with the following functions:-

- (a) Water and Sanitation in conjunction with District Municipality
- (b) Sewerage;
- (c) Roads;
- (d) Storm Water Drainage
- (e) Electricity and Street lights
- (f) Mechanical Workshops;
- (g) Fleet Management;
- (h) Cleansing & Waste Management; and
- (i) Maintenance and Municipal Facilities

- (j) Parks and Gardens
- (k) Municipal Roads
- (l) Maintenance of Municipal Facilities
- (m) Management of Capital Equipment and Technical Service Fleet
- (n) Telecommunication

5.2 The Committee shall also monitor, investigate, enquire into and make recommendations to the Executive Committee on any other matter referred to it by the Executive Committee for such monitoring, investigations or enquiry.

5.3 In carrying out its functions the Committee;-

- (a) shall at all times ensure that it complies with all requirements of law in regard to public participation, the receipt of evidence or representations and similar matters;
- (b) Shall subject to paragraph 4 hereof, determine the extent, nature and form of its proceedings.

## **6. Standing Authorities**

Without derogating from the foregoing and subject to the provisions of any law, the Committee is authorized to advise, from time to time, the Executive Committee and any Employee to whom specific powers have been delegated on:-

- (1) Aspects of policy in respect of the functions of the Committee.
- (2) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.
- (3) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.
- (4) Any amendments to the terms of reference of the committee.

## **7. General Policy Functions**

The Committee may:-

- (1) Appoint from within its own membership a sub-committee with powers to co-opt such other members as the sub-committee may deem fit, to consider and to report to the Committee on any matter falling within its terms of reference;
- (2) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;

- (3) Consider all matters of a policy nature incidental to the above terms of reference and submit recommendations on such matters to the Executive Committee.

## APPENDIX C

### THIRD TIER ADMINISTRATIVE STRUCTURE



## Mandeni Municipality Organizational Structure

KZN 291



# MANDEN MUNICIPALITY

P.O. BOX

MANDEN  
449

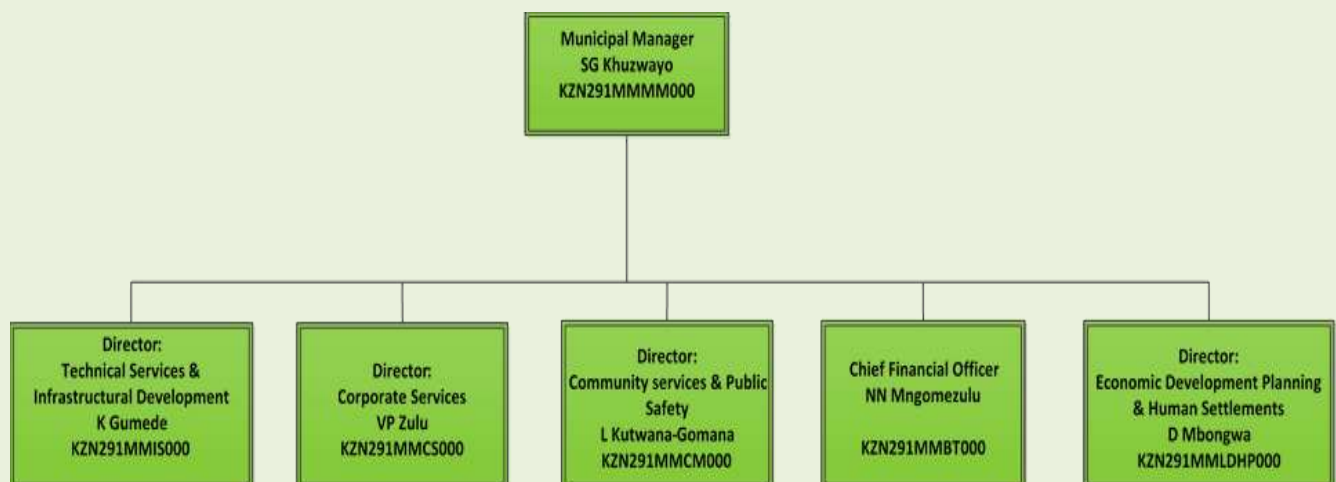
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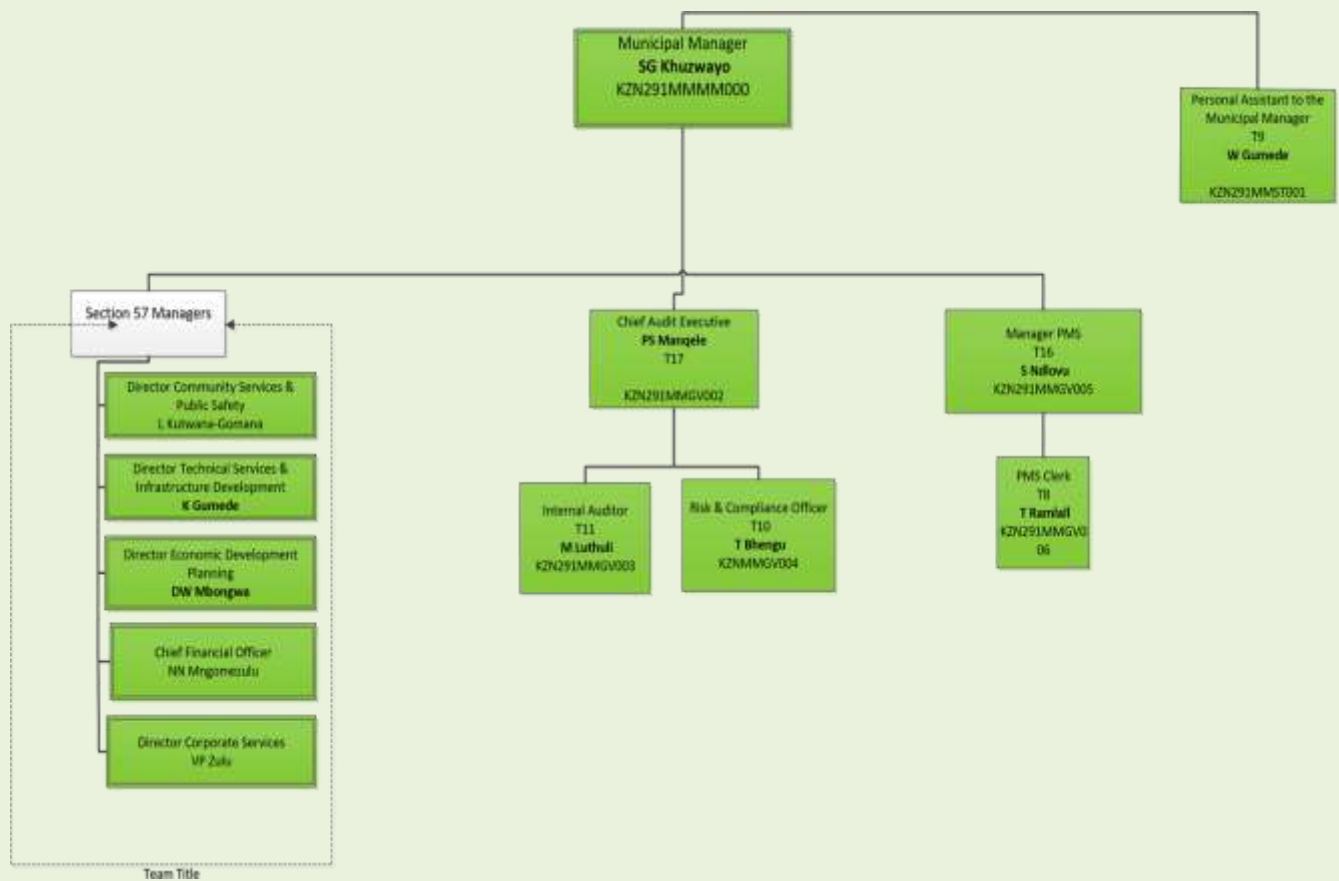
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INTERNS



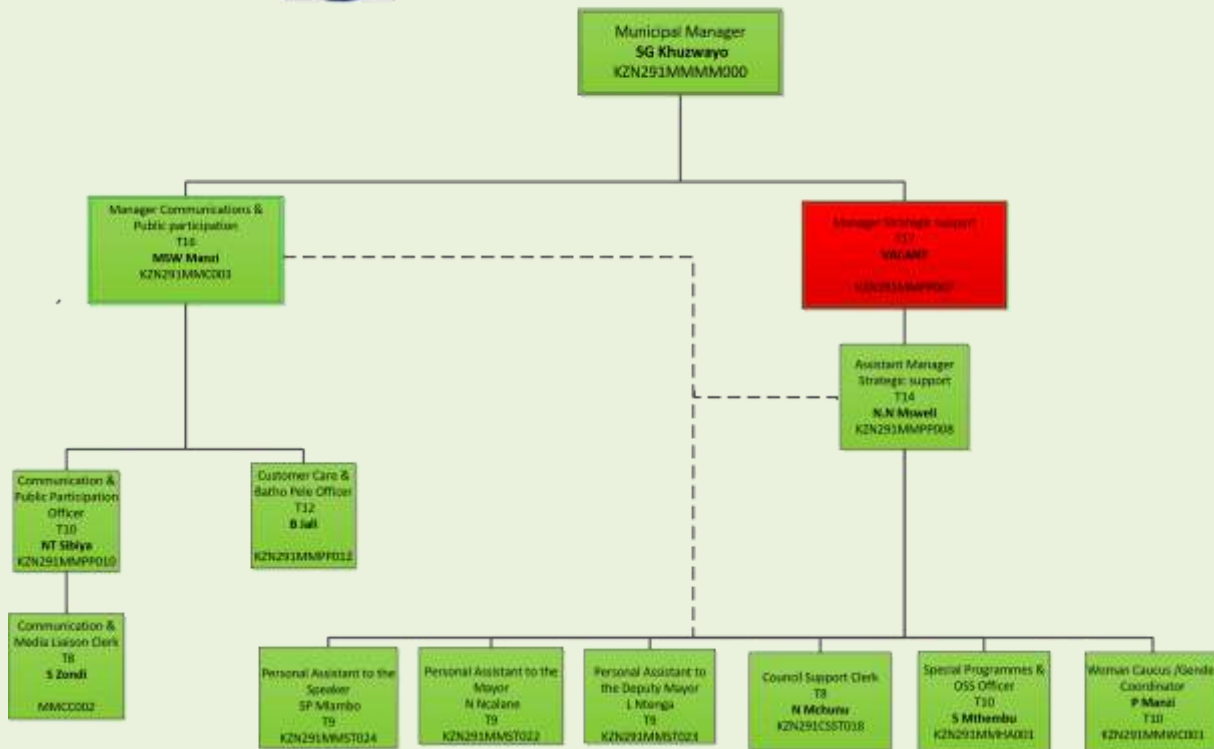
Municipal Managers Office





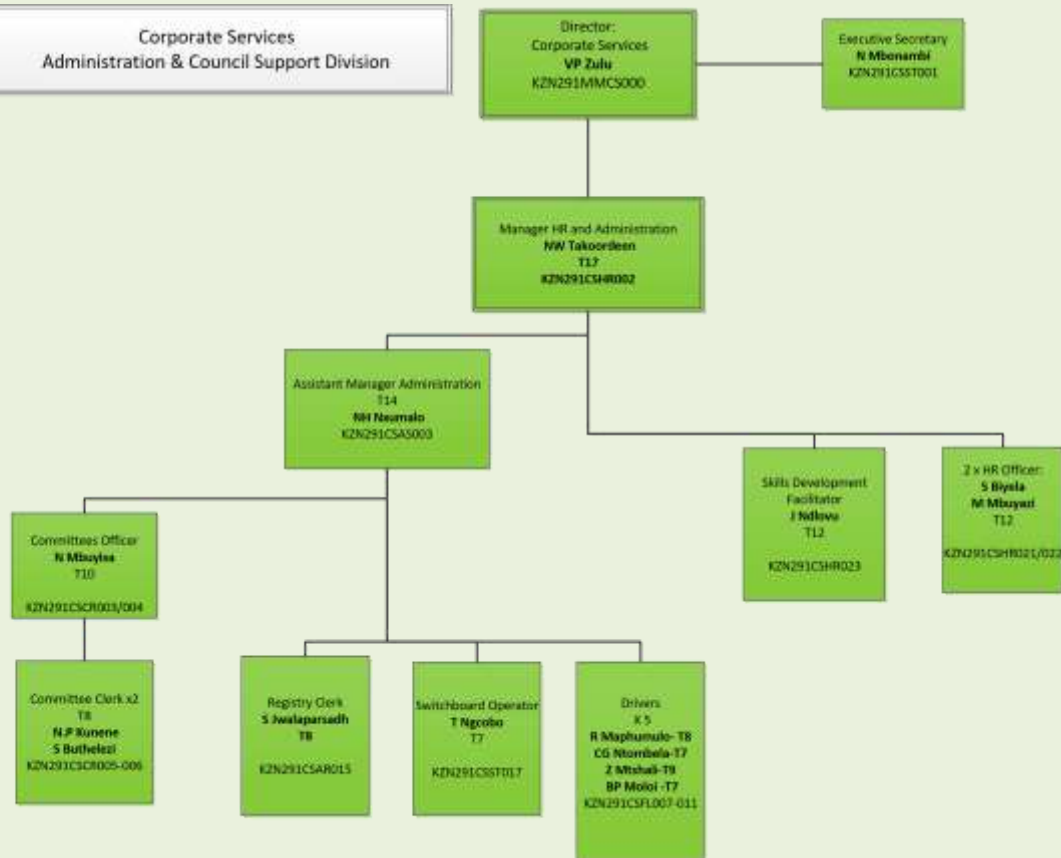


## MM Office: Operations Division



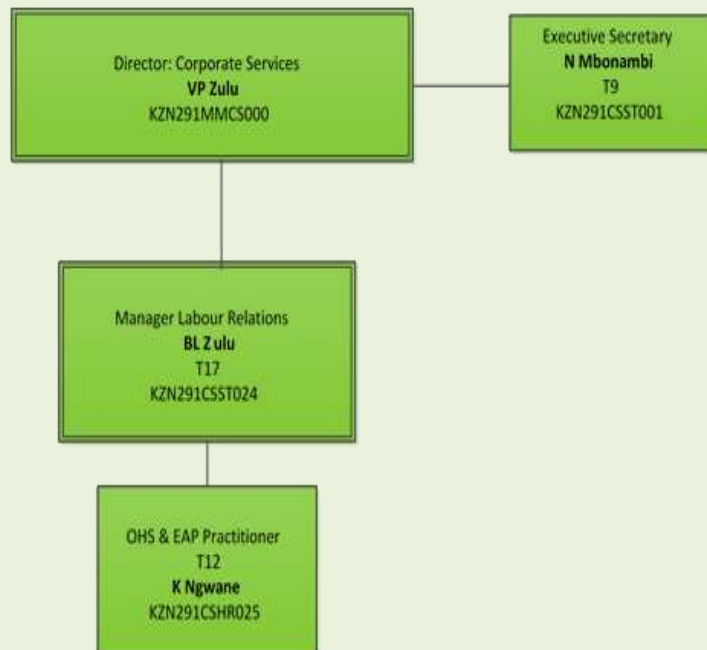


Corporate Services  
Administration & Council Support Division



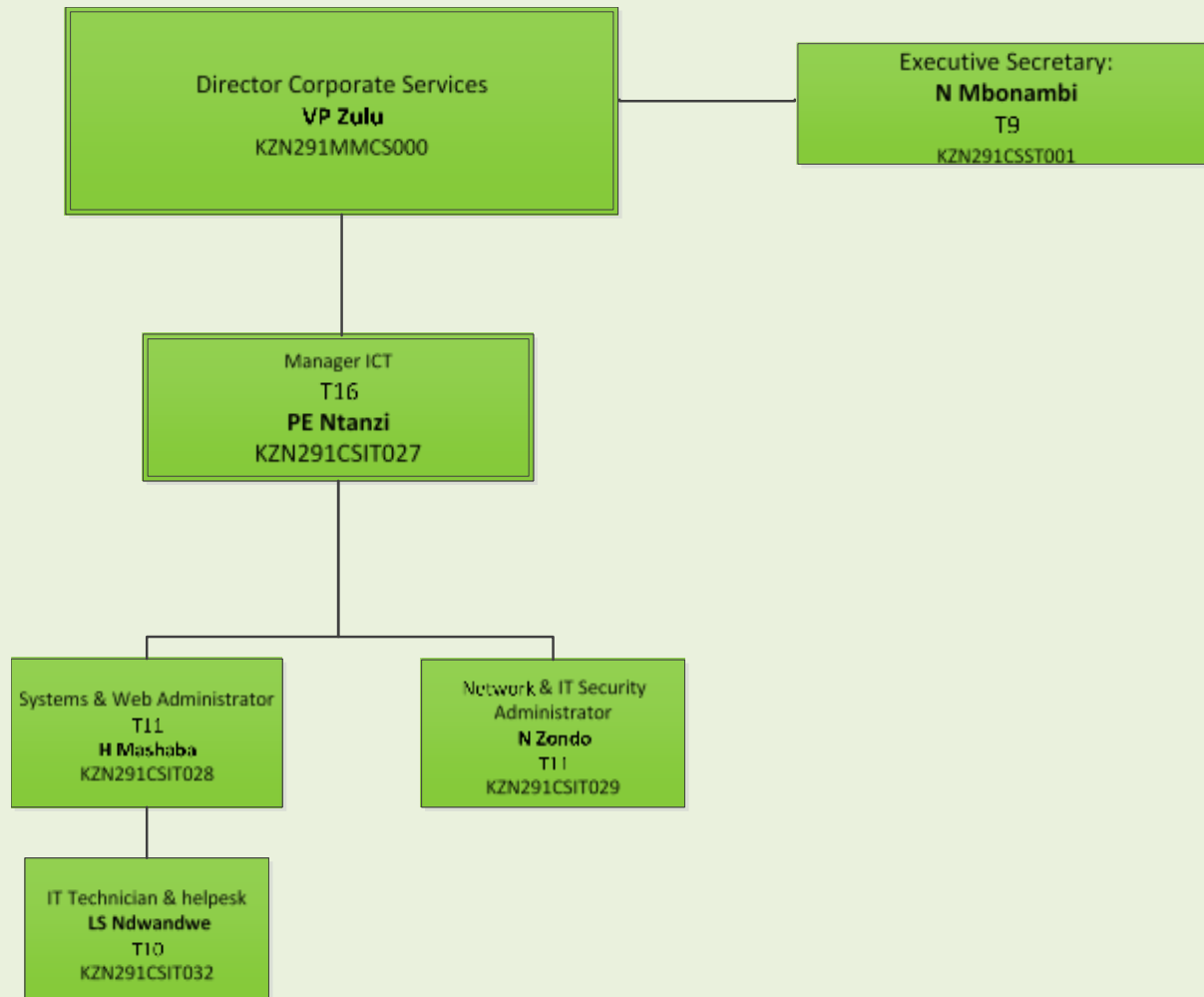


Corporate Services  
Labour Relations Division



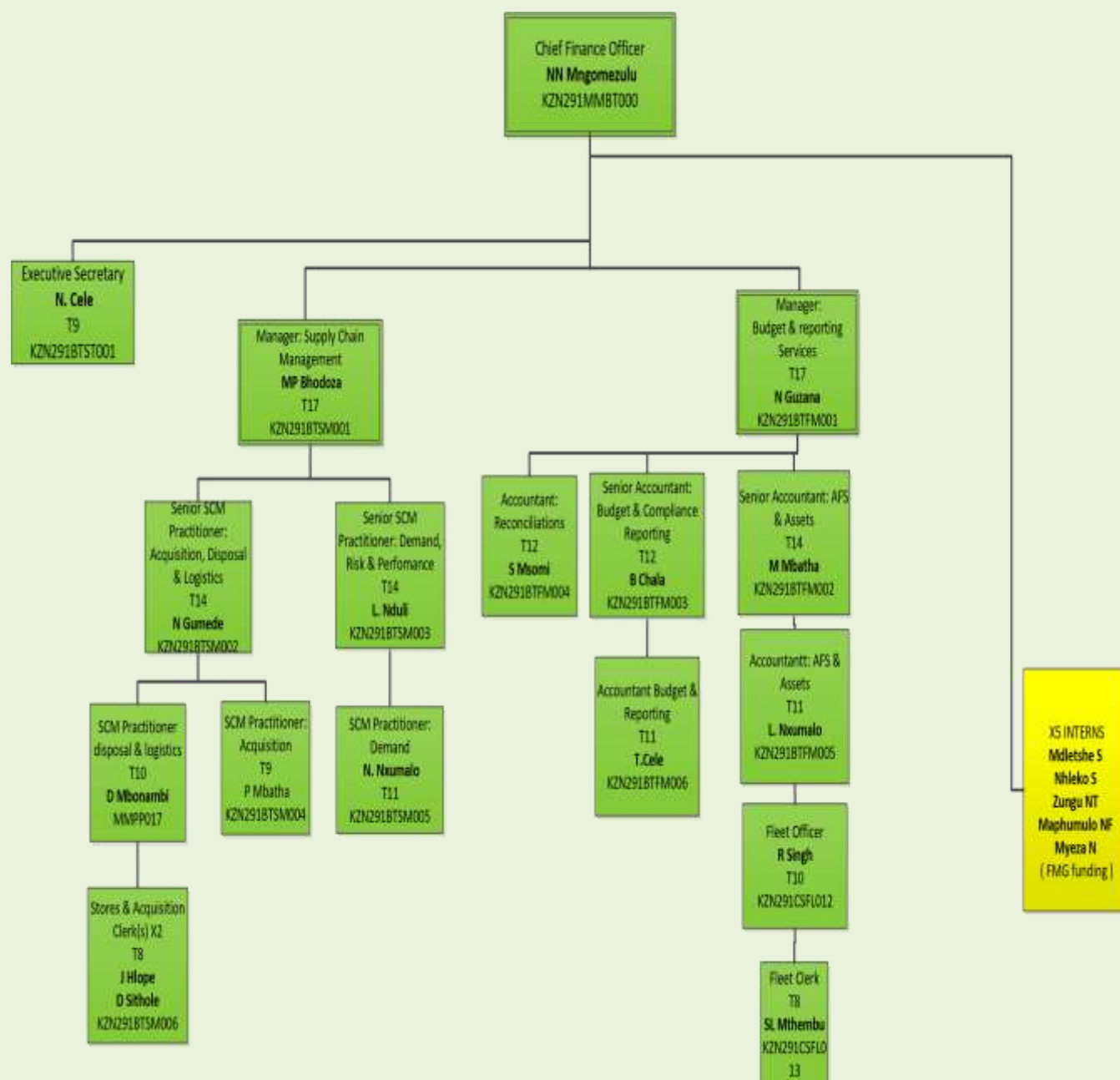


## Corporate Services Information Technology Division



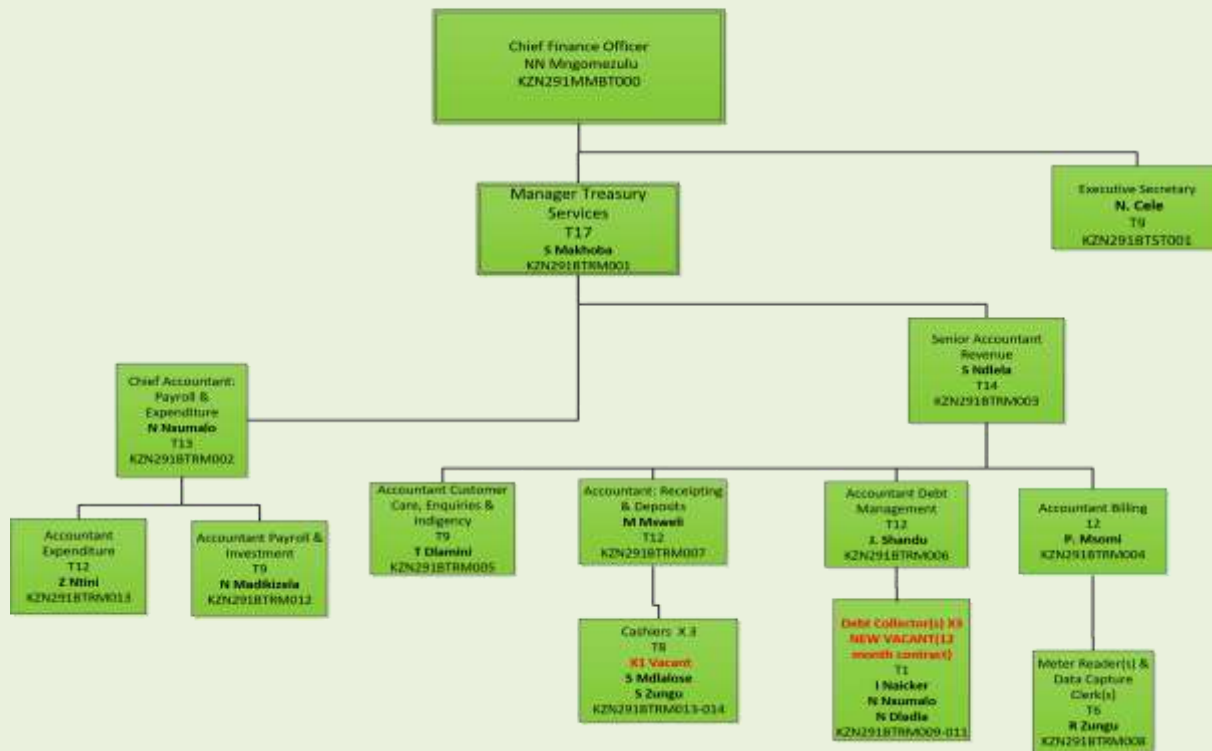


## Financial Services Supply Chain Management & Budget Services Divisions



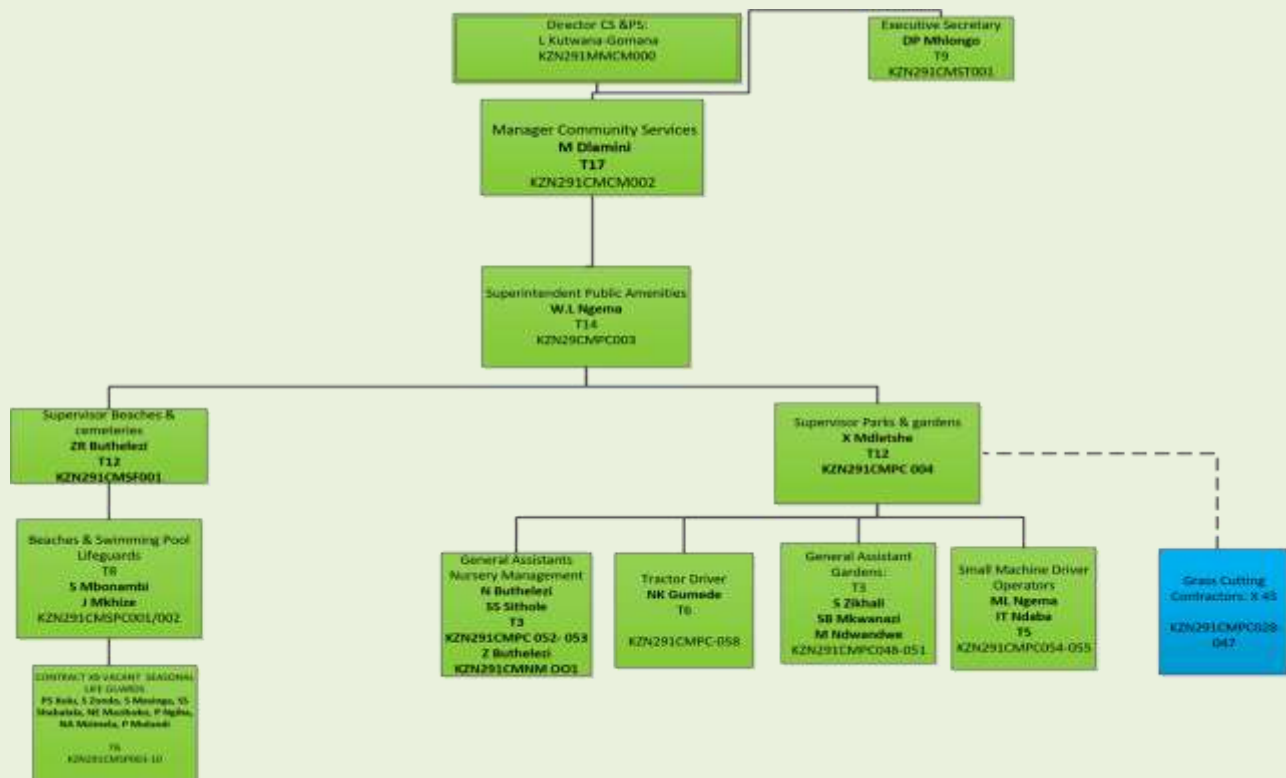


## Financial services department Treasury Division





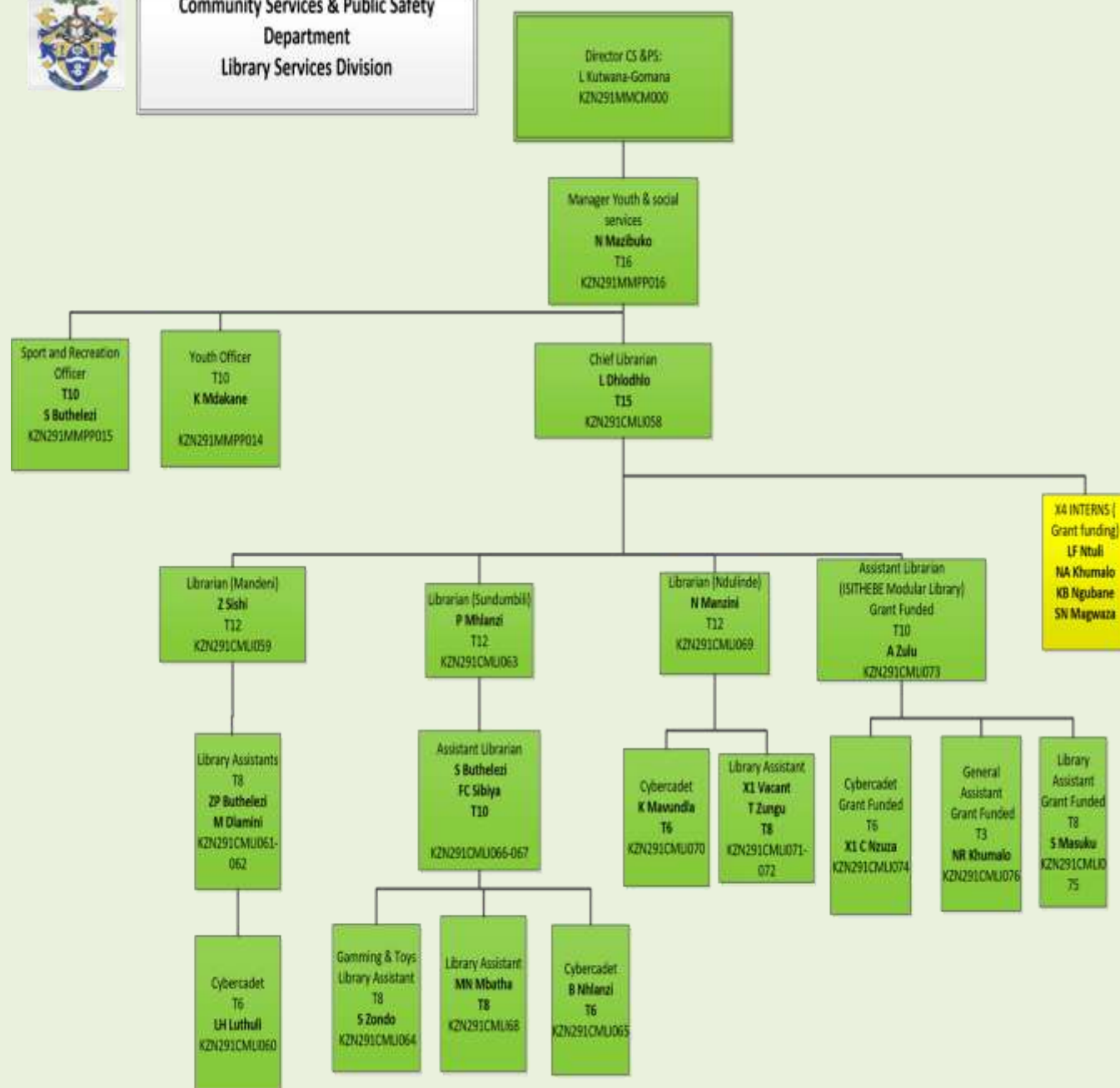
Community Services & Public Safety Department  
Community Safety Division





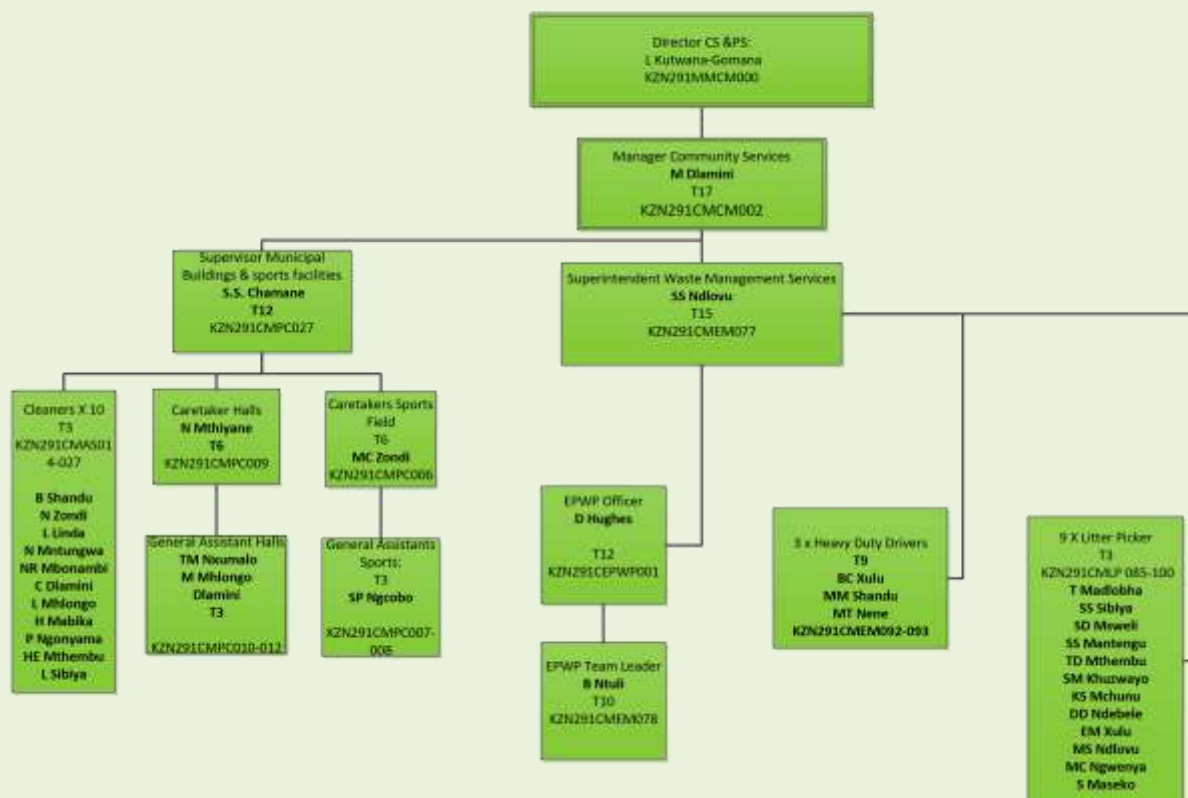


**Community Services & Public Safety  
Department  
Library Services Division**



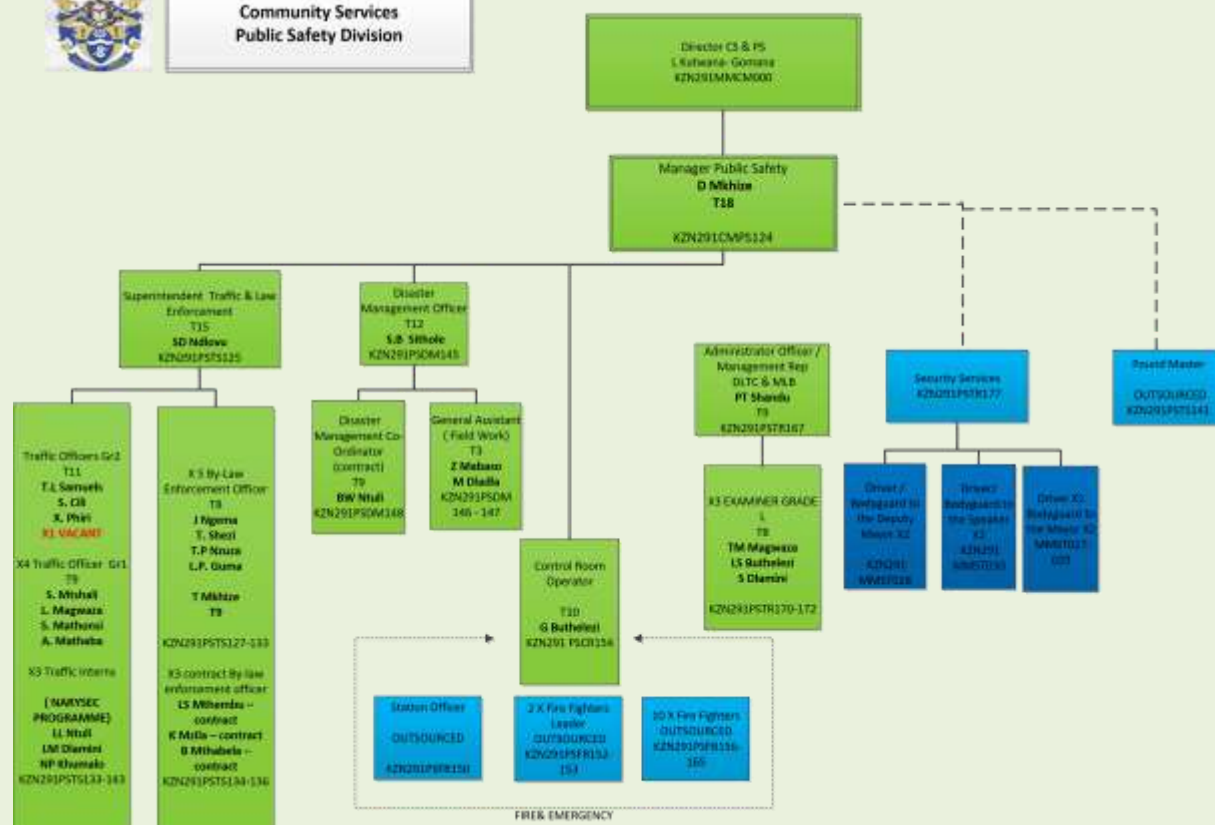


Community Services & Public Safety Department  
Community Safety Division





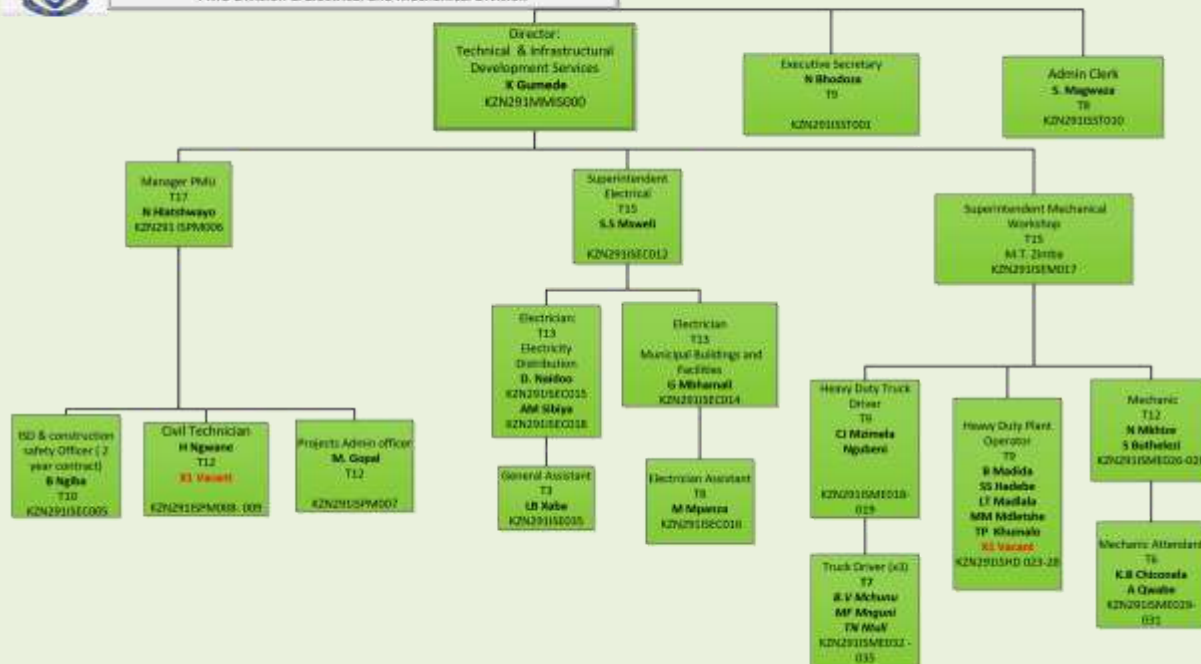
## Community Services Public Safety Division





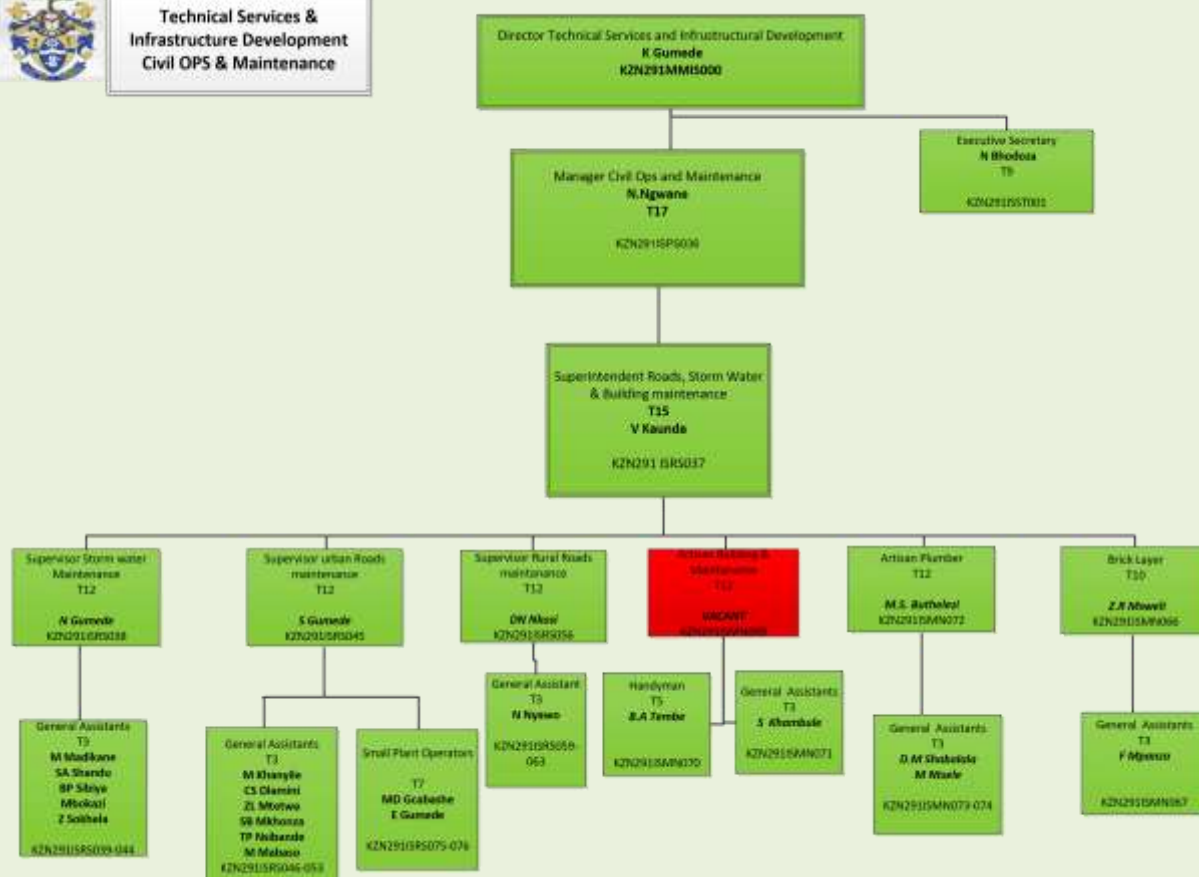
# Technical Services & Infrastructural Development

PMU Division & Electrical and Mechanical Division



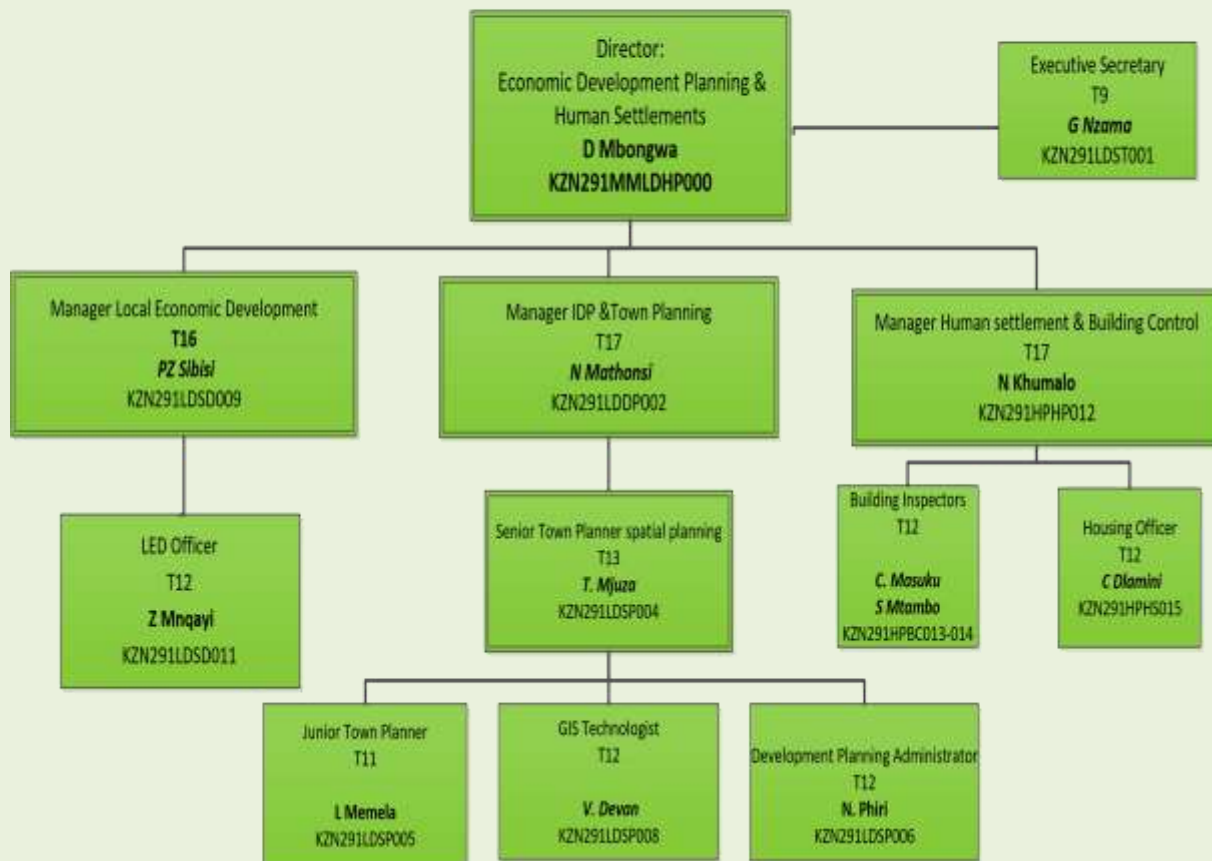


**Technical Services &  
Infrastructure Development  
Civil OPS & Maintenance**





## Economic Development Planning and Human Settlement



## **APPENDIX D**

### **Functions of Municipality/Entity**

In terms of Section 156 of the Constitution of the Republic of South Africa, 1996, a municipality has executive authority in respect of, and has the right to administer:

- The local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
- Any other matters assigned to it by national or provincial legislation.

In addition, national and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 to the Constitution which necessarily related to local government, if:

- That matter would most effectively be administered locally; and
- The municipality has the capacity to administer it. (Section 156(4), Constitution)

Section 83 read with section 84(1) and (2) of the Municipal Structures Act 117 of 1998 (Structures Act) divides up the functions listed in Schedule 4B and 5B of the Constitution between local municipalities and district municipalities.

The Minister, in terms of section 84(3) of the Structures Act, and the MEC, in terms of section 85(1) of the Structures Act may adjust the functions and powers of local and district municipalities by way of notice in the Government Gazette and Provincial Gazette respectively.

National Legislation may also assign certain duties and responsibilities relating to national or provincial government powers and functions.

In addition to the above, a district municipality is obligated in terms of section 83 (3) to seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by –

- Ensuring integrated development planning for the district as a whole;
- Promoting bulk infrastructure development and services for the district as a whole;
- Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
- Promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.



## **Appendix E**

### **Ward Reporting**

Mandeni Municipality submits ward reports on a monthly basis to COGTA. Most wards are functional. However, there is a challenge of ward 17 whereby some reports are not submitted. The matter was reported to the Speaker of the municipality to resolve the matter.

There are ongoing engagements with Ward Councillors and the Secretariat of the Ward Committee on what is expected from them in order to remain or be functional as per the guidelines set out by CoGTA.

The Ward Committees have been and will continue to receive workshops and trainings to ensure that they fully understand their role. The challenge that we are facing currently in terms of compliance is the submission of minutes for community feedback meetings.

A possible solution for this challenge is to have Municipal Officials attend public meetings to render secretariat support in areas where needed. The submission rate has improved, a cut-off date has been set as the 20<sup>th</sup> of each month, this has helped a great deal.



## APPENDIX F

### Ward Information

Cllr's Name & Surname	Organisation	Cellphone No.	Ward	Type	ID No.	Address
MKHALIPHI MZWAKHE CORNWELL	ANC	073 454 0564	12	W	7904215681087	ZAKHENI AREA
DLADLA NHLANHLA OSWALD	ANC	078 672 5820	7	W	8401055386082	A1289 DARK CITY, SUNDUMBILI, 4491
KHUZWAYO NOKUKHANYA HLENGEKILE	EFF	064 853 9408	N/A	PR	9801260539083	HLOMENDLINI AREA, HOUSE NO.1416, MANDENI
MTHEMBU CAROLINE LUNGILE	ANC	073 196 6659	11	W	6901270514089	ISITHEBE THEMBENI RESERVE
NCUBE NDUDUZO SBUSISO	IFP	073 791 7803	N/A	PR	8704085391083	SKHALAMBAZO, HOUSE NO 377 SUNDUMBILI, 4491

WARD PROFILE	
DISTRICT:	ILEMBE
LOCAL MUNICIPALITY:	MANDENI MUNICIPALITY

WARD NO.	MEMBERSHP	SURNAME	FULL NAMES	ID NO. (13 DIGITS)	GENDER		CONTACT NO.	CDW
					M	F		
1	WARD CLLR	SHELEMBE	MLUNGISI	8002146037088	M		0720261629	
	WC MEMBERS	LIKEBA	CELINA	5901021049089		F	0732260825	
		MDLETSHÉ	NTOKOZO	8312231073082		F	0797031976	
		MZIMELA	GUGU	7504110432089		F	0787478003	LILY DUBE
		NXUMALO	THEMBINKOSI	6704185201085	M		0735881392	0837762156
		THETHWAYO	GABRIEL	4205175476085	M		0781133841	
		SHANDU	MBONGISENI	6508095517088	M		0729318042	
		SHANDU	SMANGELE	6809110583083		F	0749397484	
		BHUYENI	BHEKI	9207175938085	M		0718265294	
	MTHETHWA	LINDENI	7412140976085		F	0631197227		
2	WARD CLLR	MTHETHWA	BHEKIZENZO	7304235463089	M		0748182391	CDW
		MPANZA	XOLANI	8104105496089	M		0718877170	
		BIYELA	MLUNGISI	7911075321084			0737612290	

	WC MEMBERS	SADIE	DEAN	6908255444083	M		0747566743	SPHAMANDLA MTHETHWA
		MZOBE	ADORAH	8012250917082		F	0714162433	0782440308
		GWALA	SIMPHIWE	7303030512082	M		0790580038	
		MTHEMBU	SIYABONGA	8202135848087	M		0736764136	
		KHUMALO	VIVIAN	7811235811083	M		0760462200	
		NTULI	DOLLY	9109030944086		F	0840696808	
		MTHETHWA	ZENZELE	8012175438081	M		0721385247	
		NTULI	BETTY	6102210626089		F	0827033766	
3	WARD CLLR	SIBIYA	NONHLANHLA	8006280717082		F	732947678	CDW
	WC MEMBERS	DUBE	SIPHO PRINCE	7001017753089	M		0728496644	N/A
		MDLETSHE	NATHI	9004246555083	M		0729367875	
		EDLEY	NOKUKHANYA	8701090694089		F	0608990547	
		MKHWANAZI	NOKUKHANYA	9305170500080		F	0763285582	
		MGAGA	KWANELE	8610225554086	M		0783677769	
		DEJOE	HAROLD	6210295792088	M		0732576355	
		GUMEDE	NORA	6611100931086		F	0780259500	
		MNGADI	ZANELE	7005130608088		F	0762624577	

		MHLONGO	THEMBINKOSI	6103205699081	M		0848328810	
		SHANDU	BENEDICTA	5503230834085		F	0723365786	
4	WARD CLLR	MAGWAZA	SIPHO	6706045509086	M		0767603117	
	WC MEMBERS	QWABE	NOKUTHULA	8311111649086		F	0717520925	GUGU KHUZWAYO 0837762095
		SHEZI	NOKUTHULA	8809281294088		F	0785601239	
		CELE	THOKOZANI	8010275366087	M		0715445195	
		MDLALOSE	LEONARD	7512285656085	M		0833383560	
		ZUNGU	LUCKYBOY	7308145369088	M		0781105913	
		MBONAMBI	CELIWE	8606061427080		F		
		NDLOVU	DORA	6206030331083		F	0837487801	
		KILOWAN	RADESH	8611025145083	M		0732619714	
		REDDY	VISHNA	4207125053089	M		0839912348	
5	WARD CLLR	NGUBANE	MJABULISENI	8909166185086	M		0834895963	CDW
	WC MEMBERS	MPANZA	NOKUTHULA	7306170531084		F	0732651301	SBUSISO
		MAKHAYE	NTOKOZO	8902166202084	M		0735301817	
		CELE	JABULISIWE	5410300707086		F	0783204858	
		MATHONSI	GAMELIHLE	8506125867083	M		0733109158	

								GAZU
		KHUMALO	NOKUTHULA	7806170531084		F	0631550006	0782445268
		MSOMI	NHLAKANIPHO	8608085520080	M		0737179670	
		MTHETHWA	SIPHO GABRIEL	6709025319088	M		0766123714	
		DLAMINI	BUKHOSIBAKHE	9203166069089	M			
		HLONGWANE	ALBERT	5408095501086	M			
6	WARD CLLR	CELE	MBONGENI	6512265784080	M		0836206748	
	WC MEMBERS	MHLONGO	SLINDILE	8601050349080		F	0783566224	NOMUSA MADIKANE  0837762155
		NCANANA	FIKELEPHI	6905230525085		F	0799902532	
		MASUKU	FAKO	6705015688086	M		0712713891	
		DLAMINI	ZAMILE	5202160229081		F	0714532429	
		NZUZA	PAMELA	7512010426085		F	0633041591	
		MHLONGO	STHEMBISO	6707075678080	M		0762725949	
		KHETHOKUHLE	NGEMA	8612176000085	M		0798178508	
		SHEZI	PHILILE	5701160358089		F	0767791213	
		CHILI	XOLISILE	8505251754081		F	0795323914	
		MPUNGOSE	THABANE	7106245743081	M		0727072527	

7	WARD CLLR	DLAMINI	NONHLANHLA	7111170408080		F	0730634311	CDW	
	WC MEMBERS	QWABE	BHEKANI	7503055577080	M		0826677871		
		MAGWAZA	KHONZI	8001150306082	M		0782910443		
		MLAMBO	THABISILE	6804130599086		F	0834215381		
		DUBE	BONGI	6203110714080		F	0791682373		
		MNCWANGU	JOHN	8001225708080	M		0739028460		
		DLADLA	NHLANHLA	8401055386082	M		0786725820		
		ZIBANE	JEROME	7002285345087	M		0784277749		
		GUMEDE	MADODA	7304305421082	M		0736500666		
		NTSHANGASE	LANGELIHLE	5106260167085	M		0783395328		
8	WARD CLLR	MDLETSHÉ	LINDELIHLE	7301155457083	M		0731026256		CDW
	WC MEMBERS	KHUZWAYO	THABISO	9304125724085	M		0721295570		MATHEMBI MSANE
		HLABISA	NONHLANHLA	7405080466083		F	0791121991		
		SIBIYA	EDNAH	4308200225087		F	0732547379		
		MBONAMBI	WELLINGTON	7208205934088	M		0797210699		
		HADEBE	NOKWANDA	7909290796080		F	0735551693		
		MDLULI	SIYABONGA	8110275602083	M		0799995347		
		NDLOVU	HLENGIWE	5808070690087		F	0717149167		

		MATHENJWA	LETHIWE			F	0780436052	
9	WARD CLLR	MNGADI	MPHILE	8505185766086	M		0737572319	CDW
	WC MEMBERS	DUBE	SAKHILE	8204206002081	M		0732716662	SLUNGILE MWANDLA
		MSOMI	MOFFATE	6810225470083	M		0736138070	
		MPANZA	SPHAMANDLA	9201026099080	M		0717220730	
		ZUNGU	SANELE	8007245928087	M		0734514687	
		MSOMI	NOBUHLE	8409100799084		F	0787524982	0832011114
		NENE	BALUNGILE	7312240654089		F	0739034883	
		MCINEKA	ZAMOKUHLE	8812010477081		F	0781695070	
		LANGA	MICHAEL	6207215798088	M		0712400845	
		ZUNGU	ZINHLE PATRICIA	7601290292083		F		
		MATABA	MZAMISENI	6012025745083	M		0785140418	
10	WARD CLLR	SHANDU	NOMUSA	6605070720081		F	0721055331	CDW
	WC MEMBERS	SITHOLE	MBUYISELO			F	0604081158	
		MFEKA	ZANDILE	7612230391083		F	0818862676	
		MTSHALI	SIBUSISO	7112055769081		F	0720951452	
		DLALA	LUNGELO		M		0768550795	

		MATHONSI	NOZIPHO	8507010732085		F	0711637649	N/A
		GUMEDE	SDUDUZO	8410255994082	M		0787658321	
		KHUZWAYO	XOLANI		M		0739583137	
		ZONDI	THEMBA	701010666086	M		0839523135	
		VUMISA	NJABULO		M		0839559067	
		MASEKO	SILONDILE	800229035088		F	076506959	
								CDW
11	WARD CLLR	MTHEMBU	LUNGILE CAROLINE	6901270514089		F	0731966659	
	WC MEMBERS	VALENTIA	NGEMA	6402290326083		F		N/A
		MYEZA	MZONJANI	5103015286088	M		0730862986	
		MASUKU	REJOICE	6701190625084		F	0719135450	
		KHUZWAYO	BUSISIWE	7210020487086		F	0711790928	
		SIBISI	SIFISO	6910245738087	M		0730615695	
		MDANDA	AUDREY	6102280898089		F	0833432982	
		MTHETHWA	ZIPHO	7409225727086	M		0723247816	
		DLOMO	JABULANI	6901235447086	M		0725366781	
		MKHWANAZI	SIYABONGA	8104145826089	M		0824337289	
		MANQELE	MJABULISENI	520825762081	M			



12	WARD CLLR	MKHALIPHI	MZWAKHE	7 904 215 681 087	M		0734540564	
	WC MEMBERS	SKHAKHANE	THOBKILE	6901031314084		F	0732338649	MINENHLE DLAMINI 0728179683
		MVULA	THANDEKA			F	0 632150509	
		BUTHELEZI	THEMBA	6106105535085	M		0826959173	
		YAKA	PHUMLANI	7803035660083	M		0742582181	
		MNYANDU	DUDUZILE	8310301068081		F	0788203529	
		GAZU	MALUSI	6707255274080	M		0837470409	
		MATHONSI	NOKWAZI	8001200767082		F	0737716676	
		DANISA	WINSON	7212025462080	M		0833475403	
		MKHIZE	THABANI	8112235390080	M		0769022064	
		MATHONSI	SIBONGISENI	8612206304085	M		0630930899	
								CDW
	WARD CLLR	ZULU	SIPHESIHLE	781006 5369 089	M		079 1067 328	
13	WC MEMBERS	SITHOLE	NKULULEKO		M		0820717178	
		NGIBA	DUDU	7208250464080		F	0739329567	
		NXUMALO	THANDEKA	7603170577088		F	0736700647	
		MTHIYANE	VUSIMUZI	8305295374081	M		0761701482	

		MTHIYANE	SIBUSISO	8711075815088	M		0730510007	N/A
		ZULU	THEMBI	6702220565084		F	0717411830	
		MDLULI	JOYCE	7502260720089		F	0606535100	
		MHLONGO	SIBONGILE	6009010521081		F	0739321097	
		SIKHAKHANE	MUSAWENKOSI	7202055841089	M		0722898548	
		MEYIWA	SANDILE		M		0787362476	
14	WARD CLLR	SHANDU	THOBANI	8812245508080	M		0780903784	
	WC MEMBERS	SITHOLE	MTHOKOZISI		M		0763531697	N/A
		MAZIBUKO	THEMBI	5911720642080		F	0787781938	
		MLAMBO	JABU	6803180708084		F	0737856698	
		XULU	GIFT	8212136095083	M		0729765216	
		NCWANE	BONGI	5511280824088		F	0734101968	
		SIKHAKHANE	DAVID	710106322088	M		0734683621	
		THABEDE	KHULEKANI	8001076050087	M		0734683621	
		SISHONI	SIMANGELE	8603010802083		F	0797609413	
		NGEMA	NDUDUZO	8506246170086	M		0842967544	
		MAVUSO	SIZA	8701075883087	M		0732400329	

15	WARD CLLR	ZUNGU	AYANDA	8110195560080	M		0827308681	
	WC MEMBERS	PHIRI	ALLY	8509085391086	M		0829751176	N/A
		ZULU	THABILE	6208040817085		F	0784869787	
		MTHEMBU	NONDUMISO	8610140635085		F	0767516289	
		HLEZA	BAFANA	7303096011086	M		0842967048	
		DLUDLA	NGCEBO	7711075654082	M		0736816210	
		ZULU	NTOMBIZANDILE	5403250638088		F	0731931548	
		NHLEKO	MTHUNZI	8809125851085	M		0728587678	
		GCALEKA	GCINA	6208180632086		F	0722203178	
		MNGOMEZULU	PHILISIWE	7805050348080		F	0818997510	
		BUTHELEZI	NONHLANHLA	5908130818080		F	0732242699	
16	WARD CLLR	GWALA	ANDILE	8808285723084	M		0789946492	
	WC MEMBERS	GUMEDE	SIPHO	7002015628083	M		0782471852	N/A
		MAGWAZA	LINDA	8507026068086	M		0795869375	
		MNGOMEZULU	NKOSINGIPHILE	6705285337083	M		0736907000	
		MTSHALI	SIBUSISO	7002235358081	M		0764286990	
		KWEYAMA	SIBUSISO	7407166145086	M		0644286990	
		MOTHA	MJABULISENI	7503185411085	M		0735610592	

		MTHETHWA	NOMPUMELELO	7804180514083		F	0716230018	
		MCUBE	AURELIA ZAMA	8403031627084		F	0785737250	
		ZULU	BONGIWE			F	0785984545	
		MHLONGO	VELIE	7704270421084		F	0787470285	
17	WARD CLLR	TEMBE	NOVEMBER	6005315398084	M		0760655906	
	WC MEMBERS	MAPHUMULO	THANDAZILE	6206200704085		F	0724922805	N/A
		BUSANE	SITHABISA	8604146277083	M		0719387765	
		MSWELI	JEREMIYA	5312125558084	M			
		KHUMALO	NTUTHUKO	9002045718084	M		0737025171	
		KHUMALO	THEMBEKA	9209231354083		F	0739791785	
		MFEKA	ZODWA	6506070394085		F	0735478783	
		NXELE	GABISILE	8312110344083		F	0737469282	
		HADEBE	ZOLILE	7009215597083	M		0781030857	
		MBELE	JOB	6606095707087	M		0732506307	
		DANISA	WINSON	7212025462080	M			
18	WARD CLLR	MSIMANGO	NICHOLAS		M		0785166507	
	WC	NXUMALO	SDUDLA	6711120612086		F	0799378733	

	MEMBERS	MJADU	ZAMANI	8308226089083	M		0764764077	SFUNDO MBUYAZI  0832011060
		MZIMELA	MAVIS	6211270664086		F	0733646666	
		VUNDLA	PHUMULILE	6802010607086		F	0837142834	
		MDLULI	GOODENOUGH	6010085408089	M		0735789782	
		KHUMALO	NOMPUMELELO	8205171023085		F	0796722262	
		MABHIDA	PHENDUKANI	8405025481089	M		0735204973	
		NGEMA	BONGANI	7803055822084	M		0793197635	
		HLONGWANE	HLENGIWE	6802010607086		F	0760226456	

## **APPENDIX G**

### **Recommendations of the Municipal Audit Committee**

#### **RECOMMENDATIONS**

**a. In the quest of Curbing UIFW:** The Council must exert more effort and more stringent control measures to curb Unauthorised, Irregular, Fruitless and Wasteful Expenditure and to prevent repeat audit findings. The Audit Committee has noted that, in the main, these findings emanate from non-compliance with the SCM Policies and Procedures and poor planning in Contract Management.

(i) To this end the Audit Committee hereby recommends that the structure of the **Disciplinary Board** must be revised and strengthened by increasing the number of **External Independent Members** of which one must be a labour law practitioner. Currently this Board comprises the Municipal Manager, The Audit Committee Chairperson, the Director: Corporate Services and the Chief Audit Executive.

(ii) Furthermore, we recommend that all investigations to be conducted in pursuit of matters referred to this Council be performed by **external service providers**.

**b. Debt Recovery:** Council together with management should implement a vigorous debt collection strategy, this will ensure that the municipality enhances its revenue collection.

**c.** Further training on performance management must be provided to the staff and management to ensure that accurate, reliable and complete financial and performance information is produced. The reports submitted to us indicate that, the capturing of key performance indicators and appropriate supporting evidence require improvement.

*(This recommendation has been presented in our previous reports and has been reiterated during the performance assessments)*

**d.** The Municipality must perform reconciliations of all key accounts monthly and prepare financial statements at least on a quarterly basis to avoid discovering errors and discrepancies at year end. *(This recommendation has been presented in our previous reports as well)*

**e. The Committee requests the Council to consider the following matters regarding the Audit Committee support:**

- Review the audit committee fee structure to accommodate preparation time. This is covered by the National Treasury's Instruction Note for payment of the Audit Committee Members.

On average, our quarterly meetings take four (4) hours or more, and, the preparation for these meetings takes more than four (4) hours since some of the meeting agenda items are submitted very close to the meeting date and, Audit Committee Members wilfully take time to consider such late reports as well.

- Provide the committee with the **Tools of Trade** i.e iPads and Data.

This is meant to ensure proper preparation and participation in the meetings, whilst also enhancing communication amongst the committee members even beyond meetings for the greater benefit of this municipality.

**f. Risk Management** – Elevate the Cyber Security and Business Continuity Management to be one of the priorities areas of the Municipality.

**g.** We also urge the Council and Management to implement recommendations and outstanding actions on **IT Governance and IT General Controls** presented by the Internal Audit Unit.

**h.** The **POPI ACT** has now come into effect. We recommend that the Council and Management must review the status of the Municipality's compliance with this act.

**APPENDIX H**  
**Long-term contracts and public private partnerships**

**CONTRACTS REGISTER 30  
JUNE 2022**

<b>IT E M  N O</b>	<b>CONTRACTS SCHEDULE  JULY 2021- JUNE 2022</b>	<b>ITEM</b>	<b>DUR ATI ON</b>	<b>ST AR T  DA TE</b>	<b>EN D  DA TE</b>	<b>CONTRACT VALUE AS PER AWARD LETTER</b>	<b>EXPENDI TURE AS AT  30-Jun-22</b>	<b>STATUS</b>
	<b>TECHNICAL SERVICES</b>							
1	SIVEST (PTY) LTD	CIVIL	3 YEAR S	201 5- 01- 06	202 2- 06- 30	12.6% of the project construction cost	R 85 876.47	EXTENDED
2	SMA CONSULTANTS	INFRASTRUC TURE PLANNING & CIVIL	3 YEAR S	201 5- 01- 06	202 2- 06- 30	11.9% of the project construction cost	R 595 105.45	EXTENDED
3	LELETU CONSULTING	CIVIL	3 YEAR S	201 5- 01- 06	202 2- 06- 30	11% of the project construction cost	R -	EXTENDED



4	YOUNG AND SATHARIA	CIVIL	3 YEAR S	201 5- 01- 06	202 2- 06- 30	12.6% of the project construction cost R 83 407.92	EXTENDED
5	MAKHAOTSE NARASIMULU & ASSOCIATES	INFRASTRUC TURE PLANNING & CIVIL	3 YEAR S	201 5- 01- 06	202 2- 06- 30	12.6% of the project construction cost R -	EXTENDED
6	BVI CONSULTING ENGINEERS KZN	PANEL OF CONSULTAN TS	3 YEAR S	201 8- 07- 25	202 2- 07- 25	9.5% of the project construction cost for each project R 1 406 980.98	EXTENDED FOR 12 MONTHS
7	NZAMAKHUZA HOLDINGS (PTY) LTD	PANEL OF CONSULTAN TS	3 YEAR S	201 8- 07- 25	202 2- 07- 25	10.5% of the project construction cost R 870 758.39	EXTENDED FOR 12 MONTHS
8	VERITAS ENGINEERING	PANEL OF CONSULTAN TS	3 YEAR S	201 8- 07- 25	202 2- 07- 25	10% of the project construction cost for each project R 732 344.60	EXTENDED FOR 12 MONTHS
9	SKYV CONSULTING ENGINEERS (PTY) LTD	PANEL OF CONSULTAN TS	3 YEAR S	201 8- 07- 25	202 2- 07- 25	12.5% of the project construction cost for each project R 1 014 378.38	EXTENDED FOR 12 MONTHS
10	MORULA CONSULTING ENGINEERS & PRO	PANEL OF CONSULTAN TS	3 YEAR S	201 8- 07- 25	202 2- 07- 25	10% of the project construction cost for each project R 1 173 370.58	EXTENDED FOR 12 MONTHS
11	BUCHULE ENGINEERS (PTY) LTD	PANEL OF CONSULTAN TS	3 YEAR S	201 8- 07- 25	202 2- 07- 25	12% of the project construction cost for each project R 338 126.53	EXTENDED FOR 12 MONTHS
12	SRK CONSULTING (SOUTH AFRICA)	PANEL OF CONSULTAN TS	3 YEAR S	201 8- 07- 25	202 2- 07- 25	7% of the project construction cost for each project R 307 929.78	EXTENDED FOR 12 MONTHS

13	DNPC CONSULTING (PTY) LTD	PANEL OF CONSULTANTS	3 YEAR S	2018-07-25	2022-07-25	12.5% of the project construction cost for each project	R -	EXTENDED FOR 12 MONTHS
14	UKWAKHA CONSULTING ENGINEERS	PANEL OF CONSULTANTS	3 YEAR S	2018-07-25	2022-07-25	11% of the project construction cost for each project	R 363 183.12	EXTENDED FOR 12 MONTHS
15	IGS CONSULTING ENGINEERS	PANEL OF CONSULTANTS	3 YEAR S	2018-07-25	2022-07-25	10% of the project construction cost for each project	R -	EXTENDED FOR 12 MONTHS
16	HI-TECH CONSULTING ENGINEERS	PANEL OF CONSULTANTS	3 YEAR S	2018-07-25	2022-07-25	11% of the project construction cost for each project	R 670 926.89	EXTENDED FOR 12 MONTHS
17	POWER TECH SERVICES CENTRE (PTY) LTD	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHANICAL BREAKDOWNS ON LIGHT MOTOR VEHICLES	3 YEAR S	2020-12-07	2023-12-31	Rate based	R 199 028.11	
18	DHAYALAN SATHIYAVAN t/a DOLPHIN COAST	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHANICAL BREAKDOWNS ON LIGHT MOTOR VEHICLES	3 YEAR S	2020-12-07	2023-12-31	Rate based	R 629 178.77	
19	VSB AUTOR REPAIRS	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHANICAL BREAKDOWNS	3 YEAR S	2020-12-07	2023-12-31	Rate based	R 306 905.00	

		NS ON LIGHT MOTOR VEHICLES					
20	STANGER MOTOR WORLD	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOW NS ON LIGHT MOTOR VEHICLES	3 YEAR S	202 0- 12- 07	202 3- 12- 31	Rate based	R 85 458.90
21	DESREA LOGISTICE	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOW NS ON LIGHT MOTOR VEHICLES	3 YEAR S	202 0- 12- 07	202 3- 12- 31	Rate based	R 720 476.81
22	SIYAVUKA SUPPLIES	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOW NS ON PLANT & EQUIPMENT	3 YEAR S	202 0- 12- 07	202 3- 12- 31	Rate based	R 326 872.49
23	DHAYALAN SATHIYAVAN t/a DOLPHIN COAST	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOW NS ON PLANT & EQUIPMENT	3 YEAR S	202 0- 12- 07	202 3- 12- 31	Rate based	R 216 710.19

24	POWERSPARES ISITHEBE	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOW NS ON PLANT & EQUIPMENT	3 YEAR S	202 0- 12- 07	202 3- 12- 31	Rate based	R 1 029 763.08	
25	TAURUS HYDRAULICS	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOW NS ON PLANT & EQUIPMENT	3 YEAR S	202 0- 12- 07	202 3- 12- 31	Rate based	R 1 280 373.61	
26	NBS DIFF & GEAR BOX SILENCE & SERVICES	PANEL TO ASSIST WITH TYRE SUPPLY, REPAIRS AND MECHENICAL BREAKDOW NS ON PLANT & EQUIPMENT	3 YEAR S	202 0- 12- 07	202 3- 12- 31	Rate based	R 88 441.50	
27	AQUA TRANSPORT AND PLANT HIRE	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 82 340.00	
28	BHEKAPHEZULU INVESTMENTS & SALES	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 239 200.00	
29	FLAXEN LAKE TRADING	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 276 000.00	

30	MIDMAR PLANT HIRE CC	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R -	
31	MILES CONSTRUCTION & CIVILS	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 196 995.00	
32	PELEPELE INVESTMENTS (PTY) LTD	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 250 125.00	
33	SIKHULA EBUNYENI ENTERPRISES (PTY) LTD	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 207 000.00	
34	SOMKHANDA PLANT HIRE	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R -	
35	TRAILWAYS / VENKATAS GANGIAH	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 414 000.00	
36	ZS CIVILS CONSTRUCTION AND PLANT	PANEL TO LEASE PLANT AND EQUIPMENT	3 YEAR S	202 1- 03- 17	202 4- 03- 17	Rate based	R 1 421 858.85	
37	MBD CONSULTING	SOURCING OF SOCIAL AND ECONOMIC INFRASTRUC TURE INVESTMENT CAPITAL	3 YEAR S	202 1- 03- 16	202 4- 03- 15	Transactional basis	R 2 671 716.78	

38	ESINAVAYO PROJECTS TRADING ENTERPRISE	33KV-400V REPAIRS ON EMERGENCY BREAKDOWN NS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALI TY)	3 YEAR S	202 1- 07- 19	202 4- 07- 31	R 2 945 615.27	R 762 240.57	
39	WORTH KINGS TRADING CC T/A XXX ELECTRICAL	33KV-400V REPAIRS ON EMERGENCY BREAKDOWN NS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALI TY)	3 YEAR S	202 1- 07- 19	202 4- 07- 31	R 3 335 238.05	R 329 590.00	
40	MASINA ENGINEERING PTY LTD	33KV-400V REPAIRS ON EMERGENCY BREAKDOWN NS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALI TY)	3 YEAR S	202 1- 07- 19	202 4- 07- 31	R 1 050 668.75	R -	
41	R BUSISIWE (PTY) LTD	33KV-400V REPAIRS ON EMERGENCY BREAKDOWN NS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED BY MANDENI MUNICIPALI TY)	3 YEAR S	202 1- 07- 19	202 4- 07- 31	R 356 610.73	R 818 109.04	
42	MECOM TRADING ENTERPRISE CC	33KV-400V REPAIRS ON EMERGENCY BREAKDOWN NS FOR A PERIOD OF 3 YEARS (AS AND WHEN REQUIRED	3 YEAR S	202 1- 07- 19	202 4- 07- 31	R 84 991.90	R 68 645.57	

		BY MANDENI MUNICIPALITY)					
43	ACT INDUSTRIES (PTY) LTD	TRAFFIC SIGNAL REPAIRS ON BREAKDOWNS FOR A PERIOD OF 3 YEARS	3 YEAR S	2021-05-13	2024-05-30	R 806 060.45	R 90 160.00
44	ZAMA TRAFFIC SIGNALS CC	TRAFFIC SIGNAL REPAIRS ON BREAKDOWNS FOR A PERIOD OF 3 YEARS	3 YEAR S	2021-05-13	2024-05-30	R 357 144.00	R -
45	R BUSISIWE (PTY) LTD	TRAFFIC SIGNAL REPAIRS ON BREAKDOWNS FOR A PERIOD OF 3 YEARS	3 YEAR S	2021-05-13	2024-05-30	R -	R -
46	AFICOST JBFF PROJECT MANAGERS (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	2021-10-01	2024-09-30	14% of the project construction cost	R -
47	BRIMSTOHN CONSULTING JV	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	2021-10-01	2024-09-30		R -
48	DLV PROJECT MANAGERS & ENGINEERS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	2021-10-01	2024-09-30	9.9% of the project construction cost	R -
49	ETILWENI (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	2021-10-01	2024-09-30	13.5% of the project construction cost	R -
50	IMPUMELELO CONSULTING ENGINEERS (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	2021-10-01	2024-09-30	10.50% of the project construction cost	R -

51	KUKHAYA PROJECTS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	R -	
52	LIBEKO (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	12% of the project construction cost R -	
53	LZM AFRICA HOLDINGS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	13.50% of the project construction cost R 870 107.05	
54	NGEJA CONSULTING ENGINEERS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	10.5% of the project construction cost R -	
55	SANOQWABE CONSULTANTS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	11% of the project construction cost R -	
56	SINGH GOVENDER & ASSOCIATES CC	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	11% of the project construction cost R -	
57	TKQ CONSULTING ENGINEERS	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	11.5% of the project construction cost R -	
58	URBANRU (PTY) LTD	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	11.5% of the project construction cost R -	
59	THESHANI TRADING ENTERPRISE	PANEL OF PSP FOR CONSULTING SERVICES	3 YEAR S	202 1- 10- 01	202 4- 09- 30	13.5% of the project construction cost R -	



OMM								
1	MALUME MOTORING SCHOOL	YOUTH DRIVER'S LICENCE COURSE	3 YEAR S	2021-03-03	2024-03-03	R 1 114 146.00	R 540 050.00	
COMMUNITY SERVICES								
1	KING CETSHWAYO MUNICIPALITY	MUNICIPAL DUMPING SITE	2 YEAR S	2019-08-01	2022-01-30	Charged per tonages	R 1 731 779.93	EXTENDED FOR 6 MONTHS
2	ISICHAKA ESINGENAMONA CC	SOLID WASTE REMOVAL	3 YEAR S	2019-01-01	2022-09-30	R 5 125 468.80	R 1 873 660.80	EXTENDED FOR 9 MONTHS
3	RURAL METRO EMERGENCY SERVICES	FIRE BRIGADE SERVICES	3 YEAR S	2019-07-01	2022-06-30	R 12 160 380.00	R 4 158 157.11	EXTENDED FOR 3 MONTHS
4	PRO SECURE (PTY) LTD	SECURITY SERVICES	3 YEAR S	2020-01-01	2022-12-31	R 18 145 760.81	R 7 224 671.30	
5	SNOBHO (PTY) LTD	SUPPLY AND DELIVER BLACK & YELLOW REFUSE BAGS	3 YEAR S	2020-03-01	2023-02-28	R 4 124 820.00	R 1 374 940.00	
6	BIDVEST STEINER	PROVISION OF HYGIEN SERVICES	3 YEAR S	2021-01-19	2023-01-18	R 1 287 406.53	R 314 568.52	
7	SPARKS & ELLIS UNIFORMS	SUPPLY AND DELIVER OF TRAFFIC OFFICERS AND BY LAW INFORCEMENT OFFICERS UNIFORM FOR A PERIOD OF 3 YEARS	3 YEAR S	2021-08-10	2024-08-31	Unit cost based	R 155 162.28	
8	EZAMALUNQA TRADING	PROVISION OF VIP PROTECTION SERVICES	1 YEAR	2021-09-01	2022-08-31	R 2 780 700.00	R 1 647 260.00	

9	KA-MYALUZA	PROVISION OF SECURITY SERVICES	18 MON THS	2021-10-01	2023-03-30	R 9 549 420.83	R 4 403 893.19	
10	FIRE AND RESQ TRADING	SECTION 78 ASSESSMENT		2021-12-04		R 489 000.00	R 489 000.13	

	<b>CORPORATE SERVICES</b>							
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1	ESKOM	ELECTRICITY SUPPLY	ONG OING	2007-07-26	ONG OING	Charge per usage	R 40 146 599.73	
2	TELKOM	TELKOM SERVICES	5 YEARS	2015-03-01	2021-06-30	Charge per usage	R 2 199 116.72	
3	FANA MANUFACTURING CC	PANEL FOR STAFF UNIFORM	3 YEARS	2019-07-01	2022-06-30	Unit cost based	R 566 294.50	
4	UNLIMITED ABC TRADING	PANEL FOR STAFF UNIFORM	3 YEARS	2019-07-01	2022-06-30	Unit cost based	R 201 470.00	
5	ADVENTURE TRAVEL	TRAVEL AGENCY	3 YEARS	2019-10-21	2022-10-20	Transactional Basis	R 2 658 867.82	
6	KONICA MINOLTA T/A BIDVEST	20 x PRINTINTERS	3 YEARS	2020-03-01	2023-02-28	R 1 348 509.58	R 463 589.64	
7	KWIKSPACE	PARKHOME OFFICES	3 YEARS	2020-03-01	2023-02-28	R 989 483.00	R 425 219.35	
8	EMALANGENI	INTERNET AND WI-FI CONNECTIVITY, INTRANET AND RECORDS MANAGEMENT SOLUTION	3 YEARS	2020-10-02	2023-09-30	R 14 890 345.82	R 2 732 400.00	
9	MOBILE TELEPHONE NETWORKS (MTN)	3G MODEM FOR 87 USERS	2 YEARS	2021-12-01	2023-10-14	R 419 688.00	R 127 047.71	

10	M.M ABRAHAM (PTY) LTD T/A SQUARE METER TRADING	LEASE OFFICE SPACE AT MANDENI SQUARE CENTRE	3 YEARS	2020-11-01	2023-10-31	R 1 368 310.00	R 718 082.77	
11	SONANI TRAINING & COMMUNICATIONS (PTY) LTD	MFMP TRAINING	3 YEARS	30/04/2021	2024-04-30	Unit cost based	R 928 125.04	
12	AYANDA MBANGA COMMUNICATIONS	ADVERTISING AGENCY	3 YEARS	2021-09-01	2024-08-31	Transactional Basis	R 128 428.57	
13	MALUTHULI CONSULTING	ADVERTISING AGENCY	3 YEARS	2021-09-01	2024-08-31	Transactional Basis	R 172 585.83	
14	RONAVU	ADVERTISING AGENCY	3 YEARS	2021-09-01	2024-08-31	Transactional Basis	R 11 880.00	
15	MICROSOFT IRELAND OPERATIONS LIMITED	MICROSOFT LICENCES	3 YEARS	2021-11-15	2024-11-14	Based on rand/dollar value	R 976 740.85	

BTO								
1	CONLOG (PTY) LIMITED	SMART METERS	3 YEARS	2021-09-01	2024-08-31	Charged per transaction	R 5 131 753.65	
2	PAYDAY	SUPPLY AND INSTALLATION OF PAYROLL MANAGEMENT SOFTWARE	1 YEAR	2021-07-01	2022-06-30	R 164 969.80	R 164 969.80	
3	KUNENE MAKOPO	INSURANCE-ASSETS	3 YEARS	2020-09-01	2023-08-31	R 2 078 541.52	R 1 942 646.80	
4	CCG TECHNOLOGY GROUP	MSCOA	8 YEARS	2016-11-07	2024-10-31	R 12 637 761.50	R 2 835 085.12	EXTENDED FOR 3 YEARS

5	FNB	BANKING SERVICES	5 YEARS	2021-06-01	2026-05-30	Charged per transaction	R 46 993.18 cost per montly service fees	
6	BPG MASS APPRAISALS	PROPERTY VALUATIONS	5 YEARS	2017-07-01	2022-06-30	R 3 066 959.56	R 445 310.15	
7	WESBANK	MUNICIPAL FLEET	5 YEARS	2017-03-03	2022-05-02	R 4 690 656.28	R 4 293 726.90	
8	INSIDE DATA	BULK PRINTING AND MAILING	3 YEARS	2022-02-21	2025-02-20	R 3 753 510.36	R 22 518.61	

## **APPENDIX I**

### **Municipal Entity/Service providers performance schedule**

Enterprise iLembe is the Economic Development Agency for the iLembe District Municipality responsible for Trade & Investment Promotions and Local Economic Development in the region. The vision of Enterprise iLembe is to enable iLembe District to be the destination of choice for Investment, Business & Tourism.

iLembe The District Municipality is divided into four local municipalities which are KwaDukuza Local Municipality, Ndwedwe Local Municipality, Mandeni Local Municipality, and Maphumulo Local Municipality.

## **APPENDIX J**

### **Financial disclosure of financial interests**

Indeed, all 6 senior managers have signed their declaration of financial interest. The performance agreements are also commissioned by an officer of oaths. All 6 posts were occupied within the municipality throughout the financial year.

## APPENDIX K

### Financial Performance (Revenue and expenditure by municipal vote)

KZN291 Mandeni - Table C3 Monthly Budget Statement		
Financial Performance (revenue and expenditure by municipal vote)		
Vote Description	Ref	2021/22 Audited Outcome
<b>R thousands</b>		
<b>Revenue by Vote</b>	1	
Vote 1 - Executive and council		–
Vote 2 - Finance and administration		273,272
Vote 3 - Internal audit		–
Vote 4 - Community and social services		4,421
Vote 5 - Sport and Recreation		1,649
Vote 6 - Public safety		–
Vote 7 - Housing		–
Vote 8 - Planning and Development		46,731
Vote 9 - Road transport		1,992
Vote 10 - Energy sources		46,103
Vote 11 - Waste Management		12,498
Vote 12 - Environmental Protection		–
Vote 13 - [NAME OF VOTE 13]		–
Vote 14 - [NAME OF VOTE 14]		–
Vote 15 - [NAME OF VOTE 15]		–
<b>Total Revenue by Vote</b>	2	<b>386,666</b>

# APPENDIX L

## CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts

Description	R ef	2018/1 9	2019/2 0	2020/2 1	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outco me	Audited Outco me	Audited Outco me	Original Budget	Adjuste d Budget	Full Year Forecas t	Budget Year 2022/2 3	Budget Year +1 2023/2 4	Budget Year +2 2024/2 5
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		157 762	181 862	192 581	202 167	222 182	222 182	13 384	244 091	259 635
Local Government Equitable Share		146 821	167 483	181 342	191 149	211 164	211 164	–	230 155	247 251
Finance Management		1 900	1 900	2 346	1 850	1 850	1 850	1 850	1 850	1 850
EPWP Incentive		2 255	2 234	2 387	2 435	2 435	2 435	2 372	–	–
Integrated National Electrification Programme		6 786	9 500	6 506	4 872	4 872	4 872	7 200	10 000	8 359
MIG (PMU)					1 861	1 861	1 861	1 962	2 086	2 175

Disaster Relief Grant COVID 19		745							
Other transfers/grants [insert description]									
Provincial Government:	5 640	2 493	6 219	3 044	21 998	21 998	20 005	4 423	4 618
Community Library Services Grant	3 581	1 228	6 219	1 315	1 315	1 315	1 477	1 477	1 542
Provincialization of Government	1 510	515		1 729	1 629	1 629	2 566	2 946	3 076
Ward Based Plan	–	–							
Sport and Recreation	50	–							
GIS Patinent Grant	500								
Spetial Development Framework Support		750			43	43			
Single Landuse Scheme									
Municipal Employment Initiative ( EDTEA)							1 000		
Human Settlement					19 011	19 011	14 962		
Other transfers/grants [insert description]									
District Municipality:	–	–	–	–	–	–	–	–	–



[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	163 402	184 355	198 800	205 211	244 180	244 180	33 389	248 514	264 253
Capital Transfers and Grants										
National Government:		39 577	33 954	41 647	35 370	37 087	37 087	–	39 636	41 334
Municipal Infrastructure Grant (MIG)		34 706	33 954	41 647	35 370	37 087	37 087	–	39 636	41 334
Neighbourhood Development Partnership		4 871	–							
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	58	58	380	–	–

Provincialization of Libraries			1 131	2 990	1 170	1 270	1 270	380		
Sport and Recreation						58	58			
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	39 577	33 954	41 647	35 370	37 145	37 145	380	39 636	41 334
TOTAL RECEIPTS OF TRANSFERS & GRANTS		202 979	218 309	240 446	240 581	281 325	281 325	33 769	288 150	305 587

## APPENDIX M

### CAPITAL EXPENDITURE- NEW AND UPGRADE/RENEWAL PROGRAMMES

#### Appendix M (i) -Capital expenditure -New assets Programme

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Roads	2 042 550.00
HV Substations	1 530 000.00
MV Substations	637 500.00
Waste Drop-off Points	1 360 000.00
Halls	4 365 790.00
Centres	5 950 000.00
Crèches	
Libraries	170 000.00
Stalls	4 505 000.00
Outdoor Facilities	11 041 500.00
Municipal Offices	340 000.00

Computer Equipment	119 000.00
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Furniture and Office Equipment	1 005 550.00
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Machinery and Equipment	3 668 600.00
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Transport Assets	8 032 500.00
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**Appendix M (ii)-Capital expenditure -Upgrade/renewal programme**

KZN291 Mandeni - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Roads	14 450 000.00
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Road Structures	425 000.00
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Road Furniture	255 000.00
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Capital Spares	
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HV Substations	2 822 000.00
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Halls	6 800 000.00
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Testing Stations	127 500.00
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Outdoor Facilities	1 608 690.00
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Workshops	4 250 000.00
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Yards	255 000.00
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Computer Equipment	850 000.00
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## APPENDIX N

### CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

KZN291 Mandeni - Supporting Table SA38 Consolidated detailed operational projects

R thousand												Prior year outcomes		2022/23 Medium Term Revenue & Expenditure Framework		
												Audited Outcome 2020/21	Current Year 2021/22 Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Function	Project Description	Project Number	Type	MTS Service Outcome	IUDF	Own Strategic Objectives	Assess Client Assess	Assess Sub-Class	Ward Location	GPS Longitude	GPS Latitude					
Parent municipality:																
List all operational projects grouped by Function																
EXECUTIVE & COUNCIL	OPERATION SUKUMA SAKHE											7	50	30	31	33
	Support for Mandeni Youth Council											–	20	20	21	22

ARTIST DEVELOPMENT PROGRAMME											20	10	30	31	33
TOP ACHIEVERS AWARDS											15	20	10	10	11
TOP ACHIEVERS AWARDS													30	31	33
16 Days of Activism against Women and Child Abuses											7	5	10	10	11
Women's day celebration											–	5	20	21	22
Youth Driver Education											338	400	440	459	480
WARD COMMITTEE TRAINING											26	40	80	84	87
MORAL REGENERATION MOVEMENT											–	15	17	18	19
INKUNZI ISEMATHOLENI & KIDS PROTECTION WEEK											–	5	5	5	5
Youth Month Celebration											3	20	30	31	33
ALBINISM AWARENESS CAMPAIGN											–	5	5	5	5
Christmas Party for the Elderly											–	15	15	16	16
Bursary and Scholarship Awards											–	7	7	7	8
MAYORAL IMBIZOS AND STRATEGIC ENGAGEMENTS											–	40		–	–

ROADSHOWS															
Disability Programme										3	5	5	5	5	
Youth Summit										–	40	40	42	44	
Youth Summit										–	15	15	16	16	
Mandeni Youth Heritage Parade and Fashion Exhibition										20	20	15	16	16	
TOP ACHIEVERS AWARDS										–	20	20	21	22	
ALBINISM AWARENESS CAMPAIGN										–	10	20	21	22	
Youth Month Celebration										–	20	20	21	22	
Umkhosi welembe										29	20	40	42	44	
Umkhosi welembe												30	31	33	
MORAL REGENERATION MOVEMENT										7	15	30	31	33	
INKUNZI ISEMATHOLENI & KIDS PROTECTION WEEK										–	15	20	21	22	
Women's day celebration										–	30	55	57	60	
Review of Mandeni youth development strategy										–	100		–	–	



Mandeni Youth Heritage Parade and Fashion Exhibition											19	25	20	21	22
Mandeni Art Talent search											110	150	400	418	436
SALGA KZN DSR GAMES											10	60		–	–
Mayoral Cup Games/ Awards											–	50	45	47	49
Support for Mandeni Youth Council											29	45	45	47	49
TOP ACHIEVERS AWARDS											12	15	15	16	16
WARD COMMITTEE TRAINING											21	100	30	31	33
Multi Purpose Women's Caucus											29	30	50	52	55
MAYORAL IMBIZOS AND STRATEGIC ENGAGEMENTS ROADSHOWS											62	100	–	–	–
ECD CULTURAL DAY											18	20	25	26	27
COMMUNITY CONSULTATION MEETING											39	25	675	705	736
Disability Programme											27	15	25	26	27
16 Days of Activism against Women and Child Abuses											10	10	23	23	25
Bursary and Scholarship															

Awards											5	20	25	26	27
Christmas Party for the Elderly											–	15	25	26	27
WARD COMMITTEE TRAINING											87	50	70	73	76
OPERATION SUKUMA SAKHE											55	40	80	84	87
OPERATION SUKUMA SAKHE											10	30	30	31	33
Golden Games											15	20	25	26	27
SALGA KZN DSR GAMES											–	40		–	–
HIV/AIDS AND SOCIAL ILLS CAMPAIGN											–	20	80	84	87
MORAL REGENERATION MOVEMENT											–	10	15	16	16
MAYORAL IMBIZOS AND STRATEGIC ENGAGEMENTS ROADSHOWS											22	100	–	–	–
ALBINISM AWARENESS CAMPAIGN											–	10	5	5	5
ECD CULTURAL DAY											3	5	5	5	5
COMMUNITY CONSULTATION MEETING											25	90	220	230	240
Multi Purpose Women's Caucus											–	20	25	26	27

SALGA KZN DSR GAMES											10	20	–	–	–
Sports Development													20	21	22
Bursary and Scholarship Awards											32	10	15	16	16
HIV/AIDS AND SOCIAL ILLS CAMPAIGN											–	5	30	31	33
ALBINISM AWARENESS CAMPAIGN											–	10	10	10	11
CHRISTMAS PARTY FOR ELDERLY, PWD & CHILDREN WITH HIV/AIDS											–	15	20	21	22
HIV/AIDS AND SOCIAL ILLS CAMPAIGN											–	15	40	42	44
Support for Mandeni Youth Council											–	30	30	31	33
Women's day celebration											–	25	45	47	49
Multi Purpose Women's Caucus											–	80	80	84	87
Disability Programme											–	10	20	21	22
Golden Games											–	15	30	31	33
Mayoral Cup Games/ Awards											–	20	10	10	11
INKUNZI ISEMATHOLENI &															

KIDS PROTECTION WEEK											–	15	15	16	16
MORAL REGENERATION MOVEMENT											–	10	15	16	16
16 Days of Activism against Women and Child Abuses											–	20	20	21	22
COMMUNITY CONSULTATION MEETING											–	20	200	209	218
ECD CULTURAL DAY											–	15	12	13	13
MAYORAL IMBIZOS AND STRATEGIC ENGAGEMENTS ROADSHOWS											–	70	–	–	–
Mandeni Youth Heritage Parade and Fashion Exhibition											20	30	30	31	33
Mandeni Youth Heritage Parade and Fashion Exhibition											3	25	70	73	76
CORPORATE SIGNAGE AND TAGS (BANNERS)											–	200	400	418	436
Exco Retreat and Council Retreat											–	10	50	52	55
Mandeni Healthy Lifestyle Race											–	20	40	42	44
Youth Month Celebration											–	30	30	31	33
HIV/AIDS AND SOCIAL ILLS CAMPAIGN											–	10	15	16	16
Mandeni Healthy Lifestyle Race											–	20	15	16	16

Women's day celebration												–	40	40	42	44
Training of Ward Committes												164	200	200	209	218
Mayoral Cup Games/ Awards												–	40	60	63	65
Christmas party for the elderly and PWDs												–	5	10	10	11
Sport Development												3	20		–	–
Workshop Councillors on Fraud														10	10	11
Youth development												11			–	–
Youth development												70			–	–
Youth development												6			–	–
Mayoral Sports Awards														200	209	218
ARTIST DEVELOPMENT PROGRAMME														10	10	11
Sport Development														100	104	109
Mens programs														25	26	27
Mens programs														10	10	11

	Mens programs													20	21	22
	Mens programs													10	10	11
	Mens programs													10	10	11
	Know your Council Campaign											100		–	–	–
	Disability Programme											15	80	84	87	
	ECD CULTURAL DAY											10	50	52	55	
	INKUNZI ISEMATHOLENI & KIDS PROTECTION WEEK									50	10	40	42	44		
	MORAL REGENERATION MOVEMENT										10	20	21	22		
	Mandeni Healthy Lifestyle Race										30	30	31	33		
	Sport Development										10		–	–		
	Public participation									122		200	209	218		
	MRC									16			–	–		
	MRC									4			–	–		
	MRC									5			–	–		

MRC												5			–	–
COMMUNITY CONSULTATION MEETING												103	500	360	376	393
SUBSISTENCE AND TRAVELLING FOR POLITICAL OFFICE												–	50	100	104	109
Support for Mandeni Youth Council												10	15	15	16	16
Golden Games												26	50	90	94	98
OPERATION SUKUMA SAKHE												–	50	50	52	55
Municipal Newsletter.												157	300	100	104	109
Mandeni Healthy Lifestyle Race												–	40	50	52	55
SUBSISTENCE AND TRAVELLING FOR POLITICAL OFFICE												(0)	50	20	21	22
MAYORAL IMBIZOS AND STRATEGIC ENGAGEMENTS ROADSHOWS												–	50		–	–
Golden Games												–	15	15	16	16
Multi Purpose Women's Caucus												–	20	20	21	22
Youth Month Celebration													–	10	10	11

REFRESHMENTS FOR THE POLITICAL OFFICES (MAYOR, DEPUTY MAYOR AND SPEAKER'S OFFICE)											78	20	60	63	65
CORPORATE SIGNAGE AND TAGS (BANNERS)											–	150	200	209	218
ECD CULTURAL DAY											–	10	40	47	49
SALGA KZN DSR GAMES											747	200		–	–
Multi Purpose Women's Caucus											8	90	160	167	175
Women's day celebration											137	60	80	84	87
Siyaya eMhlangeni(District and eNyokeni)											–	100	120	125	131
Mandeni Youth Heritage Parade and Fashion Exhibition											–	20	20	21	22
Youth Month Celebration											–	15	15	16	16
ARTIST DEVELOPMENT PROGRAMME											–	15	20	21	22
Youth Top Achievers Awards											–	20	30	31	33
IGR MUNIMEC											4	40	40	42	44
Mandeni Youth Heritage Parade and Fashion Exhibition											9	10	20	21	22



Amakhosi Sitting Allowance												96	80	80	84	87
Christmas Party for the Elderly												–	30	20	42	44
PROCUREMENT OF MEDIA SLOTS												363	350	400	522	545
PROCUREMENT OF DAIRIES AND CALENDERS												82	150	150	209	218
Exco Retreat and Council Retreat												–	40	40	42	44
SUBSISTENCE AND TRAVELLING FOR POLITICAL OFFICE												35	50	50	52	55
SUBSISTENCE AND TRAVELLING FOR POLITICAL OFFICE												82	50	150	157	164
Mayoral Cup Games/ Awards															–	–
Mayoral Cup Games/ Awards														10	10	11
Ward Committee Coordination for Public Participation												2 079	2 701	2 800	2 923	3 055
EMPLOYEE RELATED COSTS OFFICE OF THE MAYOR												4	8	6	6	7
Take on												–	9	120	125	131
Mandeni Healthy Lifestyle Race												–	40	30	31	33

Mandeni Healthy Lifestyle Race												–	50		–	–
HIV/ AIDS Programs												–	10	10	10	11
Youth Summit Workshop												–	50	200	209	218
Albinism awareness campaign												–	10	10	10	11
Bursary and Scholarship Awards												–	10	10	26	27
16 Days of Activism against Women and Child Abuses												–	10	10	10	11
Bursary and Scholarship Awards												212	10	30	31	33
Mayoral Cup Games/ Awards												–	70	200	209	218
Registration Bursary for Matriculants and Scholarship Awards												–	400	400	418	436
Sport Development												7	30	30	31	33
Club and League Development												–	–	50	52	55
YOUTH CAREER EXPO & ENTREPRENUER WORKSHOP												–	200	–	–	–
SDL												89			–	–
Awareness Campaigns																

												236			–	–
	Youth development											46			–	–
	Womens Day Celebration													15	16	16
	HIV/ AIDS Awareness campaigns Programs													90	94	98
	Sport Development													40	42	44
	Sport Development													150	157	164
	Sport Development													10	10	11
MUNICIPAL MANAGER	Payment of Audit Committee Members for Attendance of Meetings											214	219	229	240	250
	FEES FOR DISCIPLINARY BOARD											–	26	27	29	30
	Know your Council Campaign											–	50		–	–
	Convene Quarterly MPAC Meetings											–	5		–	–
	Compile and submit quarterly Internal Audit Reports to the Audit Committee											557	1 500	1 500	1 566	1 636

Attendance fees for risk committee chairperson												–	39	104	108	113
Grant in Aid												8	50	20	21	22
LEGAL AND PROFESSIONAL COSTS												2 514	1 500	2 000	2 088	2 182
Printing Annual Report												4	100		–	–
Inauguration Event													100		–	–
Convene Quarterly MPAC Meetings												–	10	40	42	44
SUBSTANCE AND TRAVEL CLAIMS FOR OMM												4	100	200	209	218
SUBSTANCE AND TRAVEL CLAIMS FOR OMM												–	20	100	104	109
SUBSTANCE AND TRAVEL CLAIMS FOR OMM												325	30	50	52	55
SUBSTANCE AND TRAVEL CLAIMS FOR OMM												–	30	200	209	218
SENIOR MANAGER_MUNICIPAL MANAGER SALARY												71	13	90	94	98
Compile and submit quarterly Internal Audit Reports to the Audit Committee												–	10	31	32	34
Compile and submit quarterly Internal Audit Reports to the												–	30		–	–

Audit Committee															
Convene Quarterly Risk Committee Meetings											–	26		–	–
Convene Quarterly Risk Committee Meetings											–	10		–	–
SALGA LEVIES											1 250	1 300	1 500	1 566	1 636
Awareness Campaigns											–	5	–	–	–
Employee Related Costs for MM Admin												71	9	9	10
INSURANCE											1 728	1 500	2 700	2 819	2 946
PRINTING AND STATIONERY-MM											4	50	150	157	164
ILEMBE WATER											690	500	400	418	436
Hotline													30	31	33
Fraud Awareness													60	63	65
Fraud Risk Assessment													10	10	11
Strategic Risk Assessment													15	16	16
PMS Automated System													1	1	1

														000	044	091
TECHNICAL SERVICES	ESKOM BULK PURCHASES											28 816	35 143	43 239	45 142	47 624
	Maintenance of Taxi/Bus Shelters in ward 14											–	200	100	104	109
	Municipal Buildings and Facilities											–	500	200	209	218
	80 road signs to be replaced by 30 June 2019											198	500	250	261	273
	Procurement of MSP 1 Prime Coat Drums											45	100	50	52	55
	Stormwater Maintenance											287	400	550	574	600
	Procurement of stormwater pipes													–	–	–
	Plant and Equipment Maintenance											3 955	4 000	4 500	4 698	4 909
	Procurement of Heavy duty Manhole covers to replace broken manhole cover											26	350	150	157	164
	Municipal Building Maintenance Electrical											102	500	250	261	273
	Procurement of Concrete Poles											47	100			–

Traffic lights maintenance												27	200	200	209	218
Streetlight maintenance												208	400	200	209	218
Air-conditioner Maintenance												–	350	300	313	327
Installation of Streetlights in Mandeni												69	–	–	–	–
315kva transformer repairs in ward 3(Gazele Place)												41	600	2 000	2 088	2 182
Small Tools_Municipal Buildings												6	150	50	52	55
Small Tools_Fleet												27	150	200	209	218
Electricity Reticulation												860	900	1 000	1 044	1 091
Small Tools - Roads												14	150	150	157	164
Hire : Plant and Equipment												2 167	1 500	3 000	3 132	3 273
Urban Road Maintenance ( Kerbs and concrete channels)												279	400	250	261	273
Common bricks rural gravel road maintenance												–	100	100	104	109
Concrete stones rural gravel road maintenance												168	350	350	365	382

Urban road maintainance ( Cold mix asphalt bags)											866	1 000	1 000	1 044	1 091
Urban Road Maintenance (Hot mix asphalt for big potholes)											351	1 000	1 000	1 044	1 091
Urban Road Maintenance (Construction of gabion walls)											241	250	200	209	218
Local Intergrated Transport Plan													700		
New borrow pits													500	522	545
Printing and Stationery - Technical											13	33	90	94	99
Inventory Consumed Materials and Supplies											2			–	–
Inventory Consumed Standard Rated											138			–	–
Inventory Consumed Materials and Supplies											0			–	–
PMU - Training Costs											11	103		–	–
PMU PPE													50	52	55
COR Roadworthy Preparation for Tests X 12 Trucks											562	700	1 200	1 253	1 309
ELECTRICITY INTERNAL											1	1	2	2	2



											083	980	500	610	727
	EMPLOYEE RELATED COSTS														
	MUNICIPAL BUILDING										14	16	20	21	22
	PMU - Training Costs										–	15	29	31	32
	TECHNICAL SERVICES														
	DIRECTOR										50	10	67	70	73
	Employee Related Costs-														
	Technical Admin										15	23	25	26	27
	PMU - Salaries										2	5	–	–	–
	EMPLOYEE RELATED COSTS														
	FLEET & WORKSHOP										35	49	44	46	48
	EMPLOYEE RELATED COST-														
	ELECTRICITY										23	26	30	31	33
	Take on										–	43	–	–	–
	Subscription - Registration to														
	Professional Bodies										17	20	15	16	16
	Subsistence and Travelling														
	Technical										–	10		–	–
	Subsistence and Travelling														
	Technical										–	51	–	–	–
	Subsistence and Travelling														
	Technical Accommodation										44	40	30	31	33
	Subsistence and Travelling														
	Technical Car Rental										–	15	20	21	22

PLANNING & LED	Subsistence and Travelling Technical Air Transport											–	10	20	21	22
	Subsistence and Travelling Technical Daily Allowance											1	15	15	16	16
	Professional Bodies, Membership and Subscription											32				
	FREE BASIC SERVICES											1	1	2	2	2
												557	883	033	122	218
	Estuary Management Plan: Thukela and matikulu study area											564	800		–	–
	NODALS & CORRIDOR FEASIBILITY STUDY													750	783	818
	SDF														–	–
	Housing Forum											–	20	20	21	22
	EIA FOR DOKODWENI/UPGRADE											2	300		–	–
	CATERING_IDP RF											–	20		–	–
	Commissioning of Land Surveyors											195	500	300	313	327
	SMME Capacity building programmes											–	40		–	–

Development Planning Shared Services												–	309	320	334	349
SMME Capacity building programmes												–	20	20	21	22
Convene LED Forums												–	20	20	21	22
SMME Capacity building programmes												–	10		–	–
Economic Development Plan (1)												–	20		–	–
Heritage Walk and Lecture												–	10	20	21	22
Entrepreneur Support Programm												–	300	100	104	109
Economic Development Plan (1)												–	20		–	–
Economic Development Plan (1)												–	300		–	–
Youth enterprise park														400	418	436
Vuthela LED Program												600			–	–
Feasibility Study												147			–	–
Workshop,seminers subject trn												72			–	–
Public participation												130			–	–

	Business Profiling and Business Satisfaction Survey for businesses at Isithebe Industrial Park														200	209	218
	Tugela Raft Race														20	21	22
	Tugela Raft Race														50	52	55
	Tugela Raft Race														30	31	33
	Historical tourism research														150	157	164
	Aerial and satellite images														1 500	1 566	1 636
	Agriculture Development Strategy														400	418	436
	Human Settlement Sector Plan														400	418	436
	Printing and Stationery_LED											–	20		50	52	55
	Strategic SMMEs Intervention Programme (Quick Wins)											483	800		400	418	436
	Strategic SMMEs Intervention Programme (Quick Wins)														1 000	–	
	Economic Development Plan (1)												30			–	–
	Municipal Running Costs																

											7			-	-
	SUBSISTENCE AND TRAVELLING COSTS										-	15	20	21	22
	SUBSISTENCE AND TRAVELLING COSTS										-	10	15	16	16
	SUBSISTENCE AND TRAVELLING COSTS										7	10	15	16	16
	Employee Related Costs - LED										12	18	25	26	27
	PLANNING AND GIS-DIRECTOR										9	10	12	13	13
	Registration with Professional Bodies										4	20	20	21	22
	Employee Related Costs-Planning and GIS										43	44	50	53	55
	SUBSISTENCE AND TRAVELLING COSTS										-	15	15	16	16
	Blue Flag Annual Subscription										-	24	40	42	44
	Convene LED Forums										-	10		-	-
	SMME Fair and exhibition										-	200	300	313	327
	LED VUTHELA										-	300	-	376	1 861
	EIA DOKODWENI												300	313	327

	Convene LED Forums											–	20	20	21	22
	Support for Agricultural projects											–	200	–	–	–
	SMME Capacity building programmes											–	50		–	–
	Entrepreneur Support Programme											542	300	–	–	–
	PRINTING OF IDP DOCUMENT AND SUMMARIES											44	150	200	209	218
	LAND USE SCHEME														–	–
	Analysis of water Samples for Blue Flag Beaches											–	100	30	31	33
	Municipal Welcoming Signs and tourism signs													–	–	–
BTO	Payday system											116	150	300	313	327
	GRAP AFS											30	118	250	261	273
	mSCOA											1 304	300	350	365	382
	GRAP AFS											–	50	50	52	55

mSCOA											2	150	193	201	210
GRAP Asset Register											–	600	200	209	218
GRAP Asset Register											–	600	388	405	424
IMPLEMENTATION OF CREDIT CONTROL AND DEBT COLLECTION											5	650	650	679	709
Annual Review of Indigent Register											–	100		–	–
Valuation Roll											408	300	2 000	2 088	2 182
mSCOA Implementation											171		1 000	1 044	1 091
PREPAID METERING SYSTEM											476	1 000	1 500	1 566	1 636
Finance lease Payments_ Wesbank Fleet											123	1 000	1 000	1 044	1 090
C TRACK													300	313	327
Lease of fleet for political office beares												500	100	104	109
WESBANK FLEET											165	147	100	104	109

MRC												122				
Take on												167	–	10	10	11
Take on													253	2	2	2
														500	610	727
BANK CHARGES												487	450	450	470	491
TRAINING AND DEVELOPMENT												320	370	250	261	273
mSCOA implementation												–	100		–	–
mSCOA implementation												–	300		–	–
Subsistence and Travelling												18	20	100	104	109
Subsistence and Travelling												20	20	20	21	22
Audit Fees												1	2	2	2	2
												745	000	000	088	182
Postage												104	600	450	470	491
Employee Related Costs BTO												96	10	117	123	128
PRINTING AND STATIONERY FOR BTO												65	80	80	84	87



Post office 3rd party Collection												–	500		–	–
Annual Review of Indigent Register												–	60		–	–
Vat Review												–	400	2 500	2 610	2 727
Deeds Search												8	30	100	104	109
Easy pay system												–	450	–	–	–
Contract Management												–	200	350	365	382
Budget Monitoring												39	250		–	–
Subsistence and Travelling												–	15	15	16	16
CHIEF FINANCIAL OFFICER-DIRECTOR													99	14	15	15
Fleet Management														200	209	218
Payment of vehicle excess (insurance)												30	100	50	52	55
Renewal of Vehicle Licenses												316	450	277	289	302
FUEL & OIL												3 300	2 800	4 500	4 698	4 909

COMMUNITY SERVICES	Employee Related Costs for FMG INTERNS										4	6	6	6	6
	Arbor Day Celebration										–	5	15	16	16
	Arbor Day Celebration												7	7	8
	Arbor Day Celebration												20	21	22
	Greening of open spaces and Municipal facilities										–	1 100		–	–
	Arbor Day Celebration										–	10	20	21	22
	Arbor Day Celebration										–	10	10	10	11
	Greening of open spaces and Municipal facilities										–	100	150	157	164
	Upgrade of Tugela Mouth Septic Tank										84	–	–	–	–
	Procurement of Coastal management equipment										–	250	–	–	–
	Establishment of Material Recovery Centre (Transfer Station)										–	100	120	125	131
	Procurement of 50 Wheelie bins										–	70	90	94	98

Procurement of 30 no dumping signs/Road signs and Notice Board												–	70	80	84	87
Cleaning Campaigns												9	10	10	10	11
Establishment of Material Recovery Centre (Transfer Station)												–	70		–	–
Hiring of Tipper Truck for 10 days (Illegal Dumps)												–	–		–	–
Establishment of Material Recovery Centre (Transfer Station)												–	100	120	125	131
Arbor Day Celebration													10	50	52	55
SPORTS FIELD/STADIUM, COMMUNITY HALL AND COMMUNITY PARK MAINTENANCE												538	1150	650	679	709
Procurement of 50 picking tools												–	20		–	–
Procurement of the Waste staff Tools												–	20		–	–
Awareness Campaigns												12	5		–	–
Lightning conductors												–	300	600	626	655
Procurement of play park equipment													100	100	104	109

Installation and Maintanance of CCTV Cameras and Alarm monitoring system													100	250	261	273
Grass cutting in various areas around Mandeni													3 300	3 300	3 445	3 600
Pauper/ Indigent Burial												238	50	400	418	436
Small Tools - Parks												89	100	150	157	164
LIBRARY COMMUNITY OUTREACH													9	6	6	7
LIBRARY COMMUNITY OUTREACH													15	23	24	25
LIBRARY COMMUNITY OUTREACH													25		–	–
Author's Workshop													35	–	–	–
Author's Workshop													10	–	–	–
Author's Workshop													35	–	–	–
Municipal Building Maintenance-Library												213	225	20	21	22
Security Services												7 551	8 100	10 456	10 916	11 407
Security Services VIP Protection												2	2	2	2	2

											569	500	600	714	714
	Career expo											30		–	–
	Arbor Day Celebration											2		–	–
	Career expo											30	20	21	22
	Career expo											10	6	6	7
	Fire rescue services										3 311	4 100	4 500	4 698	4 909
	Procurement of cleaning items										303	150	200	209	218
	Municipal Building Maintenance-Library										13	50	15	16	16
	Animal pound Services										–	500	500	522	545
	Landfill site contract										1 025	1 400	1 500	1 566	1 636
	Refuse Bags Contractor										1 196	1 260	1 300	1 357	1 418
	Municipal Building Maintenance-Library										8		–	–	–
	Community development initiatives										7			–	–
	Cleaning Campaign														

											91			–	–
	Grass cutting in various areas around Mandeni										3 168			–	–
	Hiring of TLB										87		–	–	–
	Launch of Disaster Volunteers												50	52	55
	Launch Of Disaster Volunteers												40	42	44
	Launch of Disaster Volunteers												5	5	5
	Launch of Disaster Volunteers												30	31	33
	Landscaping of Sundumbili Entrance												250		
	Re-grassing of Ncedomhlophe Stadium												600	1 000	1 500
	New Beach Development Feasibility Study & Design(Shayamoya Area)												100		
	DISASTER MANAGEMENT												40	42	44
	DISASTER MANAGEMENT												40	42	44
	DISASTER MANAGEMENT												20	21	22
	DISASTER MANAGEMENT														

													1 000	1 044	1 091
	Greening of open spaces and Municipal facilities											20		–	–
	Capacity building to encourage preventative fire and safety awareness/Forum Meeting									–	20			–	–
	Disaster Relief Grant_ COVID 19										200	100	104	109	
	Launch of Disaster Volunteers									–	30	200	209	218	
	Disaster relief aid									173	400	400	418	436	
	Printing and Stationery - Library									39	50	31	32	34	
	Procurement of cleaning items									–	300	100	104	109	
	Printing and Stationery - Commun									74	200	400	418	436	
	MRC									15			–	–	
	MRC									343			–	–	
	Library programmes									3		30	31	33	
	Establishment of Material Recovery Centre (Transfer Station)									–	240		–	–	

Lease of compactor truck and bakkie											1 788	950		–	–
Greening of open spaces and Municipal facilities											30	10		–	–
Cleaning Campaigns											12	5		–	–
Awareness Campaigns											–	5	10	10	11
Procurement of Waste Staff PPE											100	80	–	–	–
Procurement of road signs and notice boards												50		–	–
Uniform for traffic officers and disaster management officer											–	400	450	470	491
Calibration of speed enforcement camera												30	10	10	11
EMPLOYEE RELATED COSTS SWIMMING											14	9	34	36	37
SMS PORTAL												10		–	–
PDP FOR DRIVERS AND LICENSING OF EPWP Lifeguards											–	450	200	209	218
Advertising											–	50		–	–
LIBRARY SOFTWARE LICENCES											38	200		–	–



LIBRARY COMMUNITY OUTREACH												15	9	9	10
Procurement of library PPE										73	60	30	31	33	
Procurement of PPE for EPWP beneficiaries										–	350		–	–	
Lifeguard PPE/Uniforms												–			
Printing Catridges and stationery										139	140	80	84	87	
Career expo											10	9	9	10	
Traffman System License											100	200	209	218	
EMPLOYEE RELATED COSTS PUBLIC SAFETY										65	59	107	112	117	
EMPLOYEE RELATED COST-SOLID WASTE										30	19	35	37	39	
DSTV monthly subscription										12	15	12	13	13	
EMPLOYEE RELATED COSTS LIBRARY										43	21	15	15	16	
Employee Related Costs for PARKS & GARDENS										21	16	28	30	31	
Newspaper Subscrption										–	15	5	5	5	
Subsistence and Travelling											–	45	47	49	

Payment of LIASA membership												65	36		
LIASA Conference													10	10	11
LIASA Conference													20		
SUBSISTENCE AND TRAVELLING-COMM										2		100	300	313	327
SUBSISTENCE AND TRAVELLING-COMM													100	104	109
SUBSISTENCE AND TRAVELLING-COMM													50	52	55
EMPLOYEE RELATED COSTS SOCIAL SERVICES-MUNICIPAL STAFF										53	10	86	90	94	
Protective clothing - Parks										–	40	150	157	164	
Take on											31	7	7	7	
Shooting Practise,Firearms,cleaning kit and ammunitions										97	50	50	52	55	
Alcohol Lion 500(screening device)											20		–	–	
Driving License Cards										87	450	450	470	491	
Fumigation of Municipal Offices												50	52	55	

CORPORATE SERVICES	Cleaning Campaigns												20		–	–	
	MRC												141		–	–	
	Drivers licenses and Permitts												4		–	–	
	Land												60		–	–	
	Back Office Services_ Public Saftey												38		–	–	
	Team Building/Employee Wellness & Staff Bursaries												–	10	100	104	109
	New Engagements & Medical Testing												37	30	500	522	545
	Network Connectivity and Infrastructure												5 990	200	250	261	273
	Hosting of the municipal website												52	150	300	313	327
	IMPLEMENTATION OF MASTER SYSTEM PLAN AND ICT STRATEGY													300	600	626	655
	HARDWARE EQUIPMENT AND NETWORK UPGRADE												–	200	–	–	–
	Municipal Building Maintenance												78	100	100	104	109
	Team Building/Employee Wellness & Staff Bursaries												69	100	200	209	218

												3 000	700	731	764
	IT MANTAINANCE														
	Training & Development for employees									13	100		–	–	
	IT Maintenance									223			–	–	
	Procurement of cleaning items									303	–	200	209	218	
	Procurement of cleaning items									303	–	100	104	109	
	Employee Wellness , team building and pastoral services											50	52	55	
	Employee Wellness , team building and pastoral services											20	21	22	
	Employee Wellness , team building and pastoral services											30	31	33	
	EAP launch for staff & councillors											80	84	87	
	EAP launch for staff & councillors											50	52	55	
	EAP launch for staff & councillors											100	104	109	
	EAP launch for staff & councillors											10	10	11	
	EAP launch for staff & councillors											10	10	11	
	long service awards & exit														

gifts													60	63	65
long service awards & exit gifts													40	42	44
Training & Development													350	365	382
Implementation of workflow management system													300	313	327
LEASES OFFICE EQUIPMENT (PRINTERS)											500	500	550	574	600
Employee Related - Corp Serv-admin											51	65	61	64	67
Substinance & Travelling											–	20	20	21	22
Substinance & Travelling											–	30	30	31	33
Outsource Staff Uniforms											749	850	1 000	1 044	1 091
KZN 291_STRATEGIC SESSION												450		–	–
Substinance & Travelling											–	30	500	522	545
Printing and Stationery - Corp											19	300	300	313	327
SMS PORTAL											–	10	10	10	11
Telephone - Telkom											761	500	550	574	600

EMPLOYEE RELATED COSTS- HR												18	7	24	25	26
Substinence & Travelling HR												–	15	15	16	16
EMPLOYEE RELATED COSTS-IT												9	15	11	11	12
Telephone - Telkom												2 510	1 800	2 000	2 088	2 182
Lease of Office Buidling and Parkhomes												1 072	900	897	936	978
Courier & Delivery Services												–	25	5	5	5
Postage												7	10	10	10	11
Staff Bursaries												210	200	350	365	382
Renewal of Microsoft Licenses ( ALL Licences)												2 582	5 000	5 000	5 220	5 455
Advertising												380	300	500	522	545
Training & Development												178	150	600	626	655
Training & Development														300	313	327
Registration with Professional Bodies														100	104	109

	Computer Equipment												0			–	–
	Workmens Compensation												900	550	550	574	600
Entity A																	
Water project A																	
Entity B																	
Electricity project B																	

Entity Operational expenditure		–	–	–	–	–
Total Operational expenditure		109 497	138 234	169 720	175 937	186 105



## APPENDIX O

### PROJECTS STATUS QUO / PROGRESS REPORT AS AT 31 DECEMBER 2021 – MIG FUNDED PROJECTS

No	Project Name	Ward	Brief Description	Consultant/ Contractor	Approved MIG Funding	Status/ Progress	Anticipated Date	Challenges / Comments
01	Upgrade and Improvement of Enembe Road	7, 13, 14, 15	Upgrade and improvement of approximately 2.5km of Enembe Road in Sundumbili, install streetlights, ancillary road works, reconstruct sidewalks, bus bays and associated drainage	<b>Consultant:</b> MNA  <b>Contractor:</b> Jamjo Civils	R 18 824 267.43	Project Complete	December 2020	The project reached Completion June 2021 and is currently under the defect liability period.
02	Upgrade of Link Road between Shayamoya Road (Ward 07) and Amajuba Road (Ward 15)	7, 15	This project entails the construction of a new access link road between Shayamoya Road and Amajuba Road. The scope of works includes 0.32 km of upgrading existing gravel road to a cape seal surfaced road, 1.0 wide surfaced sidewalks, associated	<b>Consultant</b> Lelethu Engineers  <b>Contractor</b> Onombutho Trading CC	3,019,695.84	Project Complete	January 2021	The project reached Completion on June 2021 and is currently under the defect liability period.

			Stormwater drainage system as well as street furniture such as road signs and line painting.					
03	Upgrade of Link Road between Amajuba Road (Ward 15) and Road 116 (Ward 14)	15, 14, 5, 7	This project entails the construction of a new access link road between Amajuba and Road 116. The scope of works includes 0.35 km of upgrading existing gravel road to a cape seal surfaced road, 1.0 wide surfaced sidewalks, associated Stormwater drainage system as well as street furniture such as road signs and line painting.	<b>Consultant</b> Lelethu Engineers  <b>Contractor</b> Zithunzuzo Trading CC	3,440,757.69	Project Complete	January 2021	The project reached Completion on June 2021 and is currently under the defect liability period.

**2020/2021 FINANCIAL YEAR ROLL OVER CAPITAL PROJECTS**

04	Construction of the swimming pool	15	Construction of a public swimming pool	<b>Consultant</b> Young and Satharia	R5 178 546.50	Project Complete	June 2021	The project reached Completion in
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				<b>Contractor</b> Flaxen Lake				September 2021 and is currently under the defect liability period.
05	Upgrade of Link Road between Masomonce Bus Route (Ward 10) and Enembe/Isithebe Link Road (Ward 12)	10/12	This project entails the construction of a new access link road between Masomonce Bus Route and Ward 12. The scope of works includes the following activities: 0.8km of upgrading existing gravel road to a cape seal surfaced road, 1.0 wide surfaced sidewalks and associated Stormwater drainage system as well as street furniture such as road signs and line painting.	<b>Consultant</b> Leletu Consulting Engineers  <b>Contractor</b> Thatha 5 cc	R6 762 817.44	Contractor still on site finishing off the construction of sidewalks and installation of kerb and channel.	09 August 2021	The Contractor experienced challenges with cashflow and is being assisted through a cession agreement. There is an anticipated increase to the scope of the works which will need variation order as well as an increase in the duration of the project.
07	Construction of a Sports field in Enembe, Ward 5	5	Project Scope: The scope of works is as follows:	<b>Consultant</b> Sivest Consulting Engineers	R7 962 614.60	Contractor is experiencing cashflow challenges	15 July 2021	Contractor is experiencing cashflow challenges

			Construction of a soccer field, Installation of clear view Fencing, Construction of Change rooms and ablution facility as well as the septic tank and Construction of grand stands	<b>Contractor</b> Sholo Trading		and as a result progress is very slow. Outstanding work: Topsoil and grassing around pitch, installation of wooden benches, changing of shower heads, install treated meranti doors at entrance to showers, installation of mirrors in changerooms, removing the weed and rolling of grass on the pitch, line marking once grassing issues are resolved expose the conservancy tanks covers, trim the drain banks, installation of firehose ring and provision of fire extinguisher. Connect		and as a result progress is very slow.
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						electricity to Hall DB.  Provision of Electrical COC and Structural Stability Certificate.		
08	Rural Roads Phase 3 (a) - Upgrade of Rural Road in Ward 2	2	The scope of works includes the following activities: Remove topsoil & Excavation to a nominal depth of 300mm over the roadway widths, shoulders and side drains, Dump Rock infilling at soft spots, Rip and compact to 98% mod. AASHTO maximum density to depth of 150mm – Roadbed, Construct 150mm Gravel Subbase: G7 to 95% Mod AASHTO with material from borrow-pits & commercial sources,	<b>Consultant</b> SKYV Consulting  <b>Contractor</b> Zisayini Trading	5,483,859.59	Project Complete	19 June 2021	The project reached Completion in June 2021 and is currently under the defect liability period.

			Construct 150mm Gravel Base: G6 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construction of Grass Lined V- Drains, Construction of Stormwater Causeways utilising 600mm Pipes.					
09	Rural Roads Phase 3 (b) – Upgrade of Rural Road in ward 12	12	The scope of works includes the following activities: Remove topsoil & Excavation to a nominal depth of 300mm over the roadway widths, shoulders and side drains, Dump Rock infilling at soft spots, Rip and compact to 98% mod. AASHTO maximum density to depth of 150mm – Roadbed,	<b>Consultant</b> SKYV Consulting  <b>Contractor</b> Sukoluhle Trading Enterprise	5,483,859.59	Project Complete	19 June 2021	The project reached Completion in June 2021 and is currently under the defect liability period.

			Construct 150mm Gravel Subbase: G7 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construct 150mm Gravel Base: G6 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construction of Grass Lined V- Drains, Construction of Stormwater Causeways utilising 600mm Pipes, Construct 150mm Thick Reinforced Concrete Roadway for Grades of 14%.					
10	Rural Roads Phase 3 (c) - Upgrade of Rural Road in Ward 3	3	The scope of works includes the following activities: Remove topsoil & Excavation to a nominal depth of	<b>Consultant</b> SKYV Consulting  <b>Contractor</b> Msebe Trading	4,392,341.82	Project Complete	19 June 2021	The project reached Completion in June 2021 and is currently under the defect

			300mm over the roadway widths, shoulders and side drains, Dump Rock infilling at soft spots, Rip and compact to 98% mod. AASHTO maximum density to depth of 150mm – Roadbed, Construct 150mm Gravel Subbase: G7 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construct 150mm Gravel Base: G6 to 95% Mod AASHTO with material from borrow-pits & commercial sources, Construction of Grass Lined V- Drains, Construction of Stormwater Causeways utilising 600mm				liability period.
--	--	--	---	--	--	--	----------------------



			Pipes.					
<b><u>2021/2022 FINANCIAL YEAR CAPITAL PROJECTS</u></b>								
01	Swimming Pool Area Additions in Ward 15	15	<p>The project scope entails the following activities:</p> <ul style="list-style-type: none"> <li>- Construction of a 76m2 change room, with 4 female and 2 male toilets and 2 urinals (male)</li> <li>- Construction of extra 33m2 ablutions block for usage during peak seasons with 6 toilets</li> <li>- Construction of a 20m2 guard house with cashier space</li> <li>- Construction of life guard house and provision of life guard stand</li> <li>- Construction of external works</li> <li>- Construction of block paved parking area (25 bays)</li> <li>- Construction of</li> </ul>	<p><b>Consultant:</b> Hi Tech Consulting</p> <p><b>Contractor:</b> Umhlathuze Builders Emporium</p>	R3,685,154.52	Awarded	June 2022	None at present

			<p>approximately 1500m<sup>2</sup> block paved walkways and waiting area</p> <ul style="list-style-type: none"> <li>- Children play area with specialized equipment</li> <li>- Beach volley ball sand area 400m<sup>2</sup></li> <li>- Landscaping (trees, outdoors seating, etc.)</li> <li>- Provision of gates</li> <li>- Construction power electrification wiring and piping</li> <li>- Provision of outside lighting</li> <li>- Construction of a 50mm HDPE pipeline water supply, and</li> <li>- Construction of sewer pipeline, 110mm uPVC approximately 150m long</li> </ul>					
02	Rural Roads Phase 4(a) - Upgrade of Gravel Roads in Ward 11	11	<p>The scope of works includes the following activities: mass earthworks, construction of</p>	<p><b>Consultant:</b> BVI Consulting</p> <p><b>Contractor:</b> Onombuthu</p>	R 4,867,775.44	Awarded	June 2022	Still awaiting EIA approval

			pavement layers (G4 material compacted to 97% of MDD, G7 material compacted to 93 & of MDD, 160mm unreinforced 35MPA concrete), construction of stormwater drainage and installation of road signs	(PTY) LTD				
03	Rural Roads Phase 4(b) - Upgrade of a Gravel Road in Ward 6	6	The scope of works includes the following activities: mass earthworks, construction of pavement layers (G4 material compacted to 97% of MDD, G7 material compacted to 93 & of MDD, 160mm unreinforced 35MPA concrete), construction of stormwater drainage and installation of road signs	<b>Consultant:</b> BVI Consulting  <b>Contractor:</b> Zisayini Trading Enterprise	R3,517,436.07	Awarded	June 2022	Still awaiting EIA approval

04	Khenana and Hlomendlini High Mast Lights	4, 10	<p>7 x new high mast lighting including the following:</p> <ul style="list-style-type: none"> <li>- 40A single phase supply kiosk per mast.</li> <li>- Electrical cable reticulation including all trenches, sleeves, joints, and terminations as detailed in the electrical bill of quantities.</li> <li>- 25m high-mast pole including concrete base as detailed in the electrical bill of quantities.</li> <li>- 8 x 400w LED luminaires per mast using an 8-way spigot.</li> </ul>	<p><b>Consultant:</b> BVI Consulting</p> <p><b>Contractor:</b> Yakhalungisa Engineering Services</p>	R5,924,861.03	Awarded	December 2022	None at present
05	Construction of a Community Hall in Ward 13	13	The scope of works includes the following activities: mass earthworks, platforms, reinforced foundations, brick work superstructure, plumbing, roof	<p><b>Consultant:</b> SMA Consulting</p> <p><b>Contractor:</b> Sanoqwabe Consultants</p>	R10,417,173.70	Brickwork and parking platform earthworks construction in progress.	February 2022	Progressing as per the construction programme with no challenges currently being experienced.

			construction and covering, plaster and painting, electrical wiring, fencing and parking area.					
06	Ward 3 Access Roads Rehabilitation	3	<p>The scope of works will entail the following:</p> <ul style="list-style-type: none"> <li>- Rehabilitation of 2.867 kms of road (Plover Road, Inyala Road, Impunzi Road, Impala Road, Trogon Road and Sandpiper Road)</li> <li>- Construction of curbs</li> <li>- Surfacing using 30mm asphalt</li> <li>- Construction of storm water drainage</li> <li>- Road marking</li> <li>- Installation of road signs</li> </ul>	<p><b>Consultant:</b> Morula Consulting</p> <p><b>Contractor:</b> Bheka Phezulu Investments</p>	R13,057,500.00	Contractor has surfaced Impala, Inyala, Impunzi and parts of Trogon Road. They are busy with installation of kerbs on Sandpiper and Plover Road. On Plover the contractor will be stabilizing the G7 layer and construct G3 layer followed by laying of asphalt surfacing. Still to do asphalt surfacing of Sandpiper and parts of Trogon Road.	March 2022	Progressing as per the construction programme with no challenges currently being experienced.
07	Rehabilitation of Internal Roads and Stormwater Drainage in Ward 3	3	<p>The scope of works entails the following activities:</p> <ul style="list-style-type: none"> <li>- Site</li> </ul>	<p><b>Consultant:</b> Morula Consulting</p> <p><b>Contractor:</b></p>	R7,996,258.68	On Richard Circle contractor has done asphalt surfacing, still	May 2022	Progressing as per the construction programme with no

			<div>Establishment</div> <div><div><div>- Setting out of works</div><div>- Rehabilitation of 1.430 km Access Roads (Stratton Circle, Richard Circle and Whimbrel and Mathews Road)</div><div>- Storm water management.</div><div>- Sealing using 30mm Asphalt.</div><div>- Construction of kerbs.</div><div>- Road marking.</div><div>- To install the road signs.</div><div>- To finish the road after completion of the works.</div></div></div>	MVI-SSSS Trading		<div>to do installation of kerbs. On Stratton circle contractor still to do is asphalt surfacing. On Mathews Road still to do confirming of layer thicknesses for existing material and imported, asphalt surfacing. Road marking for all roads and installation of signs.</div>		challenges currently being experienced.
08	Upgrade of Manono Road in Ward 15	15	<div>The scope of works is as follows:</div> <div><div>- Box Cut 900m Long x 480mm Depth x 5m wide (to upgrade this</div></div>	<div><b>Consultant:</b> SKYV</div> <div><b>Contractor:</b></div>	R 6,804,889.83	Registered on MIS	May 2022	Detailed design complete, project ready to go out to tender, once consultant receives

			road to a 2 Lane) - 900m x 150mm G7 (Sub Grade) - 900m x 150mm C4 (G5 Cement Stabilized Sub Base) - 900m x 150mm G2 (Base) - 900m x 5m Prime - 900m x 5m Tack and 30mm Asphalt - 900m Concrete V Drains on one side (Left or Right Pending Crossfall) - 900m Kerbing on one side (Left or Right Pending Crossfall) - Stormwater Pipe Concrete 100m x 600mm Diameter with Manholes and Outlets				approval to go ahead, from the municipality.
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			- Road Marking & Signs					
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## APPENDIX P

### SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

#### A] SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

The service that we provide as a municipality is **waste collection**

- ✓ Here we have a routinely weekly plan, that accommodates all these entities, which is consistently delivered accordingly
- ✓ We even provide wheelie bins for these entities

Hence, we do not have backlogs.

#### B] THE Q SECTION – BACKLOGS BY OTHER DEPARTMENTS

Mandeni has the following clinics

- Ndulinde
- Isithebe
- Sundumbli
- Hlomendlini
- Mandeni, and
- Ohwebede

All these are serviced by Eskom for electricity, and Ilembe District

Pertaining to schools, Mandeni has two **circuits, namely Gingindlovu Circuit and Gingindlovu Circuit, and part of Phambela Circuit ( in ward 3 & 4)**

About 18 of the rural schools do have access to water, and these schools are situated in ward 06 , ward 1, 2,8, 5 & 9



## **APPENDIX Q**

### **Service backlogs experienced by the community where another sphere of government is responsible for service provision**

There is still a major challenge to sort of government departments that lack to render the anticipated services to the community. There are backlogs in the department of home affairs, where a number of community members did not get the proper services in terms of acquiring the proper documents such as identity documents, birth certificates, passports, etc. Most of the Home Affairs Offices have a challenge of encountering technical glitches such as internet.

The Department of Transport also has a backlog. The services are very poor if you assess both the local, provincial and national roads, there are multiple potholes that damage motor vehicles. In certain rural areas, communities suffer due to absence of bridges, walk-overs that interconnect to areas. Some areas have community members, specifically children who have a difficult time getting to school when it rains as proper bridges aren't built.

The Department of Health has a major challenge as some hospitals have patients sleeping on the floor due to a shortage of beds. Proper machinery and technology are also not supplied to the hospitals. It is clear that there is still a lack of implementing Batho Pele Principles in some government departments, hence there is a service backlogs experienced by the community.

## **APPENDIX R**

### **DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

There are no loans made by the municipality as the municipality is sustained by their reserves and investments.

## **APPENDIX S**

### **DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71**

The municipal financial departments managed to submit all 12 section 71 reports. This means that deadlines were met, therefore there are no 71 reports submitted to the relevant stakeholders. Under compliance measures are met and prioritized by the municipality

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## **APPENDIX T**

### **NATIONAL AND PROVINCIAL OUTCOME BY LOCAL GOVERNMENT**

The Municipal Assessment Tool, Circular 88 Reporting template were submitted. The municipality is still complying with COGTA both nationally and provincially in terms of submissions. Various COGTA Assessment documents that include C88 Reporting Template, Mandeni Municipal Assessment Tool, PMS questionnaire, PMS Status Reports. These templates play an imperative tool in order to assess the municipality in various sectors so that we can render the anticipated service delivery. Other KPI's, assess that certain deadlines are met to show that the municipality reaches certain targets according to dates, targets and percentages. Therefore, this shows that the municipality is functional in terms of COGTA Assessments. Thus far, all information required has been submitted by the municipality.

VOLUME II: ANNUAL FINANCIAL STATEMENTS



**Mandeni Municipality Annual  
Financial Statements  
for the year ended 30 June 2022**

**Legal form of entity**

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)

**Nature of business and principal activities**

The provision of services (electricity and refuse) to communities in a sustainable manner to promote social and economic development, and to promote a safe and a healthy environment.

**MEMBERS OF EXECUTIVE COUNCIL**

Mayor and Chairman of the Executive Committee	Cllr TP Mdlalose
Deputy Mayor	Cllr BL Magwaza
Speaker (Ex-Officio)	Cllr PM Sishi
Members of the Executive Committee	Cllr SZ Mdletshe
Cllr ST Magwaza Cllr MS Mdunge Cllr M Shelembe Cllr M Mthembu	

**Other councillors**

Cllr NO Dladla

Cllr SF Gina  
Cllr BA Khumalo Cllr NH Khuzwayo Cllr SA Mabhida Cllr SJ Mathonsi Cllr XH Mathonsi Cllr S Mathonsi Cllr MC Mkhali Cllr BA Mchunu Cllr ST Thwala Cllr SS Mdunge Cllr CT Mhlongo Cllr CL Mthembu  
Cllr DGP Mthembu Cllr LS Mthembu Cllr LS Zungu  
Cllr SP Naicker Cllr MT Ncanana Cllr NS Ncube Cllr MB Ngidi  
Cllr S Nkwanyana Cllr PP Nsele  
Cllr S Ntuli  
Cllr N Nxumalo Cllr ZM Nxumalo Cllr SW Shandu

## General Information

### Senior management

SG Khuzwayo- Municipal Manager  
NN Mngomezulu - Chief Financial Officer  
VP Zulu - Director: Corporate Services  
KP Gumede - Director: Technical Services  
L Kutwana-Gomana - Director: Public Safety and Community Services (Resigned: 30 June 2022)  
WD Mbongwa - Director: Economic Development, Planning and Human Settlement

### Auditors

Auditor-General South Africa

### Bankers

Nedbank Standard Bank

First National Bank

### Registered office

2 Kingfisher Road Mandeni  
4490

Mandeni Municipal Office

### Business address

Mandeni 4490

2 Kingfisher Road

### Postal address

Mandeni 4490

P O Box 144

### Telephone number

032 - 456 8200

### Fax number

032 - 456 2504

### Email address

info@mandeni.gov.za

### Grading of local authority

3

### Jurisdiction

Mandeni Boundary (as determined by the Demarcation Board)

### Legislation governing the municipality's operations

Local Government: Municipal Finance Management Act (Act 56 of 2003)  
Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998)  
Constitution of the Republic of South Africa (Act 108 of 1998) Municipal Property Rates Act (Act 6 of 2004)  
Division of Revenue Act (Act 1 of 2007)

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
AFS	Annual Financial Statements
GRAP	Generally Recognised Accounting Practice
NDR	Non-Distributable Reserve
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SCM	Supply Chain Management
SARS	South African Revenue Service

## Accounting Officer's 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.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporate Governance and Traditional Affairs' determination in accordance with this Act.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is 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, the accounting officer sets 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.

The accounting officer is 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 loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on pages 6 to 90, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed by:

\_\_\_\_\_  
**SG Khuzwayo**  
**Accounting Officer**

**Mandeni**  
**31 August 2022**

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2022.

### 1. 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.

### 2. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year.

### 3. Accounting policies

The annual financial statements are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 4. Non-current assets

There were no changes in the policy relating to the use of non-current assets.



## Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	807,121	863,761
Receivables from exchange transactions	4	10,338,769	10,075,322
Receivables from non-exchange transactions	5	3,055,786	3,481,205
Statutory receivables	6	19,026,490	14,827,839
VAT receivable	7	1,788,995	6,592,955
Call and investments deposits	8	138,861,901	181,073,835
Cash and cash equivalents	9	4,119,614	905,854
		<b>177,998,676</b>	<b>217,820,771</b>
<b>Non-Current Assets</b>			
Investment property	10	88,163,500	84,587,000
Property, plant and equipment	11	484,787,955	455,470,654
Intangible assets	12	476,853	674,125
Call and investments deposits	8	65,000,000	-
		<b>638,428,308</b>	<b>540,731,779</b>
<b>Total Assets</b>		<b>816,426,984</b>	<b>758,552,550</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	13	13,719	896,351
Payables from exchange transactions	14	32,491,560	32,139,086
Consumer deposits	15	269,853	290,048
Unspent conditional grants and receipts	16	8,705,120	30,079,407
		<b>41,480,252</b>	<b>63,404,892</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	13	-	13,719
Employee benefit obligation	17	22,795,217	23,593,831
		<b>22,795,217</b>	<b>23,607,550</b>
<b>Total Liabilities</b>		<b>64,275,469</b>	<b>87,012,442</b>
<b>Net Assets</b>		<b>752,151,515</b>	<b>671,540,108</b>
Reserves			
Housing Development fund		1,878,425	1,826,842
Accumulated surplus	18	750,273,090	669,713,266
<b>Total Net Assets</b>		<b>752,151,515</b>	<b>671,540,108</b>

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	56,776,414	43,822,143
Rental of facilities and equipment	21	324,595	332,926
Licences and permits	22	791,212	800,166
Other income	23	825,358	1,010,655
Interest received - investment	24	10,694,201	7,469,834
<b>Total revenue from exchange transactions</b>		<b>69,411,780</b>	<b>53,435,724</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	43,599,893	50,869,922
Property rates - penalties imposed	25	3,387,193	4,084,279
<b>Transfer revenue</b>			
Government grants & subsidies	26	263,840,085	251,779,560
Fines, penalties and forfeits	27	1,201,534	281,183
Donated assets income	28	1,649,000	-
<b>Total revenue from non-exchange transactions</b>		<b>313,677,705</b>	<b>307,014,944</b>
<b>Total revenue</b>	19	<b>383,089,485</b>	<b>360,450,668</b>
<b>Expenditure</b>			
Employee related costs	29	(109,119,850)	(106,176,030)
Remuneration of councillors	30	(13,797,605)	(13,527,997)
Depreciation and amortisation	31	(31,725,852)	(29,401,625)
Finance costs	36	(2,656,611)	(2,841,194)
Lease rentals on operating lease	35	(1,450,248)	(1,695,414)
Debt Impairment	34	(20,429,748)	(34,245,358)
Bulk purchases	32	(36,574,524)	(28,815,906)
Contracted services	37	(55,937,748)	(50,018,395)
General Expenses	38	(34,070,180)	(30,585,131)
<b>Total expenditure</b>		<b>(305,762,366)</b>	<b>(297,307,050)</b>
<b>Operating surplus</b>		<b>77,327,119</b>	<b>63,143,618</b>
Loss on disposal/scrapplings of assets	39	(818,869)	(1,500,925)
Fair value adjustments	40	3,576,500	15,961,000
Actuarial gains/losses	17	4,005,157	(710,761)
Impairment loss	33	(3,530,083)	(2,446,786)
		<b>3,232,705</b>	<b>11,302,528</b>
<b>Surplus for the year</b>		<b>80,559,824</b>	<b>74,446,146</b>

## Statement of Changes in Net Assets

Figures in Rand	Other NDR	Accumulated surplus / deficit	Total net assets	
Opening balance as previously reported		1,782,255	592,062,331	593,844,586
Adjustments				
Prior year adjustments - note 56		-	3,204,789	3,204,789
<b>Balance at 01 July 2020 as restated*</b>		<b>1,782,255</b>	<b>595,267,120</b>	<b>597,049,375</b>
Changes in net assets				
Surplus for the year		-	74,446,146	74,446,146
Interest on reserves		44,587	-	44,587
Total changes		44,587	74,446,146	74,490,733
<b>Restated balance at 01 July 2021</b>		<b>1,826,842</b>	<b>669,713,266</b>	<b>671,540,108</b>
Changes in net assets				
Surplus for the year		-	80,559,824	80,559,824
Interest on reserves		51,583	-	51,583
Total changes		51,583	80,559,824	80,611,407
<b>Balance at 30 June 2022</b>		<b>1,878,425</b>	<b>750,273,090</b>	<b>752,151,515</b>

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		45,494,977	64,738,586
Sale of goods and services		60,079,306	47,256,087
Grants		244,897,558	262,406,642
Interest income		7,989,438	6,453,515
		<b>358,461,279</b>	<b>380,854,830</b>
<b>Payments</b>			
Employee costs		(123,542,667)	(116,286,116)
Suppliers		(144,467,725)	(141,467,584)
Other payments		(58,461)	(331,943)
		<b>(268,068,853)</b>	<b>(258,085,643)</b>
<b>Net cash flows from operating activities</b>	<b>42</b>	<b>90,392,426</b>	<b>122,769,187</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(63,545,832)	(51,275,442)
Proceeds from sale of property, plant and equipment	11	-	148,846
<b>Net cash flows from investing activities</b>		<b>(63,545,832)</b>	<b>(51,126,596)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(896,351)	(853,566)
Interest on reserves capitalised		51,583	44,587
<b>Net cash flows from financing activities</b>		<b>(844,768)</b>	<b>(808,979)</b>
<b>Net increase in cash and cash equivalents</b>		<b>26,001,826</b>	<b>70,833,612</b>
Cash and cash equivalents at the beginning of the year		181,979,689	111,146,077
<b>Cash and cash equivalents at the end of the year</b>	<b>8&amp;9</b>	<b>207,981,515</b>	<b>181,979,689</b>

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget

Adjustments  
Budget Actual  
on comparab

Figures in Rand

actual

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	48,762,339	-	<b>48,762,339</b>	56,776,414	<b>8,014,075</b>
Rental of facilities and equipment	130,000	40,000	<b>170,000</b>	324,595	<b>154,595</b>
Licences and permits	695,000	(35,000)	<b>660,000</b>	791,212	<b>131,212</b>
Other income	640,243	1,315,818	<b>1,956,061</b>	825,358	<b>(1,130,703)</b>
Interest received - investment	4,950,000	550,000	<b>5,500,000</b>	10,694,201	<b>5,194,201</b>
<b>Total revenue from exchange transactions</b>	<b>55,177,582</b>	<b>1,870,818</b>	<b>57,048,400</b>	<b>69,411,780</b>	<b>12,363,380</b>

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	46,641,524	-	<b>46,641,524</b>	43,599,893	<b>(3,041,631)</b>
Property rates - penalties	6,739,585	(3,000,000)	<b>3,739,585</b>	3,387,193	<b>(352,392)</b>

##### Transfer revenue

Government grants & subsidies	236,880,000	26,833,248	<b>263,713,248</b>	263,840,085	<b>126,837</b>
Fines, Penalties and Forfeits	265,000	-	<b>265,000</b>	1,201,534	<b>936,534</b>
Donations received	-	-	<b>-</b>	1,649,000	<b>1,649,000</b>

<b>Total revenue from non-exchange transactions</b>	<b>290,526,109</b>	<b>23,833,248</b>	<b>314,359,357</b>	<b>313,677,705</b>	<b>(681,652)</b>
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<b>Total revenue</b>	<b>345,703,691</b>	<b>25,704,066</b>	<b>371,407,757</b>	<b>383,089,485</b>	<b>11,681,728</b>
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#### Expenditure

Personnel	(107,819,048)	(1,250,000)	<b>(109,069,048)</b>	(109,119,850)	<b>(50,802)</b>
Remuneration of councillors	(14,643,023)	450,000	<b>(14,193,023)</b>	(13,797,605)	<b>395,418</b>
Depreciation and amortisation	(32,726,445)	-	<b>(32,726,445)</b>	(31,725,852)	<b>1,000,593</b>
Impairment loss	-	-	<b>-</b>	(3,530,083)	<b>(3,530,083)</b>
Finance costs	(400,000)	(2,603,000)	<b>(3,003,000)</b>	(2,656,611)	<b>346,389</b>
Lease rentals on operating lease	-	-	<b>-</b>	(1,450,248)	<b>(1,450,248)</b>
Debt Impairment	(30,635,110)	(4,000,000)	<b>(34,635,110)</b>	(20,429,748)	<b>14,205,362</b>
Bulk purchases	(35,143,294)	(1,500,000)	<b>(36,643,294)</b>	(36,574,524)	<b>68,770</b>
Contracted Services	(56,718,390)	(256,320)	<b>(56,974,710)</b>	(55,937,748)	<b>1,036,962</b>
General Expenses	(45,377,139)	(7,101,326)	<b>(52,478,465)</b>	(34,070,180)	<b>18,408,285</b>

<b>Total expenditure</b>	<b>(323,462,449)</b>	<b>(16,260,646)</b>	<b>(339,723,095)</b>	<b>(309,292,449)</b>	<b>30,430,646</b>
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<b>Operating surplus</b>	<b>22,241,242</b>	<b>9,443,420</b>	<b>31,684,662</b>	<b>73,797,036</b>	<b>42,112,374</b>
Loss on disposal of assets and liabilities	-	-	<b>-</b>	(818,869)	<b>(818,869)</b>

Fair value adjustments	-	-	<b>-</b>	3,576,500	<b>3,576,500</b>
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Actuarial gains/losses	-	-	<b>-</b>	4,005,157	<b>4,005,157</b>
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	-	-	<b>-</b>	<b>6,762,788</b>	<b>6,762,788</b>
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<b>Actual Amount on Comparable Basis</b>	<b>22,241,242</b>	<b>9,443,420</b>	<b>31,684,662</b>	<b>80,559,824</b>	<b>48,875,162</b>
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Material budget differences are disclosed in note 52 - budget variances.

Figures in Rand

	Original budget (i.t.o. s28 and budgets MFMA)	Budget adjustments 31 of the	Final adjustments	Shifting of funds (i.t.o.)	Virement (i.t.o. council)	Final budget	Actual outcome s31 of the	Unauthorised expenditure MFMA)	Variance approved policy)	Actual outcome as % of	Actual outcome final budget
<b>2022</b>											
<b>Financial Performance</b>											
Property rates	53,381,109	(3,000,000)	50,381,109	-		50,381,109	46,987,086		(3,394,023)	93 %	88 %
Service charges	48,762,339	-	48,762,339	-		48,762,339	56,776,414		8,014,075	116 %	116 %
Investment revenue	4,950,000	550,000	5,500,000	-		5,500,000	10,694,201		5,194,201	194 %	216 %
Transfers recognised - operational	200,339,600	19,958,180	220,297,780	-		220,297,780	219,890,978		(406,802)	100 %	110 %
Other own revenue	1,730,243	1,320,818	3,051,061	-		3,051,061	12,373,356		9,322,295	406 %	715 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>309,163,291</b>	<b>18,828,998</b>	<b>327,992,289</b>	-		<b>327,992,289</b>	<b>346,722,035</b>		<b>18,729,746</b>	<b>106 %</b>	<b>112 %</b>
Employee costs	(107,819,048)	(1,250,000)	(109,069,048)	-		(109,069,048)	(109,119,850)		(50,802)	100 %	101 %
Remuneration of councillors	(14,643,023)	450,000	(14,193,023)	-		(14,193,023)	(13,797,605)		395,418	97 %	94 %
Debt impairment	(30,635,110)	(4,000,000)	(34,635,110)			(34,635,110)	(20,429,748)		- 14,205,362	59 %	67 %
Depreciation and asset impairment	(32,726,445)	-	(32,726,445)			(32,726,445)	(35,255,935)		- (2,529,490)	108 %	108 %
Finance charges	(400,000)	(2,603,000)	(3,003,000)	-		(3,003,000)	(2,656,611)		- 346,389	88 %	664 %
Materials and bulk purchases	(35,143,294)	(1,500,000)	(36,643,294)	-		(36,643,294)	(36,574,524)		- 68,770	100 %	104 %
Other expenditure	(102,095,529)	(7,363,646)	(109,459,175)	-		(109,459,175)	(92,277,045)		- 17,182,130	84 %	90 %
<b>Total expenditure</b>	<b>(323,462,449)</b>	<b>(16,266,646)</b>	<b>(339,729,095)</b>	-		<b>(339,729,095)</b>	<b>(310,111,318)</b>		<b>- 29,617,777</b>	<b>91 %</b>	<b>96 %</b>
<b>Surplus/(Deficit)</b>	<b>(14,299,158)</b>	<b>2,562,352</b>	<b>(11,736,806)</b>	-		<b>(11,736,806)</b>	<b>36,610,717</b>		<b>48,347,523</b>	<b>(312)%</b>	<b>(256)%</b>

Figures in Rand

	budget					Original adjustments (i.t.o. s28 and budgets31 of the MFMA)		Budget adjustments s31 of theMFMA)	Final funds (i.t.o. approved policy)	
Transfers recognised - capital	36,540,400	6,875,068	43,415,468	-		43,415,468	43,949,107	533,639	101 %	120 %
<b>Surplus (Deficit)after capital transfers and contributions</b>	<b>22,241,242</b>	<b>9,437,420</b>	<b>31,678,662</b>	-		<b>31,678,662</b>	<b>80,559,824</b>	<b>48,881,162</b>	<b>254 %</b>	<b>362 %</b>
<b>Surplus/(Deficit)for the year</b>										
<b>Capital expenditure and funds sources</b>										
<b>Capital expenditure</b>	<b>22,241,242</b>	<b>9,437,420</b>	<b>31,678,662</b>	-		<b>31,678,662</b>	<b>80,559,824</b>	<b>48,881,162</b>	<b>254 %</b>	<b>362 %</b>
<b>Sources of capital funds</b>										
Total capital expenditure						(73,920,399)		(84,280,025)	20,734,193	(63,545,832)
Transfers recognised - capital										
Internally generated funds										
<b>Total sources of capital funds</b>										
	(33,540,399)	(9,875,069)	(43,415,468)	-		(43,415,468)	(43,213,455)	202,013	100 %	129 %
	(40,380,000)	(484,557)	(40,864,557)	-		(40,864,557)	(20,332,377)	20,532,180	50 %	50 %
	<b>(73,920,399)</b>	<b>(10,359,626)</b>	<b>(84,280,025)</b>	-		<b>(84,280,025)</b>	<b>(63,545,832)</b>	<b>20,734,193</b>	<b>75 %</b>	<b>86 %</b>



Figures in Rand

		budget				Original adjustments s31 of the MFMA)		Budget adjustments approved policy)	Final funds (i.t.o. as % offinal budget	
(i.t.o. s28 and budgets31 of the MFMA)										
Cash flows										
Net cash from (used) operating	25,161,024	68,172,089	93,333,113	-	93,333,113	90,392,426	(2,940,687)	97 %	359 %	
(used) investing	(73,920,399)	(29,370,576)	(103,290,975)	-	(103,290,975)	(63,545,832)	39,745,143	62 %	86 %	
cash from (used) financing	(400,000)	-	(400,000)	-	(400,000)	(844,768)	(444,768)	211 %	211 %	
Net increase/ (decrease) in cashand cash equivalents	(49,159,375)	38,801,513	(10,357,862)	-	(10,357,862)	26,001,826	36,359,688	(251)%	(53)%	
Cash and cash equivalents at the beginning of the year	-	181,073,835	181,073,835	-	181,073,835	181,979,689	905,854	101 %	DIV/0 %	
Cash and cash equivalents at yearend	(49,159,375)	219,875,348	170,715,973	-	170,715,973	207,981,515	(37,265,542)	122 %	(423)%	

## **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.

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 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:

#### **Trade receivables**

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### **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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as inflation and interest rate.

#### **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 14 - Payables from exchange transactions.

#### **Useful lives of property, plant and equipment and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

## 1.1 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 17.

### Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

### Allowance for debt impairment

For receivables 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 receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

## 1.2 Going concern - assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

## 1.3 Investment property

Investment property is property (land or a building - or part of a building) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

### 1.3 Investment property (continued)

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

Once the municipality 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.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.4 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. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

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.

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. The cost also includes necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

## 1.4 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are connected for as property, plant and equipment.

### Subsequent measurement - cost model (land and buildings)

Subsequent to initial recognition, land and buildings are carried at cost less any subsequent accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

### Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Where the municipality replaces part of an asset, it derecognises the part of an asset being replaced and capitalises the new component. Subsequent expenditure incurred on a asset is capitalised when it increases the capacity or the future economic benefits associated with the asset.

### Depreciation

Depreciation is calculated on a depreciable amount, using the straight line basis over the estimated useful life of items of property, plant and equipment unless depreciation of certain assets is being determined using a method other than the estimated useful life.

Components of assets that are significant in relation to the whole asset and have different useful lives are depreciated separately.

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.

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

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment and have been assessed as follows:

Item	Depreciation method	Average useful life in years
Buildings	Straight line	30 years
Infrastructure	Straight line	30 years
Community	Straight line	30 years
Other property, plant and equipment	Straight line	5 to 10 years

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimate, the change is accounted for as a change in accounting estimate. In determining the depreciation change for the current year, the residual value for all assets have been taken into account.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

### Derecognition

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.

#### 1.4 Property, plant and equipment (continued)

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.

#### 1.5 Intangible assets

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 municipality 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.

Intangible assets are initially recognised at cost.

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 of acquisition.

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	Useful life
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Computer software

3 years

## 1.5 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

### Derecognition

Intangible assets are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

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

### Class

Cash and cash equivalents  
Call investment deposits  
Receivables from exchange transactions  
Receivables from non- exchange transactions  
Other receivables

### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at fair value

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

### Class

Payables from exchange transactions  
Consumer deposits  
Unspent conditional grants and receipts  
Other payables  
Finance lease obligation

### Category

Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost

## **1.6 Financial instruments (continued) Initial**

### **and subsequent measurement**

#### **Financial assets**

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial assets are recognised on the date they originated for loans and receivables and deposits and for other financial assets, initially on the trade date at which the municipality becomes a party to the contractual provision of the instrument.

#### **Financial liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each balance sheet date. 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 in accordance with GRAP 104.

Initially accounts receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade 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 amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer debtors are stated at cost less a provision for bad debts. The provision is made in accordance with GRAP 104 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### **Derecognition of financial assets**

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non recoverability.

## 1.6 Financial instruments (continued)

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### Derecognition of financial liabilities

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

## 1.7 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.

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 non-exchange transactions (Taxes and transfers).

## 1.7 Statutory receivables (continued)

### 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.

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.

Any difference between the consideration received and the amounts derecognised is recognised in surplus or deficit.

## 1.8 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.

### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### 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.

## 1.9 Inventories

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.

## 1.9 Inventories (continued)

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.

Redundant and obsolete inventories identified and written down from cost to net realisable value with regards to their estimated economic or realisable values. Consumables are written down with regards to their age, condition and utility.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. 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.

## 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).

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

### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible

asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.



## 1.10 Impairment of cash-generating assets (continued)Value

### in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-

generating assets of the unit.

### 1.10 Impairment of cash-generating assets (continued)

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

#### Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

## 1.11 Employee benefits

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

### 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 recognise 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 recognise 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 municipality 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 a 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.

## 1.11 Employee benefits (continued)

### Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a 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 recognise 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.

## 1.11 Employee benefits (continued)

### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability 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;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above are recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

### 1.11 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, 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 rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

## 1.11 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.

### Long-term service awards

The municipality has an obligation to provide long term service awards to all of its employees who have been in service of the municipality for a certain period of time. According to the rules of the long-term service allowance scheme, which the municipality has instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

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.



## 1.11 Employee benefits (continued)

### Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

## 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.

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 expenditure.

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

### 1.12 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a 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 44 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

#### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

## 1.12 Provisions and contingencies (continued)

### Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

## 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

### 1.13 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

#### Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.14 Revenue from non-exchange transactions

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

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

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

### 1.14 Revenue from non-exchange transactions (continued)

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Taxes

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met.

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The taxable event for property rates is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

## **1.14 Revenue from non-exchange transactions (continued)**

### **Fines**

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

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

### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

### **Services in-kind**

Services in-kind are not recognised.

### **Concessionary loans received**

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

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.

### 1.15 Value-added tax

The municipality accounts for value-added tax (VAT) on the payment basis.

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with section 15(2) of the VAT Act (Act no. 89 of 1991).

### 1.16 Comparative figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as it is practical, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical, and the prior year comparatives are restated accordingly.

### 1.17 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003) and includes:

- overspending of of the total amount appropriated in the municipality's approved budget;
- 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.
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or a grant by the municipality in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state. An expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.18 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-

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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial

Performance.



## **1.20 Accumulated surplus**

### **Capital replacement reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- the cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- the CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- if a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

### **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.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the municipality.

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.

### **Revaluation reserve**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

### **Donations and public contributions reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

## **1.20 Accumulated surplus (continued)**

### **Government grant reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

## **1.21 Budget information**

Municipality is 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.

The approved budget is prepared on a accrual 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 annual financial statements and the budget are on the same basis of accounting.

## **1.22 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 venturers).

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 considered to be those family members who may be expected to influence, or be influenced by, that management 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.

### **1.22 Related parties (continued)**

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.

### **1.23 Events after the reporting date**

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non-adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial position date are adjusted for such events. Non-adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

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

### **1.24 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.

### **1.25 Share capital / contributed capital**

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### **1.26 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.

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## **1.27 Accounting by principals and agents**

### **Identification**

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

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

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

### **Identifying whether an entity is a principal or an agent**

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

The assessment of whether an 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.

### **Recognition**

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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.



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## 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.

## 1.29 Transfers and subsidies

Transfers and subsidies include all unrequited payments made by the municipality. A payment is unrequited provided that the municipality does not receive anything of similar value directly in return for the transfer to the other party.

Transfers and subsidies are recognised in the Statement of Financial Performance as expenses in the period in which the events giving rise to the transfer occurred.

## 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:

Standard/ Interpretation: Years beginning on or after	Expected effective date:	
• GRAP 108: Statutory Receivables	01 April 2019	The impact of the Standard is not material.

### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation: Years beginning on or after	Expected effective date:	
• GRAP 25 (as revised): Employee Benefits	No effective date set	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	No effective date set	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

## 3. Inventories

Consumable stores	566,658	665,866
Maintenance materials	240,463	197,895
	<b>807,121</b>	<b>863,761</b>
<b>Consumable stores</b>		
Opening balance	665,866	770,383
Additions	618,941	728,815
Issued/(expensed)	(718,149)	(833,332)
	<b>566,658</b>	<b>665,866</b>
<b>Maintenance materials</b>		
Opening balance	197,895	209,286
Additions	374,886	71,027
Issued/(expensed)	(332,318)	(82,418)
	<b>240,463</b>	<b>197,895</b>

#### 4. Receivables from exchange transactions

##### Gross balances

Electricity	9,856,137	6,418,976
Refuse	52,636,492	46,545,827
Accrued investment income	3,721,082	1,016,319
	<b>66,213,711</b>	<b>53,981,122</b>

##### Less: Allowance for impairment

Electricity	(5,608,571)	(3,366,199)
Refuse	(50,266,371)	(40,539,601)
	<b>(55,874,942)</b>	<b>(43,905,800)</b>

##### Net balance

Electricity	4,247,566	3,052,777
Refuse	2,370,121	6,006,226
Accrued investment income	3,721,082	1,016,319
	<b>10,338,769</b>	<b>10,075,322</b>

##### Electricity

Current (0 -30 days)	3,817,774	3,115,417
31 - 60 days	700,211	(2,514)
61 - 90 days	185,060	179,924
91 - 120 days	1,753,544	103,694
121 - 365 days	474,685	768,759
> 365 days	2,924,863	2,253,695
Impairment	(5,608,571)	(3,366,198)
	<b>4,247,566</b>	<b>3,052,777</b>

##### Refuse

Current (0 -30 days)	959,121	1,542,851
31 - 60 days	832,051	(21,696)
61 - 90 days	800,839	650,706
91 - 120 days	788,829	639,032
121 - 365 days	1,558,519	5,303,824
> 365 days	47,697,133	38,431,110
Impairment	(50,266,371)	(40,539,601)
	<b>2,370,121</b>	<b>6,006,226</b>

##### Accrued investment income

Current (0 -30 days)	3,721,082	1,016,319
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## 5. Receivables from non-exchange transactions

### Gross balances

Interest	35,695,747	33,862,837
Other receivables from non-exchange transactions (not aged)	928,258	639,881
	<b>36,624,005</b>	<b>34,502,718</b>

### Other receivables from non-exchange transactions (not aged) comprises of:

Other receivables	682,688	394,311
Postage deposit	10,000	10,000
Rental deposits	235,570	235,570
	<b>928,258</b>	<b>639,881</b>

### Less: Non-exchange transactions impairment

Interest	(33,145,791)	(30,599,085)
Other	(422,428)	(422,428)
	<b>(33,568,219)</b>	<b>(31,021,513)</b>

### Net balances

Interest	2,549,956	3,263,752
Other	505,830	217,453
	<b>3,055,786</b>	<b>3,481,205</b>

### Interest

Current (0 -30 days)	295,381	402,712
31 - 60 days	283,428	261,034
61 - 90 days	285,951	588,271
91 - 120 days	285,743	754,117
121 - 365 days	563,479	2,459,230
> 365 days	33,981,765	29,397,473
Less: Impairment	(33,145,791)	(30,599,085)
	<b>2,549,956</b>	<b>3,263,752</b>

### Other

Receivables not aged	928,258	639,881
Less: Impairment	(422,428)	(422,428)
	<b>505,830</b>	<b>217,453</b>

### Total

Current (0 -30 days)	1,223,639	1,042,592
31 - 60 days	283,428	261,034
61 - 90 days	285,951	588,271
91 - 120 days	285,743	754,117
121 - 365 days	563,480	2,459,230
> 365 days	33,981,764	29,397,474
	<b>36,624,005</b>	<b>34,502,718</b>
Less: Impairment	(33,568,219)	(31,021,512)
	<b>3,055,786</b>	<b>3,481,206</b>

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

### Households

Current (0 -30 days)	3,748,016	3,450,841
31 - 60 days	(16,454)	232,249
61 - 90 days	1,701,561	1,785,471
91 - 120 days	1,698,962	1,890,679
121 - 365 days	13,904,857	11,090,752
> 365 days	111,600,717	104,071,697
Less: Impairment	(126,872,601)	(110,533,445)
	<b>5,765,058</b>	<b>11,988,244</b>

### Industrial/Commercial

Current (0 -30 days)	4,240,190	4,361,333
31 - 60 days	(1,628)	12,358
61 - 90 days	619,904	342,085
91 - 120 days	1,964,097	274,915
121 - 365 days	5,175,633	6,899,797
> 365 days	15,765,270	14,404,907
Less: Impairment	(21,421,078)	(16,783,005)
	<b>6,342,388</b>	<b>9,512,390</b>

### National/Provincial Government

Current (0 -30 days)	14,958	(117,513)
31 - 60 days	(567,918)	26,801
61 - 90 days	172,196	268,133
91 - 120 days	266,453	289,612
121 - 365 days	5,914,200	5,527,715
> 365 days	15,149,268	10,808,914
Less: Impairment	(7,478,243)	(11,408,519)
	<b>13,470,914</b>	<b>5,395,143</b>

### Provision for Impairment

Current (0 -30 days)	(1,812,228)	(3,156,759)
31 - 60 days	(98,233)	(86,439)
61 - 90 days	(818,406)	(720,145)
91 - 120 days	(847,427)	(745,682)
121 - 365 days	(2,890,766)	(5,818,875)
> 365 days	(150,648,127)	(129,285,518)
	<b>(157,115,187)</b>	<b>(139,813,418)</b>

### Reconciliation of allowance for impairment for receivables

Opening balance	(139,813,418)	(200,134,297)
Contribution for bad debt	(17,301,769)	60,320,879
	<b>(157,115,187)</b>	<b>(139,813,418)</b>

## 6. Statutory receivables

### Statutory receivables general information

#### Gross balances

Rates	84,690,309	78,793,108
Fines	2,009,208	920,838
	<b>86,699,517</b>	<b>79,713,946</b>

#### Less: Allowance for impairment

Rates	(66,752,189)	(64,220,085)
Fines	(920,838)	(666,022)
	<b>(67,673,027)</b>	<b>(64,886,107)</b>

#### Net balances

Rates	17,938,120	14,573,023
Fines	1,088,370	254,816
	<b>19,026,490</b>	<b>14,827,839</b>

#### Rates

Current (0 -30 days)	662,182	2,633,681
31 - 60 days	865,663	34,586
61 - 90 days	1,302,151	976,789
91 - 120 days	1,161,350	958,363
121 - 365 days	2,051,708	14,986,451
> 365 days	78,647,255	59,203,238
Less: Impairment	(66,752,189)	(64,220,085)
	<b>17,938,120</b>	<b>14,573,023</b>

#### Fines

Not aged	2,009,208	920,838
Less: Impairment	(920,838)	(666,022)
	<b>1,088,370</b>	<b>254,816</b>

#### Total

Current (0 -30 days)	2,672,090	3,554,519
31 - 60 days	865,663	34,586
61 - 90 days	1,302,151	976,789
91 - 120 days	1,161,350	958,363
121 - 365 days	2,051,708	14,986,451
> 365 days	78,646,555	59,203,238
Less: Impairment	(67,673,027)	(64,886,107)
	<b>19,026,490</b>	<b>14,827,839</b>

## 6. Statutory receivables (continued)

### Transactions arising from statute

The following prescripts authorise the municipality to charge and collect funds to fund its mandate. The resulting receivables are therefore classified as statutory receivables and are disclosed as such as per GRAP 108 Statutory Receivables:

- Section 229(1) of the Constitution of the Republic of South Africa;
- Municipal Properties Rates Act; and
- Administrative Adjudication of Road Traffic Offences Act.

### Determination of transaction amount

The municipality initially measures statutory receivables at their transaction amount. The transaction amount for the purposes of GRAP 108 Statutory Receivables means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

## 7. VAT receivable

VAT	1,788,995	6,592,955
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The municipality is registered for VAT with SARS on payment basis. This means that the municipality can only claim input or declare output VAT from SARS (depending on the type of supply) based on the payments made to creditors and actual cash receipts/collections from debtors respectively. However, for financial reporting purposes the municipality reports on accrual basis of accounting. VAT receivable balance as per these Annual Financial Statements reflects actual VAT receivable from SARS statement of account and, deferred tax asset and liabilities on outstanding payments to creditors and outstanding collections from debtors as at reporting date, respectively.

VAT Receivable [Payment basis]	3,559,174	2,901,302
Add: Deferred VAT on liabilities	1,128,123	1,273,530
Less: Deferred VAT on receivables	(2,898,302)	(1,273,233)
Add: VAT refunds relating to prior years	-	3,691,356
	<b>1,788,995</b>	<b>6,592,955</b>

VAT Receivable is VAT receivable from SARS as at reporting date.

Deferred VAT asset and liability disclosed is VAT not yet claimable and payable to SARS as at reporting date. These balances arise from input and output VAT transactions on outstanding creditors and debtors as at reporting date, respectively.

## 8. Call and investments deposits

Call investment deposits consist of deposits and conditional grants that are ringfenced to be cash backed.

### **Nedbank - Mandeni branch -**

#### **Call investment deposits**

**Account number - 23581136/9998**

Cash book balance	-	1,892,394
Bank statement balance	-	1,892,394

### **Nedbank - Mandeni branch**

#### **Call investment deposits**

**Account number - 037881155450 000020**

Cash book balance	65,000,000	-
Bank statement balance	65,000,000	-

### **First National Bank - Mandeni branch -**

#### **Call investment deposits**

**Account number - C061294217372**

Cash book balance	14,084,602	36,146,884
Bank statement balance	14,084,602	37,646,884

### **First National Bank - Mandeni branch -**

#### **Call investment deposits**

**Account number - C062028673219**

Cash book balance	1,877,573	1,825,991
Bank statement balance	1,877,573	1,825,991

### **First National Bank - Mandeni branch -**

#### **Call investment deposits**

**Account number - C062812286400**

Cash book balance	(152,378)	1,713,928
Bank statement balance	24,080	2,239,306

### **First National Bank - Mandeni branch -**

#### **Call investment deposits**

**Account number - C062252919471**

Cash book balance	-	615
Bank statement balance	-	615

### **First National Bank - Mandeni branch -**

#### **Call investment deposits**

**Account number - C062113325882**

Cash book balance	280,655	247,915
Bank statement balance	280,655	247,915

### **Standard Bank - Mandeni branch -**

#### **Call investment deposits**

**Account number - 068637527003**

Cash book balance	-	1,717,624
Bank statement balance	-	1,717,624

### **First National Bank - Mandeni branch -**

#### **Call investment deposits**

**Account number - C062527527462**

Cash book balance	2,874,430	1,978,787
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Bank statement balance

2,874,430

1,499,861

#### 8. Call and investments deposits (continued)

**First National Bank - Mandeni branch -**

**Call investment deposits**

**Account number - C062538203449**

Cash book balance	3,715,886	4,116,775
Bank statement balance	3,715,886	4,116,775

**Nedbank - Mandeni branch**

**Call investment deposits**

**Account number - 037881155450 000018**

Cash book balance	50,000,000	-
Bank statement balance	50,000,000	-

**First National Bank - Mandeni branch**

**Call investment deposits -**

**Account number - C062812286963**

Cash book balance	6,181,133	6,432,922
Bank statement balance	6,285,161	6,432,923

**Standard Bank - Mandeni branch -**

**Call investment deposits**

**Account number - 068637527005**

Cash book balance	-	65,000,000
Bank statement balance	-	65,000,000

**Nedbank - Mandeni branch - Call Investment deposit**

**Account number - 037881155450 015**

Cash book balance	30,000,000	30,000,000
Bank statement balance	30,000,000	30,000,000

**Nedbank - Mandeni branch - Call Investment deposit**

**Account number - 037881155450 019**

Cash book balance	30,000,000	30,000,000
Bank statement balance	30,000,000	30,000,000

<b>Cash book balance</b>	<b>203,861,901</b>	<b>181,073,835</b>
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**Split between current and non-current portions**

Current assets	138,861,901	181,073,835
Non-current assets	65,000,000	-
	<b>203,861,901</b>	<b>181,073,835</b>

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## 8. Call and investments deposits (continued)

The following call investment deposits have no restrictions on the use of funds:

- Nedbank - Mandeni branch - Call investment deposits  
Account number - 23581136/9998
- Standard Bank - Mandeni branch - Call investment deposits  
Account number - 068637527002
- Standard Bank - Mandeni branch - Call investment deposits  
Account number - 068637527003
- First National Bank - Mandeni branch - Call investment deposits  
Account number - C061294217372
- First National Bank - Mandeni branch - Call investment deposits  
Account number - C062113325882
- Standard Bank - Mandeni branch - Call investment deposits  
Account number - 068637527003
- First National Bank - Mandeni branch - Call investment deposits  
Account number - C062538203449
- Standard Bank - Mandeni branch - Call investment deposits  
Account number - 039971847
- Standard Bank - Mandeni branch - Call investment deposits  
Account number - 068637527005.
- Nedbank - Mandeni branch - Call investment deposits  
Account number - 037881155450 015.
- Nedbank - Mandeni branch - Call investment deposits  
Account number - 037881155450 019.
- Nedbank - Mandeni branch - Call investment deposits  
Account number - 037881155450 018
- Nedbank - Mandeni branch - Call investment deposits  
Account number - 037881155450 020



## 8. Call and investments deposits (continued)

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits  
Account number - C062028673219:

This account may only be used for housing related expenditure.

- First National Bank - Mandeni branch - Call investment deposits  
Account number - C062812286400:

This account may only be used for MIG expenditure.

- First National Bank - Mandeni branch - Call investment deposits  
Account number - C062252919471:

This account may only be used for Neighbourhood Development Program expenditure.

- First National Bank - Mandeni branch - Call investment deposits  
Account number - C062812286963

This account may only be used for housing title deeds.

- First National Bank - Mandeni branch - Call investment deposits  
Account number - C062527527462

This account may only be used for electrification programmes.

Included in the amounts above are capital grants. See note 16 for additional information.

## 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,233	3,739
Bank balances	4,118,381	902,115
	<b>4,119,614</b>	<b>905,854</b>

## 10. Investment property

2022	2021	
Cost / Valuation		Accumulated accumulation

Investment property	88,163,500	-	88,163,500	84,587,000	-	84,587,000
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### Reconciliation of investment property - 2022

	Opening balance				Additions
Investment property	84,587,000	-	-	3,576,500	88,163,500

### Reconciliation of investment property - 2021

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
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Investment property	70,116,000	-	- (1,490,000)	15,961,000	84,587,000
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## 10. Investment property (continued)

### Pledged as security

No items of investment property have been pledged as security.

### Details of valuation

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.

#### Fair value of investment properties

Portion 6 of Farm Lot 5 Ca No. 8440	30,000	30,000
Lot 56 of Padianager	60,000	58,000
Lot 1203 of Mandeni - Aloe Road	49,000	47,000
Lot 571 of Mandeni - Anderson Road	250,000	240,000
Lot 504 of Mandeni - Matthews Road	1,730,000	1,670,000
Lot 327 of Mandeni - Greig Road	620,000	600,000
Lot 1466 of Mandeni - Aloe Road	302,000	290,000
Portion 4 of Farm Lot 13 Tugela No. 13862	780,000	750,000
The Farm Lot 5 Ca No. 8440	1,450,000	1,400,000
Remainder of Farm Lot 30 Inyoni No. 13890	55,400,000	53,000,000
Lot 1340 of Mandeni	43,500	42,000
Lot 1018 of Mandeni	220,000	210,000
Lot 175 of Padianagar	140,000	135,000
Lot 48 Tugela Mouth	280,000	270,000
Portion 6 Lot 9901 Newark no. 2621	1,300,000	1,270,000
Various lots Padianagar	4,102,500	3,949,000
Various lots Tugela	458,000	442,000
Various lots Tugela Ext 3	1,564,000	1,505,000
Various lots Tugela Ext 7	330,000	320,000
Various lots Tugela Ext 8	19,054,500	18,359,000
	<b>88,163,500</b>	<b>84,587,000</b>

#### Investment properties transferred

The following investment properties were transferred by the municipality from investment property to property, plant and equipment because the municipality is planning to build a drivers licence testing centre on those lots. The buildings and lots are to be used for administrative purposes and therefore recognised as property, plant and equipment.

Lot 1410 Mandeni Ext 8	-	190,000
Lot 1411 Mandeni Ext 8	-	180,000
Lot 1412 Mandeni Ext 8	-	130,000
Lot 1422 Mandeni Ext 8	-	990,000
	-	<b>1,490,000</b>

## 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	19,890,000	-	19,890,000	19,890,000	-	19,890,000
Buildings	35,327,302	(3,554,299)	31,773,003	29,568,940	(2,732,173)	26,836,767
Infrastructure	511,243,381	(191,025,834)	320,217,547	487,894,373	(174,563,277)	313,331,096
Community	98,822,147	(25,574,902)	73,247,245	89,001,169	(22,470,631)	66,530,538
Other property, plant and equipment	62,804,862	(23,144,702)	39,660,160	48,937,207	(20,054,954)	28,882,253
<b>Total</b>	<b>728,087,692</b>	<b>(243,299,737)</b>	<b>484,787,955</b>	<b>675,291,689</b>	<b>(219,821,035)</b>	<b>455,470,654</b>

# Mandeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	WIP	Disposals	Depreciation loss	Impairment	Total
		Transferred					
Land	19,890,000	-	-	-	-	-	19,890,000
Buildings	26,836,767	9,010,450	(3,252,088)	-	(822,126)	-	31,773,003
Infrastructure	313,331,096	69,463,682	(35,462,828)	-	(23,584,320)	(3,530,083)	320,217,547
Community	66,530,538	15,857,135	(6,036,158)	-	(3,104,270)	-	73,247,245
Other property, plant and equipment	28,882,253	15,614,639	-	(731,912)	(4,104,820)	-	39,660,160
	<b>455,470,654</b>	<b>109,945,906</b>	<b>(44,751,074)</b>	<b>(731,912)</b>	<b>(31,615,536)</b>	<b>(3,530,083)</b>	<b>484,787,955</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	WIP	Disposals	Transfers received	Depreciation loss	Impairment	Total
			Transferred					
Land	18,400,000	-	-	-	1,490,000	-	-	19,890,000
Buildings	24,428,498	4,380,308	(869,763)	(348,451)	-	(728,825)	(25,000)	26,836,767
Infrastructure	309,087,970	56,989,565	(29,953,612)	(2,252)	-	(22,137,017)	(653,558)	313,331,096
Community	62,095,564	10,407,389	(1,036,283)	(145,176)	-	(3,022,729)	(1,768,227)	66,530,538
Other property, plant and equipment	22,085,675	11,357,838	-	(1,153,890)	-	(3,407,370)	-	28,882,253
	<b>436,097,707</b>	<b>83,135,100</b>	<b>(31,859,658)</b>	<b>(1,649,769)</b>	<b>1,490,000</b>	<b>(29,295,941)</b>	<b>(2,446,785)</b>	<b>455,470,654</b>



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

### Property, plant and equipment in the process of being constructed or developed

#### Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Re-alignment of Thokoza Road to P415 - Street lighting 2,160,034 2,160,034  
Project was partially commissioned in 2018/19. Only the streetlights were not commissioned as they were not complete at the time. This project is planned to be commissioned during the 2022-2023 Financial Year

Nyoni Phase 4 Taxi Routes 3,853,905 -  
DWS has issued the WULA and PSP has been appointed by the Municipality to oversee the implementation of Nyoni Phase 4 Taxi Routes on the 17th of August 2022. The project will go out on tender upon the approval of the detail designs by the Technical Department.

Nyoni Phase 3A - Underpass & Intersection 6,283,246 -  
The project is 90% complete as at 30 June 2022. The underpass requires lighting, stormwater, palisade fencing, handrails and kerbing.

**12,297,185 2,160,034**

### Reconciliation of Work-in-Progress 2022

Included within	Included within	Included within		Total
	Infrastructure	Community	Other PPE	
Opening balance	33,426,458	10,634,701	5,227,270	49,288,429
Transfers	1,225,342	(1,225,342)	-	-
Additions/capital expenditure	31,932,974	9,392,469	5,820,242	47,145,685
WIP impaired	(2,020,782)	-	-	(2,020,782)
Transferred to completed items	(35,462,828)	(6,036,158)	(3,252,088)	(44,751,074)
	<b>29,101,164</b>	<b>12,765,670</b>	<b>7,795,424</b>	<b>49,662,258</b>

### Reconciliation of Work-in-Progress 2021

Included within	Included within	Included within		Total
	Infrastructure	Community	Other PPE	
Opening balance	37,454,398	4,254,483	2,611,488	44,320,369
Additions/capital expenditure	26,575,852	9,184,728	3,510,545	39,271,125
WIP impaired	(650,179)	(1,768,227)	(25,000)	(2,443,406)
Transferred to completed items	(29,953,613)	(1,036,283)	(869,763)	(31,859,659)
	<b>33,426,458</b>	<b>10,634,701</b>	<b>5,227,270</b>	<b>49,288,429</b>

### 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

Buildings	332,252	-
Infrastructure	3,984,594	4,052,614
Community	7,199,106	5,747,808
Other property, plant and equipment	692,340	632,064
	<b>12,208,292</b>	<b>10,432,486</b>

## 12. Intangible assets

2022

Cost / Valuation

2021

Accumulated  
accumulat

Computer software	1,678,382	(1,201,529)	476,853	1,765,338	(1,091,213)	674,125
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### Reconciliation of intangible assets - 2022

	Opening balance	Disposals	Amortisation	Total
Computer software	674,125	(86,956)	(110,316)	476,853

### Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	779,811	(105,686)	674,125

### Pledged as security

No items of intangible assets were pledged as security.

## 13. Finance lease obligation

### Minimum lease payments due

- within one year	236	55,880
- in second to fifth year inclusive	-	236

### Present value of minimum lease payments

<b>236</b>	<b>56,116</b>
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### Present value of minimum lease payments due

Present value of minimum lease payments due		
- within one year	13,719	896,351
- in second to fifth year inclusive	-	13,719
	<b>13,719</b>	<b>910,070</b>

Non-current liabilities

Current liabilities

-	13,719
13,719	896,351
<b>13,719</b>	<b>910,070</b>

The average lease term is 3 years and the average effective borrowing rate is 10.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

In May 2017, the municipality entered into a 60 months instalment sale agreement with Wesbank for 10 vehicles, the contract term ended in May 2022. Further to that in September 2017, the municipality entered into another 60 months instalment sale agreement with Westbank for 2 additional vehicles, the contract ends in September 2022.



#### 14. Payables from exchange transactions

Trade payables	7,334,012	8,585,550
Retention	7,459,054	4,979,623
Other payables	1,629,378	1,190,062
Unallocated deposits	2,022,917	1,958,519
Leave accrual	11,951,569	12,237,779
Bonus accrual	2,280,017	3,227,412
	<u>32,676,947</u>	<u>32,178,947</u>
Cashier's collections	(185,387)	(39,861)
	<u><b>32,491,560</b></u>	<u><b>32,139,086</b></u>

#### 15. Consumer deposits

Electricity	269,853	290,048
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No guarantees are held in lieu of Electricity Deposits.

#### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Library KZNPA grant	119	119
Sport and recreation grant	57,961	57,961
MIG	-	1,717,107
Housing Title Deed grant	5,772,607	6,206,810
Scheme Support Grant	-	43,035
INEP grant	2,874,433	2,039,230
Equitable share - COVID-19 grant	-	20,015,145
	<u><b>8,705,120</b></u>	<u><b>30,079,407</b></u>

#### Movement during the year

Balance at the beginning of the year	30,079,407	26,216,907
Additions during the year	242,105,798	51,192,741
Income recognition during the year	(263,480,085)	(47,330,241)
	<u><b>8,705,120</b></u>	<u><b>30,079,407</b></u>

See note 26 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 8 for additional information.

## 17. Employee benefit obligations

### Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, SAMWU, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by 1Pangaea Expertise Solutions. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

### Multi-employer pension funds

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors. Employees

belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes. All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

**The amounts recognised in the statement of financial position are as follows:**

#### Carrying value

Present value of the defined benefit obligation-partly or wholly funded	(22,795,217)	(23,593,831)
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#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	18,696,772	15,826,554
Net expense recognised in the statement of financial performance	(694,025)	2,870,218
	<b>18,002,747</b>	<b>18,696,772</b>

### Net expense recognised in the statement of financial performance

Current service cost	1,211,001	1,026,308
Interest cost	2,201,962	2,180,939
Benefits paid	(509,766)	(362,732)
Actuarial (gains) losses	(3,597,222)	25,703
	<b>(694,025)</b>	<b>2,870,218</b>

### Key assumptions used

Assumptions used at the reporting date:

Expected retirement age		63	63
Discount rates used	12.27 %	8.65 %	
Medical cost trend rates	9.28 %	8.74 %	
Consumer price inflation	7.78 %	5.45 %	
Net effective discount rate	2.74 %	2.07 %	

Percentage of in-service members withdrawing before retirement

	Female	Male
Age 20 - 24	16.0 %	24.0 %
Age 25 - 29	12.0 %	18.0 %
Age 30 - 34	10.0 %	15.0 %
Age 35 - 40	8.0 %	10.0 %
Age 40 - 44	6.0 %	6.0 %
Age 45 - 49	4.0 %	4.0 %
Age 50 - 54	2.0 %	2.0 %
Age 55 - 59	1.0 %	1.0 %
Age 60+	- %	- %

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

**Discount Rate:** GRAP 25 stipulates that the choice of this rate should be derived from government bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate at 30 June 2022 is 12.27% which represents the average yield from the zero coupon government bond curve over a 15 to 20 year term.

**Salary Inflation Rate:** This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

**General Salary Inflation:** This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 7.78% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long term government bonds with a duration of 15 to 20 years, adjusting for an inflation risk premium of 1% per annum.

It has been assumed that the next salary increase will take place on 1 July 2022.

The next contribution increase was assumed to occur with effect from 1 January 2022.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

### Long service awards and retirement gifts

The independent valuers, 1Pangaea Expertise Solutions, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	10.93 %	8.65 %
General salary inflation (long term)	8.24 %	6.45 %
Net effective discount rate	2.49 %	2.07 %

Examples of mortality rates used were as follows:

Average retirement age	63	63
Mortality during employment	SA 85-90	

### Membership summary

Number of members	250	261
Average age of members (years)	41.12	41.05
Average past service (years)	8.58	8.48
Average salary (annual)	286,601	300,54

### Benefit Structure

Service years	Award (Number of days) 5	Award (Number of days) 5
5		
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	4,897,059	3,638,565
Current service cost	540,870	408,225
Interest cost	396,188	328,312
Expected benefit payments	(633,712)	(163,101)
Recognised actuarial (gains) / losses	(407,935)	685,058
<b>Balance at end of year</b>	<b>4,792,470</b>	<b>4,897,059</b>

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	540,870	408,225
Interest cost	396,188	328,312
Benefit payment	(633,712)	(163,101)
Actuarial (gains) / loss	(407,935)	685,058
	<b>(104,589)</b>	<b>1,258,494</b>

In conclusion:

**Statement of Financial Position obligation for**

Long service award liability	4,792,470	4,897,059
Retirement benefit liability	18,002,747	18,696,772
	<b>22,795,217</b>	<b>23,593,831</b>

**Statement of Financial Performance obligation for**

Long service award expense	104,589	(1,258,494)
Retirement benefit expense	694,025	(2,870,218)
	<b>798,614</b>	<b>(4,128,712)</b>

**Key assumptions used**

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA - this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 8.89% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

## 18. Accumulated surplus

### Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
<b>Balance at 01 July 2020</b>	<b>151,731,208</b>	<b>50,941,129</b>	<b>391,172,249</b>	<b>593,844,586</b>
Surplus for the year	-	-	74,446,146	74,446,146
Prior year adjustments	-	-	3,204,789	3,204,789
Reserves	-	-	44,587	44,587
<b>Restated balance at 01 July 2021</b>	<b>151,731,208</b>	<b>50,941,129</b>	<b>468,867,771</b>	<b>671,540,108</b>
Surplus for the year	-	-	80,559,824	80,559,824
Reserves	-	-	51,583	51,583
<b>Balance at 30 June 2022</b>	<b>151,731,208</b>	<b>50,941,129</b>	<b>549,479,178</b>	<b>752,151,515</b>

## 19. Revenue

Service charges	56,776,414	43,822,143
Rental of facilities and equipment	324,595	332,926
Licences and permits	791,212	800,166
Other income	825,358	1,010,655
Interest received - external investments	10,694,201	7,469,834
Property rates	43,599,893	50,869,922
Property rates - penalties imposed	3,387,193	4,084,279
Government grants and subsidies	263,840,085	251,779,560
Fines	1,201,534	281,183
Donations received	1,649,000	-
	<b>383,089,485</b>	<b>360,450,668</b>

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

Service charges	56,776,414	43,822,143
Rental of facilities and equipment	324,595	332,926
Licences and permits	791,212	800,166
Other income	825,358	1,010,655
Interest received - external investment	10,694,201	7,469,834
	<b>69,411,780</b>	<b>53,435,724</b>

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

#### Taxation revenue

Property rates	43,599,893	50,869,922
Property rates - penalties imposed	3,387,193	4,084,279

#### Transfer revenue

Government grants and subsidies	263,840,085	251,779,560
Fines	1,201,534	281,183
Donated assets income	1,649,000	-

**313,677,705 307,014,944**

## 20. Service charges

Sale of electricity	45,958,290	34,671,837
Refuse removal	10,818,124	9,150,306
	<b>56,776,414</b>	<b>43,822,143</b>

## 21. Rental of facilities and equipment

### Premises

Hall hire	113,655	62,570
Municipal properties	174,976	232,322
Stalls rental	35,965	38,035
	<b>324,596</b>	<b>332,927</b>

## 22. Licences and permits

Drivers licences	13,043	12,000
Business licences	9,395	22,166
Learners licences	768,774	766,000
	<b>791,212</b>	<b>800,166</b>

## 23. Other income

Building plan fees	53,902	62,316
Sundry income	387,070	741,983
Connection fees	75,331	95,126
Photocopier charges	56,981	26,557
Rates clearance certificates	27,342	20,956
Town planning fees	37,694	34,858
Escort fees	187,038	28,859
	<b>825,358</b>	<b>1,010,655</b>

## 24. Investment revenue

### Interest revenue

Bank and call deposits	10,694,201	7,469,834
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## 25. Property rates

### Rates received

Residential	17,403,438	15,732,982
Commercial	26,645,475	25,714,310
State	11,194,093	17,618,437
Less: Rebates	(11,643,113)	(8,195,807)

	43,599,893	50,869,922
Property rates - penalties imposed	3,387,193	4,084,279

**46,987,086 54,954,201**

### Valuations

Residential	1,147,644,000	1,183,907,000
Commercial	375,176,000	342,426,000
Industrial	127,837,000	122,137,000
Industrial Estate Special	855,622,000	853,972,000
Mining	15,000,000	2,100,000
Agricultural	387,217,000	420,060,000
Municipal	137,961,000	137,961,000
Public Services Infrastructure	20,343,000	11,040,000
Public Benefit Organisation	49,903,000	47,734,000
Vacant land	114,227,800	43,964,800
State Trust land	446,500,000	428,800,000
Public Services Purposes	422,300,000	439,500,000
Place of Worship	15,030,000	25,669,000

**4,114,760,800 4,059,270,800**

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential	0.0147	0.0140
Commercial	0.0250	0.0238
Industrial	0.0250	0.0238
Industrial Estate Special	0.0250	0.0238
Mining	0.0250	0.0238
Agriculture	0.0037	0.0035
Public Service Infrastructure	0.0037	0.0035
State	0.0234	0.0223
State Trust land	0.0186	0.0177
Vacant land	0.0234	0.0223
Place of worship	0.0234	0.0223
Public benefit organisation	0.0234	0.0223

All residential property owners are exempt from paying rates on the first R15,000 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.



## 26. Government grants and subsidies

### Operating grants

Equitable share	191,149,220	181,342,000
Finance Management Grant	1,850,000	2,345,779
Equitable share - COVID-19	20,015,155	17,044,855
Scheme Support Grant	-	447,880
Library grant	4,214,000	6,219,113
Municipal Disaster Relief Grant	-	393,191
EPWP Grant	2,435,000	2,387,000
LGSETA	227,603	134,901
	<b>219,890,978</b>	<b>210,314,719</b>

### Capital grants

Municipal Infrastructure Grant	43,949,107	41,464,841
	<b>263,840,085</b>	<b>251,779,560</b>

### EPWP Grant

Current-year receipts	2,435,000	2,387,000
Conditions met - transferred to revenue	(2,435,000)	(2,387,000)
	-	-

Poverty alleviation programme.

### Municipal Infrastructure Grant

Balance unspent at beginning of year	1,717,107	15,785,947
Current-year receipts	42,232,000	34,719,000
Conditions met - transferred to revenue	(43,949,107)	(41,464,840)
Rollover funds withheld by National Treasury	-	(7,323,000)
	-	<b>1,717,107</b>

This grant is used to construct roads infrastructure and related community projects.

### Sports and Recreation Grant

Balance unspent at beginning of year	57,961	57,961
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Conditions still to be met - remain liabilities (see note 16).

To pay salaries and facility refurbishment.

### Scheme Support Grant

Balance unspent at beginning of year	43,035	490,914
Repayment of unspent grant	(43,035)	(447,879)
	-	<b>43,035</b>

Software for improving building plans.

## 26. Government grants and subsidies (continued) Finance

### Management Grant

Balance unspent at beginning of year	-	445,779
Current-year receipts	1,850,000	1,900,000
Conditions met - transferred to revenue	(1,850,000)	(2,345,779)
	-	-

Capacity building for the Budget and Treasury Office.

### LGSETA

Current-year receipts	227,603	134,901
Conditions met - transferred to revenue	(227,603)	(134,901)
	-	-

Capacity building for the municipality.

### Library Grant

Balance unspent at beginning of year	119	2,190,232
Current-year receipts	4,214,000	4,029,000
Conditions met - transferred to revenue	(4,214,000)	(6,219,113)
	119	119

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

To build modular library.

### Municipal Disaster Relief Grant

Balance unspent at beginning of year	-	393,191
Conditions met - transferred to revenue	-	(393,191)
	-	-

The grant is for disaster relief relating to COVID-19.

### Equitable share - COVID-19

Balance unspent at beginning of year	20,015,145	-
Current-year receipts	-	37,060,000
Conditions met - transferred to revenue	(20,015,145)	(17,044,855)
	-	20,015,145

The grant is for disaster relief and support relating to COVID-19.

## 27. Fines

Library fines	284	983
Traffic fines	1,201,250	280,200
	1,201,534	281,183

## 28. Donated assets income

Donated assets	1,649,000	-
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The assets were donated by the KwaZulu-Natal Department of Arts and Culture to the Mandeni municipality's libraries.

## 29. Employee related costs

Basic	71,435,717	66,668,325
Bonus	5,151,659	5,401,386
Medical aid - company contributions	5,272,609	5,721,544
UIF	486,699	412,125
WCA	50,561	53,837
Leave pay accrual	585,164	2,927,070
Defined contribution plans	10,691,847	10,269,617
Overtime payments	1,826,171	1,436,842
Car allowance	3,802,597	3,717,554
Housing benefits and allowances	1,280,577	1,270,365
Cellphone allowance	451,584	469,257
Bonus - Former Directors	-	366,552
Long service awards	1,440,402	622,739
	<b>102,475,587</b>	<b>99,337,213</b>

### Remuneration of Municipal Manager

Annual Remuneration	1,112,976	1,112,976
Car Allowance	188,307	188,307
Performance Bonuses	-	70,517
Contributions to UIF, Medical and Pension Funds	114	28
	<b>1,301,397</b>	<b>1,371,828</b>

### Remuneration of Chief Finance Officer

Annual Remuneration	808,461	808,461
Car Allowance	260,082	260,082
Contributions to UIF, Medical and Pension Funds	28	28
	<b>1,068,571</b>	<b>1,068,571</b>

### Remuneration of Director Corporate Services

Annual Remuneration	1,068,547	1,068,542
Contributions to UIF, Medical and Pension Funds	28	28
	<b>1,068,575</b>	<b>1,068,570</b>

### Remuneration of Director Community Services

Annual Remuneration	924,288	924,288
Car Allowance	144,256	144,255
Contributions to UIF, Medical and Pension Funds	28	28
	<b>1,068,572</b>	<b>1,068,571</b>

## 29. Employee related costs (continued)

### Remuneration of Director Technical Services

Annual Remuneration	842,328	842,328
Car Allowance	226,216	226,213
Performance Bonuses	-	66,205
Contributions to UIF, Medical and Pension Funds	28	28
	<b>1,068,572</b>	<b>1,134,774</b>

### Remuneration of Director EDPHS

Annual Remuneration	890,328	890,328
Car Allowance	178,215	178,213
Performance Bonuses	-	57,929
Contributions to UIF, Medical and Pension Funds	28	28
	<b>1,068,571</b>	<b>1,126,498</b>

<b>109,119,850</b>	<b>106,176,030</b>
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## 30. Remuneration of councillors

Mayor	900,936	901,659
Deputy Mayor	728,988	729,488
Mayoral Committee Members	2,458,032	2,575,871
Speaker	728,989	729,488
Councillors	7,129,597	5,765,830
Councillors allowances	1,851,063	2,825,661
	<b>13,797,605</b>	<b>13,527,997</b>

### In-kind benefits

#### The Mayor

The Mayor has access to the office and secretarial support at the cost of Council and is provided with the following:2

bodyguards

1 driver

2 municipal vehicles purchased

Tools of trade as Gazette 46740: Determination of upper limit on Office bearers

#### The Speaker

The Speaker has access to the office and secretarial support at the cost of Council and is provided with the following:1 driver.

1 municipal vehicle purchased

Tools of trade as Gazette 46740: Determination of upper limit on Office bearers

### 30. Remuneration of councillors (continued)

#### Deputy Mayor

The Deputy Mayor has access to the office at the cost of Council and is provided with the following: 1 driver.

1 municipal vehicle purchased

Tools of trade as Gazette 46740: Determination of Upper Limit of Office Bearers.

All the vehicles used by the Mayor, Deputy Mayor and Speaker are owned by the municipality and not leased.

#### 31. Depreciation and amortisation

Property, plant and equipment	31,615,536	29,295,939
Intangible assets	110,316	105,686
	<b>31,725,852</b>	<b>29,401,625</b>

#### 32. Bulk purchases

Electricity - Eskom	36,574,524	28,815,906
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#### 33. Impairment loss

##### Impairments

Property, plant and equipment	3,530,083	2,446,786
Impairment loss is due to the rehabilitation of several roads in Mandeni Ward 3 and in Sundumbili Ward 15 i.e. Msomuhle and Manono roads. Further to that the Work in Progress relating to Hlomendlini Taxi Route unsurfaced Sidewalks and the portion of Access Road no.1 to P459 were impaired.		

#### 34. Debt impairment

Contributions to debt impairment provision	20,429,748	34,245,358
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#### 35. Lease rentals on operating lease

##### Motor vehicles

Contractual amounts	146,410	122,510
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##### Equipment

Contractual amounts	1,303,838	1,572,904
	<b>1,450,248</b>	<b>1,695,414</b>

#### 36. Finance costs

Trade and other payables	2,581	166,750
Finance leases	55,880	165,193
Retirement benefit obligation	2,598,150	2,509,251
	<b>2,656,611</b>	<b>2,841,194</b>

### 37. Contracted services

#### Consultants and Professional Services

Business and advisory	5,151,403	2,095,467
Legal cost	2,970,908	2,592,302
Audit committee fees	194,783	214,300
Shared services	262,000	564,460

#### Contractors

Fire services	4,041,006	3,311,068
Maintenance of buildings and facilities	19,721,432	24,696,314
Prepaid electricity vendors	1,574,097	475,772
Graphic designers	-	157,330
Third party vendors commission	2,470,762	-

#### Outsourced Services

Internal auditors	1,367,929	556,957
Transport services	266,800	60,500
Security services	11,580,493	10,119,833
Catering services	1,048,163	454,681
Refuse removal	4,505,868	4,008,697
Cleaning services	360,256	302,696
Valuers	421,848	408,018

<b>55,937,748</b>	<b>50,018,395</b>
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### 38. General expenses

Advertising	1,288,719	1,284,873
Auditors remuneration	1,692,387	1,744,887
Bank charges	380,657	487,259
Cleaning	-	12,000
Electricity - internal	1,239,147	1,082,670
Fuel and oil	5,598,905	3,299,813
Hire charges	1,069,611	324,337
LED Vuthela (SECO)	300,000	600,000
IT expenses	11,610	11,783
Insurance	1,689,258	1,757,567
LED programs	855,612	-
Levies	989,688	772,195
Licences	3,478,114	3,163,745
Vehicle tracking expenses	70,133	-
Hygiene and disinfecting services	-	483,065
Pauper / Indigent burial	364,250	245,364
Postage and courier	92,761	111,084
Printing and stationery	902,031	896,292
Free basic electricity	1,535,090	1,556,694
Staff welfare	119,949	105,543
Subscriptions and membership fees	42,975	494,905
Subsistence and travelling	2,768,173	633,909
Telephone and fax	2,411,231	3,270,421
Training	1,183,049	2,142,163
Uniforms	1,129,256	947,665
Ward committees	2,091,200	2,079,000
Water	576,683	689,878
Workmens compensation	692,513	900,000
Youth programs	1,497,178	1,488,019

<b>34,070,180</b>	<b>30,585,131</b>
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### 39. Loss on disposal/scrappings of assets

Assets at cost	(1,833,952)	(3,653,080)
Accumulated depreciation	1,015,083	2,003,309
Carrying amount	(818,869)	(1,649,771)
Proceeds from sale of assets	-	148,846
<b>Loss on disposal/scrappings of assets</b>	<b>(818,869)</b>	<b>(1,500,925)</b>

### 40. Fair value adjustments

Investment property (Fair value model)	3,576,500	15,961,000
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The property valuations have been carried out in terms of GRAP 16 by an Independent Professional Valuer i.e. BPGMass Appraisals. Market value has been undertaken in accordance with standards laid down by the International Valuations Standards Council.

### 41. Auditors' remuneration

Fees	1,692,387	1,744,887
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### 42. Cash generated from operations

Surplus	80,559,824	74,446,146
<b>Adjustments for:</b>		
Depreciation and amortisation	31,725,852	29,401,625
Loss on sale of assets and liabilities	818,869	1,500,925
Fair value adjustments	(3,576,500)	(15,961,000)
Impairment deficit	3,530,083	2,446,786
Debt impairment	20,429,748	34,245,358
Movements in operating lease assets and accruals	-	(6,217)
Movements in retirement benefit assets and liabilities	(798,614)	4,128,712
Donated assets income (non cash)	(1,649,000)	-
<b>Changes in working capital:</b>		
Inventories	56,640	115,908
Receivables from exchange transactions	(12,232,589)	(4,176,134)
Receivables from non-exchange transactions	(5,248,267)	(24,086,746)
Statutory receivables	(6,985,571)	3,903,497
Payables from exchange transactions	352,473	13,455,844
VAT	4,803,960	(417,998)
Unspent conditional grants and receipts	(21,374,287)	3,862,500
Consumer deposits	(20,195)	(90,019)
	<b>90,392,426</b>	<b>122,769,187</b>

#### 43. Commitments

##### Authorised capital expenditure

##### Total capital commitments

• Approved and contracted for	27,221,896	17,258,075
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##### Total commitments

Authorised capital expenditure	27,221,896	17,258,075
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##### Finance leases - as lessee (expense)

##### Minimum lease payments due

- within one year	13,719	893,490
- later than five years	-	-
	<b>13,719</b>	<b>893,490</b>

##### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	351,093	526,640
- in second to fifth year inclusive	-	351,093
	<b>351,093</b>	<b>877,733</b>

The municipality leases office space from MM Abrahams for two premises. The first lease for Renckens Super is effective from 1 October 2016 to 30 September 2021, with an annual escalation rate of 8%. The second lease is for Shop 12-13 and it is effective from 1 November 2017 to 31 October 2020, with an annual escalation rate of 9%.

There were no defaults or breaches and no terms or conditions were renegotiated during the reporting period.



#### 44. Contingencies

##### Contingent assets

Name of entity	Attorney	Rand value2022	Rand value2021	Reference
JD Biyela	Matthew Francis Inc.	30,000	30,000	44.1

- 44.1 A dismissed employee referred an unfair dismissal dispute to the South African Bargaining Council and lost the dispute with costs to the favour of the municipality. The award ruled that the dispute was frivolous and vexatious and therefore the applicant is held liable for costs.

##### Contingent liabilities

A contingent liability is a possible obligation, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the municipality or a present obligation that is not recognised because, the outflow of economic benefits or service potential is not probable or a real present obligation, that may not be recognised, either because the timing or because the measurement is not known.

The following were identified as contingent liabilities stemming from the interaction with our municipal lawyers as they could result in possible claims against the municipality:

Name of entity	Attorney	Rand value 2022	Rand value 2021	Reference
Independent Ethiopian Church of SA	TKN Incorporated	800,000	800,000	44.2
The Rate payers Association of Tugela Mouth	TKN Incorporated	124,818	124,818	44.3
B A Mchunu	Matthew Francis Inc.	-	100,000	44.4
LQ Mtshali	Matthew Francis Inc.	-	100,000	44.5
BS Mthembu	Matthew Francis Inc.	-	50,000	44.6
MA Mthembu	Ngubane & Associates	1,854,353	1,615,205	44.7
TD Nxumalo	TKN Incorporated	295,000	71,532	44.8
S.B Dlamini	TKN Incorporated	-	471,532	44.9
S Khoza	TKN Incorporated	124,818	600,000	44.10
Amalunga Nembe & Dendewethu Taxi Association & Others	TKN Incorporated	500,000	40,253	44.11
MEC Transport	TKN Incorporated	-	234,217	44.12
Hlomendlini Traditional Council and Inkosi Ngcobo	TKN Incorporated	300,000	387,707	44.13
Mazibuko/Transnet	TKN Incorporated	500,000	500,000	44.14
IMATU obo T.L Samuels	Ngubane & Associate	-	100,000	44.15
AM Sibiya	TKN Incorporated	1,000,000	1,082,278	44.16
		<b>5,498,989</b>	<b>6,277,542</b>	

- 44.2 The eviction in Court has been postponed to allow for an application for registration of a servitude which is already under way and Boshoff land surveyors in Ballito have been appointed to prepare diagrams to be used for the registration of Thokoza road servitude with the Master of the High Court in Pietermaritzburg. At year end, the matter was still pending. The matter is set down on the opposed roll for hearing on 24 January 2023. We await confirmation/ permission to build the road from the ITB.

- 44.3 Rate Payers Association is demanding that the municipality to implement bylaws and control the influx within the Tugela Beach. Pleadings closed and the parties await trial dates to be allocated. Trial could last at least 7 days in Court.

- 44.4 The Municipality (along with the Commissioner who upheld the dismissal ruling) was taken to the Labour Court by a formerly dismissed Traffic Officer. After years of court proceedings the employee (applicant) has failed to put forward any further evidence and or documentation on the review. The case has been dismissed.

#### 44. Contingencies (continued)

- 44.5 The Municipality (along with the Commissioner who upheld the dismissal ruling) was taken to the Labour Court by a formerly dismissed Traffic Officer. After years of court proceedings the employee (applicant) has failed to put forward any further evidence and or documentation on the review. The case has been dismissed.
- 44.6 The Municipality (along with the Commissioner who upheld the dismissal ruling) was taken to the Labour Court by a formerly dismissed Traffic Officer. After years of court proceedings the employee (applicant) has failed to put forward any further evidence and or documentation on the review. The case has been dismissed.
- 44.7 Former Manager Special Programme referred the matter to the SALGBC alleging Unfair Dismissal. The matter launched at the Labour Court.
- 44.8 Attended Court on the 15th of November 2021 at the Regional Court of Empangeni to note judgement. Our application was dismissed with reserved costs pending the finalisation of our Rule 60A application to be heard on the 14th of March 2022. Rule 60A was also dismissed. The municipality has now received a Notice of set down for the 23rd of September 2022.
- 44.9 Attended Court on the 15th of November 2021 at the Regional Court of Empangeni to note judgement. Our application was dismissed with reserved costs pending the finalisation of our Rule 60A application to be heard on the 14th of March 2022. Rule 60A was also dismissed. The municipality has now received a Notice of set down for the 23rd of September 2022.
- 44.10 Attended Court on the 15th of November 2021 at the Regional Court of Empangeni to note judgement. Our application was dismissed with reserved costs pending the finalisation of our Rule 60A application to be heard on the 14th of March 2022. Rule 60A was also dismissed. The municipality has now received a Notice of set down for the 23rd of September 2022.
- 44.11 The matter is between the MEC for Transport, Mandeni and Malunga of Nembe Dendethu Taxi Association. To evict illegal Taxi Association. The matter is with the Pietermaritzburg High Court.
- 44.12 Application for leave to appeal heard and granted. Attending to compiling the record for purposes of setting the matter down for an appeal.
- 44.13 Application to join other respondents was granted. Attended to serving the joint respondents with all Court documents. Attending to further serving all respondents with the Court order and Notice of set down. Main application set down for the 23rd of January 2023.
- 44.14 Application to demolish all illegal businesses on Thokoza road servitude set down for the 23rd of January 2023. Currently attending to setting down a joint application to join Ingonyama Trust.
- 44.15 We were instructed to act on behalf of the Municipality in the arbitration hearing for unfair labour practices. The matter is still in progress.
- 44.16 This matter was set down in March 2022. We then received a Notice to oppose which compelled us to remove it from the roll and await their Answering affidavit. Court days have since lapsed for them to file their answering affidavit.

#### 45. Related parties

The key management remuneration is disclosed in note 29 - Employee related costs and note - 30 Remuneration of councillors.

During the year, the municipality was part of principal-agent arrangements. The terms and the monetary values are disclosed in note 58 - Accounting by principals and agents. The municipality also received a donation in the form of assets from a related party, the value of which is disclosed in note 28 - Donated assets income. All the related party transactions were at arm's length.

## 46. Risk management

### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

### Liquidity risk

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.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2022		Less than 1 year			Between 1 and 2 years
Trade and other payables		32,491,560	-	-	-
Consumer deposits		269,853	-	-	-
At 30 June 2021		Less than 1 year	2 years	5 years	Between 1 and 2 years
Trade and other payables		32,139,086	-	-	-
Consumer deposits		290,048	-	-	-

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/ deficit.

Investments	203,861,901	181,073,835
Cash and cash equivalents	4,119,614	905,854
	<b>207,981,515</b>	<b>181,979,689</b>

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter- party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Trade and other receivables from exchange transactions	10,338,769	10,075,322
VAT receivable	1,788,995	6,592,955
	<b>12,127,764</b>	<b>16,668,277</b>

#### 47. Fruitless and wasteful expenditure

##### Reconciliation of fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure current year	616,579	166,750
Condoned or written off by Council	(2,581)	(166,750)
<b>Fruitless and wasteful expenditure at year end</b>	<b>613,998</b>	<b>-</b>

The amount that was written off by Council relates to the interest charged by suppliers on late payments.

#### 48. Irregular expenditure

Opening balance as previously reported	150,000	5,955,275
Prior period adjustment	22,500	-
<b>Opening balance as restated</b>	<b>172,500</b>	<b>5,955,275</b>
Add: Irregular Expenditure - current	14,834,312	10,342,370
Less: Amount written off - current	(13,210,211)	(10,192,370)
Less: Amount written off - prior period	(172,500)	(5,955,275)
<b>Closing balance</b>	<b>1,624,101</b>	<b>150,000</b>

The prior period adjustment on the irregular expenditure was due to Circular 68 issued by National Treasury requesting that irregular expenditure be disclosed inclusive of VAT.

All the irregular expenditure that was investigated by the municipality prior to write off.

#### 49. Unauthorised expenditure

Opening balance as previously reported	-	3,757,348
<b>Opening balance as restated</b>	<b>-</b>	<b>3,757,348</b>
Less: Approved/condoned/authorised by council	-	(3,757,348)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

The Council has authorised the unauthorised expenditure for 2019/20 to the amount of R3,757,348 in the previous year. No unauthorised expenditure was incurred by the municipality in the current year.

#### 50. Additional disclosure in terms of Municipal Finance Management Act

##### Contributions to organised local government

Current year subscription / fee	1,215,742	1,249,844
Amount paid - current year	(1,215,742)	(1,249,844)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

##### Material losses through electricity distribution

Current year subscription / fee	1,086,875	1,366,032
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##### Audit fees

Opening balance	-	-
Current year subscription / fee	1,692,387	1,744,887
Amount paid - current year	(1,692,387)	(1,744,887)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

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

### PAYE and UIF

Opening balance	-	-
Current year subscription / fee	19,469,666	17,723,632
Amount paid - current year	(19,469,666)	(17,723,632)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

### Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	15,976,214	15,326,278
Amount paid - current year	(15,976,214)	(15,326,278)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

### VAT

VAT receivable	1,788,995	6,592,955
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### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June 2022:

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr N Nxumalo	403	8,337	8,740
Cllr NS Ncube	499	11,382	11,881
Cllr LS Zungu	618	73,417	74,035
Cllr NO Dladla	435	401	836
Cllr MB Ngidi	526	45,939	46,465
Cllr BA Khumalo	1,485	14,639	16,124
Cllr BA Mchunu	3,062	21,371	24,433
Cllr LS Mthembu	74	-	74
Cllr SP Naicker	334	860	1,194
Cllr MT Ncanana	444	3,574	4,018
	<b>7,880</b>	<b>179,920</b>	<b>187,800</b>

## 51. Deviation from supply chain management regulations

Contract awards made in terms of Section 36(1) of the SCM policy amounted to R343,500. Details of the awards are summarised in the below table:

Categories of SCM Regulations	SCM Reg reference	Number of cases	% of Total cases	Value (R)	% of Rand Value
In an emergency	36(1)(a)(i)	5	83	148,500	43
Services are available from a single provider	36(1)(a)(ii)	-	-	-	-
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	1	17	195,000	57
		<b>6</b>	<b>100</b>	<b>343,500</b>	<b>100</b>

## Notes to the Annual Financial Statements

### 52. Budget differences

#### Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. The changes between the approved and final budget are due to changes in the overall budget parameters.

Variances of more than 10% are considered material and are explained below:

	Budget	Actual	Variance	% Variance	References
Property rates	50,381,109	46,987,086	(3,394,023)	(7)%	
Service charges	48,762,339	56,776,414	8,014,075	16 %	52.1
Investment revenue	5,500,000	10,694,201	5,194,201	94 %	52.2
Transfers recognised - operational	220,297,780	219,890,978	(406,802)	- %	
Transfers recognised - capital	43,415,468	43,949,107	533,639	1 %	
Other own revenue	3,051,061	12,373,356	9,322,295	306 %	52.3
	<b>371,407,757</b>	<b>390,671,142</b>	<b>19,263,385</b>		
Employee related costs	(109,069,048)	(109,119,850)	(50,802)	- %	
Remuneration of councillors	(14,193,023)	(13,797,605)	395,418	(3)%	
Debt impairment	(34,635,110)	(20,429,748)	14,205,362	(41)%	52.4
Depreciation and asset impairment	(32,726,445)	(35,255,935)	(2,529,490)	8 %	
Finance charges	(3,003,000)	(2,656,611)	346,389	(12)%	52.5
Materials and bulk purchases	(36,643,294)	(36,574,524)	68,770	- %	
Other expenditure	(109,459,175)	(92,277,045)	17,182,130	(16)%	52.6
	<b>31,678,662</b>	<b>80,559,824</b>	<b>48,881,162</b>		

- 52.1 The reason for the variance is due to the meter audit that was conducted by the municipality. The audit resulted in the municipality billing more than what was initially budgeted for.
- 52.2 Reason for variance is due to interest generated from cash backed reserves and grants which were invested in the current year.
- 52.3 Actual other revenue was more than the budgeted amount. This was due to the fair value adjustments and donated assets received, as well actuarial gains from the valuation of the employee benefit obligation.
- 52.4 The actual debt impairment was less than the budgeted amount. This is due to less property rates being charged by the municipality to the Ingonyama Trust, which was normally billed and impaired fully.
- 52.5 The actual finance charges are less than budgeted. This is due to the finance leases coming to an end, hence less interest charged to the municipality.
- 52.6 The actual general expense is less than budgeted amount, this is due to the ConCourt decision that was taken in relation to procurement which had an impact on planned projects by the municipality.

### 53. MFMA disclosure on SCM Regulation 45

Supplier name	Employee name	Employee capacity	2022	2021
Sodube Sotobe	NT Sibiya	Public Participation and OSS Officer	57,893	69,500
Fana Manufacturing	N Reddy	Prosecutor - Verulam Magistrate Court	973,064	751,350
Mecom Trading Enterprise	M Msweli	Accountant - Receipting and Deposit	94,542	-
Mzimela Legacy	PZ Sibisi	LED Manager	3,850	-
Conlog Pty Ltd	N Moodley	Director - KZN Department of Health	1,574,523	-
Fire and Resq Zone Pty Ltd	Not stated	City of Tswane Metro	489,000	-
Adapt IT Pty Ltd	D Mbambo	Operation Maintenance Manager- SANRAL	167,736	-
			<b>3,360,608</b>	<b>820,850</b>

### 54. Events after the reporting date

The Accounting Officer is not aware of any significant events after the reporting date.

### 55. Impact of COVID-19

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 the 26th March 2020. COVID-19 had a significant impact on the amounts as disclosed on the Annual Financial Statements. The affected areas are mainly receivables, cash and cash equivalents and capital spending due to lockdown regulations and the economic impact of COVID-19.

Management has considered the impact of COVID-19 and that there have been no material changes in the use of assets 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 due to the pandemic. The Annual Financial Statements for the year ended 30 June 2022 have been prepared under the going concern assumption.

The information below indicates the total COVID-19 expenditure for the 2022 and 2021 financial years:

National: Municipal Disaster Relief Grant	-	393,191
National: Equitable share - COVID-19 grant	20,015,145	17,044,855
<b>Total funding for COVID-19 expenditure</b>	<b>20,015,145</b>	<b>17,438,046</b>

#### Details of COVID-19 expenditure

##### Summary per category

##### National: Equitable share - COVID-19 grant

Executive and Council	-	747,236
Finance and Administration	-	6,242,071
Planning and Development	-	564,460
Roads and Infrastructure	-	7,000,396
Technical Services	17,984,476	-
Community Services	2,030,669	1,016,232
Waste Management	-	900,000
Public Safety	-	574,460
<b>National: Municipal Disaster Relief Grant</b>		
Community Services	-	393,191



20,015,145	17,438,046
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## 56. Comparative figures

Certain comparative figures have been restated.

### Transfers and subsidies and general expenses

In the prior year, transfers and subsidies was disclosed separately. In the current financial year, the transfers and subsidies were disclosed as part of general expenses, as free basic electricity, in line with mSCOA regulations. The reclassification was made retrospectively.

### Receivables from non-exchange transactions and statutory receivables

In the current financial year, the municipality adopted GRAP 108 Statutory receivables. The Standard requires the municipality to separately disclose statutory receivables. The statutory receivables have been disclosed separately in terms of GRAP 108. The Standard was adopted retrospectively.

The reclassifications resulted in adjustments as follows:

#### Statement of financial position 2021

	Note	As previously reported	Prior period adjustment	Reclassification	Restated
Receivables from non-exchange transactions	5	18,309,044	-	(14,827,839)	3,481,205
Statutory receivables	6	-	-	14,827,839	14,827,839

#### Statement of financial performance

##### 2021

	Note	As previously reported	Prior period adjustment	Reclassification	Restated
Transfers and subsidies		(1,556,694)	-	1,556,694	-
General expenditure	38	(29,028,437)	-	(1,556,694)	(30,585,131)

#### Cash flow statement

##### 2021

	Note	As previously reported	Prior period adjustment	Reclassification	Restated
<b>Changes in working capital</b>					
Receivables from exchange transactions	42	(3,159,815)	(1,016,319)	-	(4,176,134)
Statutory receivables	42	-	-	3,903,497	3,903,497
Receivables from non-exchange transactions	42	(20,183,249)	-	(3,903,497)	(24,086,746)

## 56. Comparative figures (continued)

### Prior period adjustment

#### Interest received - investment and receivables from exchange transactions

During the 2020/21 reporting period, interest was earned and accrued on investments however the interest accrued was not recognised as interest received nor was a receivable recognised on the annual financial statements for the 2020/21 reporting period. This resulted in interest received from investments and receivables from exchange transactions being understated. The comparative figures have been appropriately adjusted.

#### Employee related costs and payables from exchange transactions

In the prior year, the accounting treatment of the senior managers' performance bonuses (accrual payment) was not recorded in line with the requirements of GRAP 1, Accrual Accounting, as well as GRAP 14, Events after the reporting date. This resulted in employee related costs and payables from exchange transactions being understated. The comparative figures have been appropriately adjusted.

#### VAT refunds

During the year, the municipality received refunds from SARS relating to the 2016 VAT submissions. The refunds were treated as prior period adjustment as they relate to the 2016 financial year. The adjustment to the VAT receivable account was applied retrospectively.

All the prior period errors have been corrected retrospectively and resulted in adjustments as follows:

#### 2021

Statement of Financial Position	Note	As previously reported	Prior period adjustment	Restated
Receivables from exchange transactions	4	9,059,003	1,016,319	10,075,322
Payables from exchange transactions	14	(31,571,620)	(567,466)	(32,139,086)
VAT receivable	7	2,901,600	3,691,356	6,592,956
Accumulated surplus		(665,573,057)	(4,140,209)	(669,713,266)
<b>Effect on opening accumulated surplus</b>				<b>-</b>

The VAT refund adjustment has no impact on the 2021 cash flow statement as the refund was received in the 2022 financial year.

Statement of Financial Performance		As previously reported	Prior period adjustment	Prior period restated
Interest received - investments	24	6,453,515	1,016,319	7,469,834
Employee related costs	29	(106,095,131)	(80,899)	(106,176,030)
<b>Effect on surplus or deficit</b>			<b>935,420</b>	

## 57. Change in estimate

### Property, plant and equipment

In the beginning of the financial year, the municipality reviewed the remaining useful lives of certain items of Property, Plant and Equipment. The remaining useful lives were re-assessed at the beginning of the financial year based on the expected useful lives of those assets. The useful lives of property plant and equipment were initially estimated between 10 and 15 years. For property plant and equipment the remaining useful lives were re-estimated to be between 15 and 20 years. This is considered a change in accounting estimates and the effect is treated prospectively.

	Old estimate	New estimate	Increase /decrease in depreciation
Depreciation: current year	23,982	(4,186)	(19,796)
Increase in depreciation: future years	1,136	20,932	19,796
	<b>25,118</b>	<b>16,746</b>	<b>-</b>

## 58. Accounting by principals and agents

The municipality is a party to principal-agent arrangements.

### Details of the arrangements

#### INEP grant - Schedule 5B Electrification Project

Mandeni Municipality acts as an agent assisting Eskom with the Schedule 5B Electrification Project. The municipality is therefore acting as an agent and Eskom is the principal.

A principal-agent relationship exists due to the following conditions, amongst others:

- There is a binding agreement with Eskom for the electrification of houses in the Eskom area of supply;
- Transactions are expected to be undertaken with third parties on behalf of another entity i.e. contractors are appointed to implement the project; and
- Transactions are for the benefit of another entity i.e. benefits are for Eskom in that the assets and related connections will be handed over to Eskom and Eskom will generate the revenue from the supply of electricity to consumers.
- The municipality does not have the power to determine the significant terms and conditions of the transactions.
- The municipality has limited inventory risk and therefore not exposed to the variability in the results of transactions.

#### Housing Title Deed grant - Title Deeds

- There is a binding agreement with The Provincial Department of Human Settlements Kwa-Zulu Natal for the title deeds restoration programme;
- Transactions are for the benefit of another entity i.e. benefits are for The Provincial Department of Human Settlements in that the title deed activities undertaken are on behalf of the Department.
- The municipality does not have the power to determine the significant terms and conditions of the transactions.
- The municipality has limited inventory risk and therefore not exposed to the variability in the results of transactions.

#### USDG Urban Settlement Development Grant

- There is a binding agreement with the Provincial Department of Human Settlements Kwa-Zulu Natal for the development of two rural housing projects within Mandeni for Isithebe and Macambini;
- Transactions are for the benefit of another entity i.e. benefits are for The Provincial Department of Human Settlements in that the urban settlement development undertaken are on behalf of the Department.
- The municipality does not have the power to determine the significant terms and conditions of the transactions as the municipality pays over the USDG to the contractor based on invoiced amounts for work completed by the contractor on each project.
- The municipality has limited inventory risk and therefore not exposed to the variability in the results of transactions.

## 58. Accounting by principals and agents (continued)

### Entity as agent

#### Grants received

The municipality does not recognise any revenue in respect of these arrangements. However, grants are provided to the municipality for the execution of the projects.

#### INEP Grant

Balance unspent at beginning of year	2,039,230	3,544,991
Current-year receipts	4,872,000	5,000,000
Conditions met	(1,997,568)	(6,505,761)
Rolled over amounts/ Funds withheld by National Treasury	(2,039,230)	-

<b>Unspent grant at year end</b>	<b>2,874,432</b>	<b>2,039,230</b>
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#### Housing Title Deed grant

Balance unspent at beginning of year	6,206,810	3,307,892
Current-year receipts	-	3,157,741
Conditions met	(434,203)	(258,823)

<b>Unspent grant at year end</b>	<b>5,772,607</b>	<b>6,206,810</b>
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#### USDG Urban Settlement Development Grant

Balance unspent at beginning of year	-	-
Current-year receipts	50,633,456	12,415,088
Conditions met	(50,633,456)	(12,415,088)

	-	-
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## 59. Segment information

### General information

#### Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. 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.

#### Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

#### Reportable segment

Executive & Council  
municipality  
Finance & Administration  
segments of the municipality  
Planning & Development  
municipality  
Roads & Infrastructure  
owned by the municipality  
Community & Social Services  
by the municipality  
Energy Sources  
Waste management  
Public Safety  
community

#### Goods and/or services

Provision of overall governance to other segments of the  
  
Provision of financial and administrative services to other  
  
Provision of economic development activities in the  
  
Construction and maintenance of roads and infrastructure  
  
Construction and maintenance of halls, cemeteries owned  
  
Provision of energy and electrical services to the community  
Provision of waste management services to the community  
Provision of pound services and public safety to the

#### Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed.

#### Information about geographical areas

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

#### Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

## 59. Segment information (continued)

### Segment surplus or deficit

2022

	Executive & Council				Finance & Administration				Planning & Development	Roads & Infrastructure Services	Co Social So
<b>Revenue from exchange transactions</b>											
Service charges	-	-	-	-	-	45,958,290	10,818,124	-	-	56,776,414	
Rental of facilities and equipment	-	174,975	35,965	-	113,655	-	-	-	-	324,595	
Licences and permits	-	-	9,395	-	-	-	-	781,817	-	791,212	
Other income	-	414,412	91,596	-	56,981	75,331	-	187,038	-	825,358	
Interest received	-	10,694,201	-	-	-	-	-	-	-	10,694,201	
<b>Other non-operating gains</b>											
Fair value adjustments	-	3,576,500	-	-	-	-	-	-	-	3,576,500	
Actuarial gains	-	4,005,157	-	-	-	-	-	-	-	4,005,157	
<b>Revenue from non exchange transactions</b>											
Property rates	-	46,987,086	-	-	-	-	-	-	-	46,987,086	
Government grants and subsidies	7,806,000	205,435,978	-	43,949,107	6,649,000	-	-	-	-	263,840,085	
Donations received	-	-	-	-	1,649,000	-	-	-	-	1,649,000	
Fines	-	-	-	-	284	-	-	1,201,250	-	1,201,534	
<b>Municipality's revenue</b>	<b>7,806,000</b>	<b>271,288,309</b>	<b>136,956</b>	<b>43,949,107</b>	<b>8,468,920</b>	<b>46,033,621</b>	<b>10,818,124</b>	<b>2,170,105</b>	<b>390,671,142</b>		

	Executive & Council					Finance & Administration		Planning & Development	Roads & Infrastructure Services	Co Social So
<b>59. Segment information (continued)</b>										
<b>Expenditure</b>										
Employee costs	(11,924,818)	(19,616,157)	(10,087,840)	(18,259,296)	(31,345,135)	(3,069,148)	(5,276,509)	(9,540,947)	(109,119,850)	
Remuneration of councillors	(13,797,605)	-	-	-	-	-	-	-	(13,797,605)	
Depreciation and amortisation	-	(31,725,852)	-	-	-	-	-	-	(31,725,852)	
Impairment losses	-	(3,530,083)	-	-	-	-	-	-	(3,530,083)	
Finance costs	-	(2,656,611)	-	-	-	-	-	-	(2,656,611)	
Lease rentals	-	(1,450,248)	-	-	-	-	-	-	(1,450,248)	
Debt impairment	-	(20,429,748)	-	-	-	-	-	-	(20,429,748)	
Contracted services	(7,232,762)	(6,565,704)	(1,219,603)	(15,975,367)	(19,622,083)	(2,250,765)	(2,898,833)	(172,631)	(55,937,748)	
Operational costs	(7,641,451)	(15,389,327)	(1,396,448)	(1,327,461)	(3,359,393)	(2,803,853)	(1,925,823)	(226,424)	(34,070,180)	
Bulk purchases	-	-	-	-	-	(36,574,524)	-	-	(36,574,524)	
Loss on disposal of assets	-	(818,869)	-	-	-	-	-	-	(818,869)	
<b>Total segment expenditure</b>	<b>(40,596,636)</b>	<b>(102,182,599)</b>	<b>(12,703,891)</b>	<b>(35,562,124)</b>	<b>(54,326,611)</b>	<b>(44,698,290)</b>	<b>(10,101,165)</b>	<b>(9,940,002)</b>	<b>(310,111,318)</b>	
<b>Total segmental surplus/(deficit)</b>	<b>(32,790,636)</b>	<b>169,105,710</b>	<b>(12,566,935)</b>	<b>8,386,983</b>	<b>(45,857,691)</b>	<b>1,335,331</b>	<b>716,959</b>	<b>(7,769,897)</b>	<b>80,559,824</b>	



## 59. Segment information (continued)2021

	Executive & Council				Finance & Administration				Planning & Development	Roads & Infrastructure Services	Co Social	Co Social
<b>Revenue from exchange transactions</b>												
Service charges	-	-	-	-	-	34,671,837	9,150,306	-	-	43,822,143		
Rental of facilities and equipment	-	-	-	38,035	294,891	-	-	-	-	332,926		
Interest earned on outstanding debtors	-	4,084,279	-	-	-	-	-	-	-	4,084,279		
Licences and permits	-	-	22,166	-	-	-	-	-	778,000	800,166		
Other income	-	762,939	97,174	-	26,557	95,126	-	-	28,859	1,010,655		
Interest received	-	7,469,834	-	-	-	-	-	-	-	7,469,834		
<b>Other non-operating gains</b>												
Fair value adjustments	-	15,961,000	-	-	-	-	-	-	-	15,961,000		
<b>Revenue from non exchange transactions</b>												
Property rates	-	50,869,922	-	-	-	-	-	-	-	50,869,922		
Government grants and subsidies	45,336,000	155,531,535	447,880	41,464,841	8,606,113	-	-	-	393,191	251,779,560		
Fines	-	-	-	-	983	-	-	-	280,200	281,183		
<b>Municipality's revenue</b>	<b>45,336,000</b>	<b>234,679,509</b>	<b>567,220</b>	<b>41,502,876</b>	<b>8,928,544</b>	<b>34,766,963</b>	<b>9,150,306</b>	<b>1,480,250</b>	<b>376,411,668</b>			

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Executive &  
Council

Finance &  
Administration

Planning &  
Development

Roads &  
Infrastructure  
Services

Social  
Services

# VOLUME II

## 59. Segment information (continued)

### Expenditure

Employee costs	(10,878,017)	(28,939,812)	(9,259,170)	(17,506,982)	(20,789,187)	(2,9
Remuneration of councillors	(13,527,997)	-	-	-	-	-
Depreciation and amortisation	-	(29,401,625)	-	-	-	-
Impairment losses	-	(2,446,786)	-	-	-	-
Finance costs	-	(2,841,194)	-	-	-	-
Lease rentals	-	(1,695,414)	-	-	-	-
Debt impairment	-	(34,245,358)	-	-	-	-
Contracted services	(7,466,968)	(8,628,611)	(2,200,763)	(10,696,655)	(4,985,773)	(1,9
Operational costs	(9,580,323)	(15,837,994)	(662,602)	(783,695)	(767,136)	(2,6
Bulk purchases	-	-	-	-	-	(28,8
Loss on disposal of assets	-	(1,500,925)	-	-	-	-
Fair value adjustments	-	(710,761)	-	-	-	-
<b>Total segment expenditure</b>	<b>(41,453,305)</b>	<b>(126,248,480)</b>	<b>(12,122,535)</b>	<b>(28,987,332)</b>	<b>(26,542,096)</b>	<b>(36,3</b>
<b>Total segmental surplus/(deficit)</b>	<b>3,882,695</b>	<b>108,431,029</b>	<b>(11,555,315)</b>	<b>12,515,544</b>	<b>(17,613,552)</b>	<b>(1,6</b>