



MANDENI

LOCAL

MUNICIPALITY

**2020/21
DRAFT
ANNUAL
REPORT**

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CHAPTER 1

Mayor's Foreword & Executive Summary

1.1. COMPONENT A: MAYOR'S FOREWORD



I am humbled to be conferred with the opportunity to present to you, on behalf of the collective leadership of the Mandeni Municipal Council and Administration, the 2020/21 Annual Report.

The year 2020/21 has indeed been one of the most challenging years, in which the COVID-19 pandemic has had a distressing impact on the economy of the country, the health and livelihoods of its citizens. During this calamity, the municipality strived to function and provide essential services such as water, sanitation, electricity and solid waste removal.

The economic growth is significant for us in the local sphere of government because unemployment, poverty and inequality affect us the most and such challenges means that we are unable to collect revenue at the rate anticipated and therefore service delivery targets in terms of our Mid-Term Strategic Framework (IDP) and the SDBIP are compromised.

However, the Covid-19 Pandemic had a trickling-down effect on Mandeni Municipality as repairs, maintenance, construction and upgrade of activities were suspended or delayed. There was also a reduced operating capacity, inability to appoint staff/fill vacancies, projects were delayed/ redirected to the next financial year and the suspension of equipment purchases also prevailed during the 2020/21 financial year.

Hence, the performance of the municipality was negatively impacted for two quarters. This led to a number of Key Performance indicators not being achieved. Service Delivery was majorly affected as infrastructure projects came to a standstill.

However, the municipality has been active in achieving its basic service delivery initiatives such as 332 kilometres of rural gravel roads repaired and maintained in-house. We have also seen the achievement through the construction of Nyoni Phase 3 under-pass.

In terms of electrification, 100 households were provided with electrification infrastructure (Dry Connections) in Nkwalini- Nkunuzempunga and are ready for connection in ward 11 and 16.

The municipality also managed to successfully procure 60 wheelie bins, 30 'No dumping' signs, 350 chairs and 10 tables for Hlomendlini hall, libraries furniture for Sundumbili and Mandeni Library and 25 lightening conductors were procured and installed.

In terms of job creation, 250 EPWP participants were recruited on the Zimbambele program. The municipality also maintained its consistency in the Back to Basic programs where the submissions for both National and Provincial were submitted timeously with competence being noted.

The 2020/21 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.

Additionally, 40 community members were funded to study skills development programmes utilizing the LGSETA funds. Furthermore, there was also a successful program conducted for youthful drivers and education. 500 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 my 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.

We are grateful to all social partners, business, civil society, management and staff who continue to support the Municipality to ensure that we are able to deliver on our mandate through difficult times.

Mr. T.P Mdlalose
Honourable Mayor

1.2. COMPONENT B: EXECUTIVE SUMMARY

1.2.1. MUNICIPAL MANAGER'S OVERVIEW



As the Accounting Officer of the Municipality, it is an honour and privilege to present the 2020/21 Annual Report. The purpose of the report is to reflect on the work carried out in the 2020/21 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 2020/21 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.

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.

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

Mr. S. G. Khuzwayo
Municipal Manager

1.2.2. 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 545.48km² 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 eNdulinde 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:

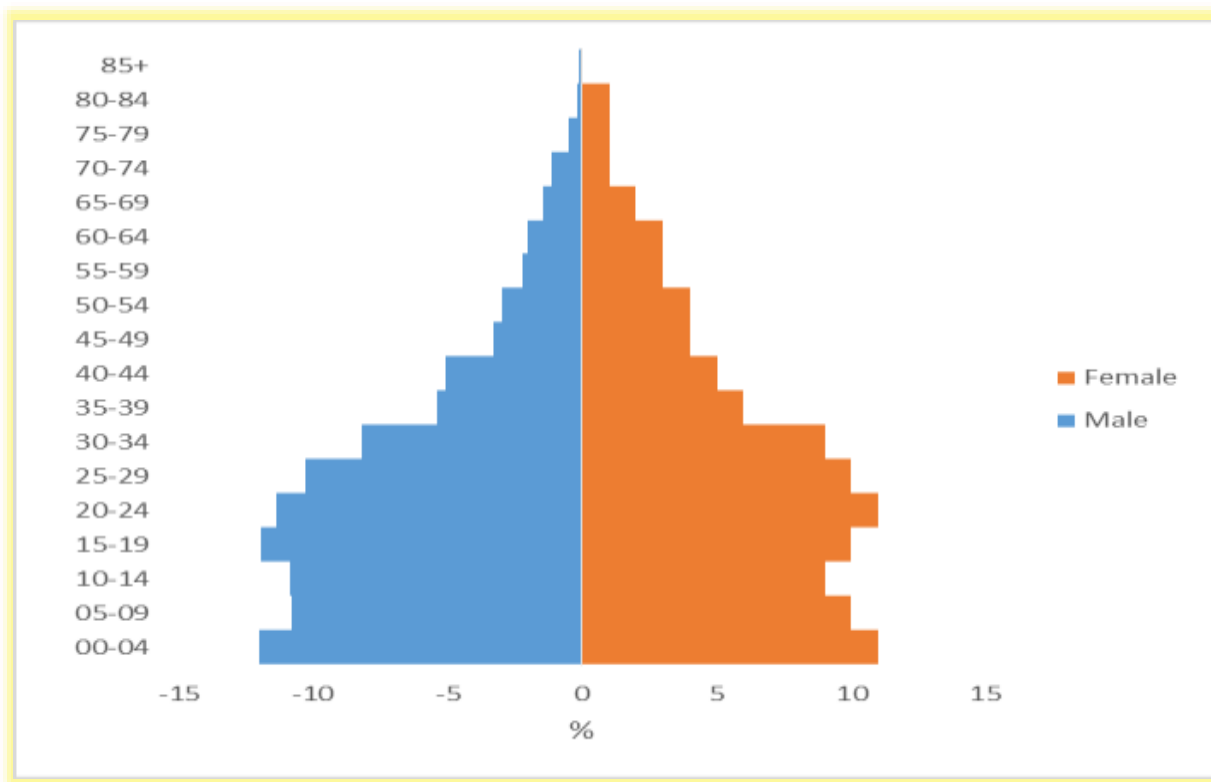
The key findings were derived from the community survey which was conducted in 2016 by stats SA . Some of the data/information that was obtained is used for comparison purpose. The table below illustrates the population, sex and dependency ratio. The findings illustrate demographic profile from the national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

Table 1.3.1 Population Details

Indicator	Sub Indicator	Population	% of population
Population	Population	147 808	
	Young (0-14)	47 242	32%

Population Composition	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



1.2.3. VISION AND MISSION

VISION

“TO BE A RELIABLE PEOPLE CENTERED AND SUSTAINABLE ECONOMIC HUB BY 2030”

MISSION

We will achieve our mission by:

- ✓ Continuously striving for better
- ✓ Excelling all key processes of Service Delivery.
- ✓ Continuously listening and responding to our communities and all stakeholders.

VALUES

In keeping with the principles of Batho Pele, Our conduct will be guided by the following;

- ✓ Transparency
- ✓ Integrity
- ✓ Inclusiveness
- ✓ Commitment
- ✓ Honesty
- ✓ Professionalism

1.2.4. 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.

1.2.5. FINANCIAL HEALTH OVERVIEW

1.25.1. FINANCIAL OVERVIEW

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

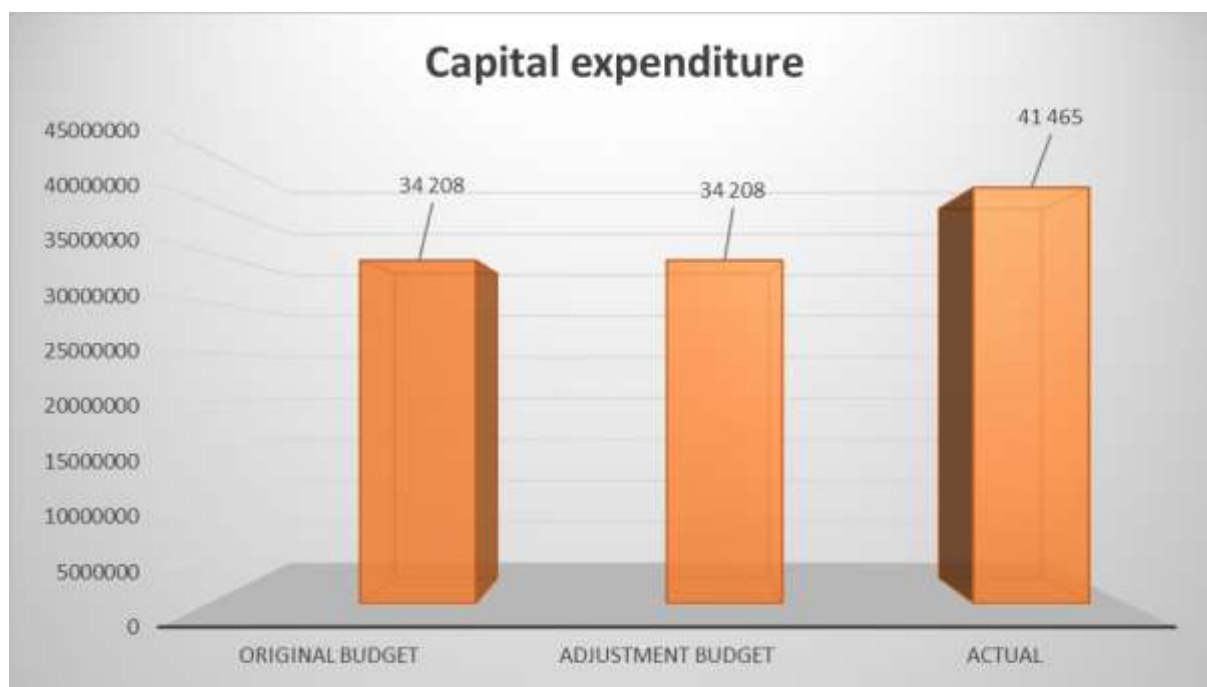
Financial Overview: 2020/21			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	191 345 500	237 607 500	271 794 705
Taxes, Levies and tariffs	96 281 860	96 281 860	98 776 344
Other	24 435 121	24 435 121	8 878 445
Sub Total	312 062 481	358 324 481	379 449 494
Less: Expenditure	309 016 336	317 756 335.7	297 252 100
Net Total*	3 046 145	40 568 146	82 197 349
* Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	39
Finance Charges & Impairment	10

1.4.3 COMMENT ON OPERATING RATIOS

- Remuneration for Employee Related Costs and Councilors remuneration is 39% below the norm of 40%, however this ratio must be monitored so as to ensure that expenditure is directed to improving service delivery within the municipality.

Total Capital Expenditure: 2019/20 and 2020/21 Financial Years			
R'000			
Detail	2018/19	2019/20	2020/21
Original Budget	56 547 291	66 147 691	34 207 500
Adjustment Budget	71 381 425	79 681 825	34 207 500
Actual	44 146 402	59 146 462	41 464 841



1.2.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.2.6.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Organisational development function falls under the Human Resource Section. Its main objectives are: To manage organisational 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 organisational 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.

This section is fully reported in Chapter 4 of this document.

1.2.7 AUDITOR GENERAL REPORT

Auditor-General of South Africa

Mandeni Local Municipality

Auditor's report for the year ended
30 June 2021

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 statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the 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 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of 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, 2020 (Act No.4 of 2020) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the 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 - receivables from exchange and non-exchange transactions

1. As disclosed in note 4 to the financial statements, the municipality reported material impairments of R43,91 million (2019-20: R41,75 million) as the recoverability of these amounts was doubtful.

2. As disclosed in note 5 to the financial statements, the municipality reported material impairments of R95,91 million (2019-20: R158,38 million) as the recoverability of these amounts was doubtful.

Other matter

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

Unaudited disclosure notes

4. 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 on it.

Responsibilities of the accounting officer for the financial statements

5. 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.
6. 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

7. 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.
8. 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

9. 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.
10. 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.
11. 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 2021.
12. 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.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the *basic service delivery key performance area*.

Other matter

14. I draw attention to the matter below.

Achievement of planned targets

15. The annual performance report on pages xx to xx sets out information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

16. 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.
17. The material finding on compliance with specific matters in key legislation is as follows:

Expenditure Management

18. Reasonable steps were not taken to prevent irregular expenditure amounting to R10,34 million as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management prescripts in prior years.

Other information

19. 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 the auditor's report.
20. 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.
21. 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.
22. 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

23. 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 finding on compliance with legislation included in this report.

24. Controls and processes over compliance monitoring were not effectively implemented by senior management to ensure that there is no recurrence of non-compliance matters resulting in irregular expenditure.

Other reports

25. 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.
26. 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.
27. 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.

Auditor General

Pietermaritzburg

2 February 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected 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.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

1.2.8 COMMENT ON THE 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 an 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.

CHAPTER 2

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 GOVERNANCE

INTRODUCTION TO POLITICAL 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.

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.

A. EXECUTIVE COMMITTEE



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 Principals 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



**HER WORSHIP: THE DEPUTY MAYOR Cllr. M
P. M. Sishi**

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.

 <p>SPEAKER: Cllr. B.L Magwaza</p>	<p>Functions and duties of the Speaker among other things are as follows:</p> <ol style="list-style-type: none"> 1) Presides at meetings of Council 2) Performs duties and exercise powers delegated to him in terms of Municipal Systems Act. 3) Must ensure that Council meets at least quarterly 4) Must maintain order during Council meetings 5) Must ensure compliance with the Code of Conduct by Councilors 6) Must ensure that Council meetings are conducted in accordance with Standing Rules and Orders.
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 <p>Cllr. L. Mdletshe</p>	 <p>Cllr. M. Shelembe</p>
 <p>Cllr. M. S. Mdunge</p>	 <p>Cllr. Ntuli</p>

B. COUNCILLORS

Councilors 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 councilors 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	LR	MDLETSHE ANC -Chairperson
2.	CLLR	MC	MKHALIPHI ANC
3.	CLLR	SJ	MATHONSI ANC
4.	CLLR	N	MSIMANGO ANC
5.	CLLR	MM	MNGADI ANC
6.	CLLR	NR	TEMBE ANC
7.	CLLR	DM	SITHOLE IFP

B. INFRASTRUCTURE DEVELOPMENT TECHNICAL SERVICE			
1.	CLLR	ST	MAGWAZA ANC – Chairperson
2.	CLLR	MT	CELE ANC
3.	CLLR	TP	ZUNGU IFP
4.	CLLR	M	NGUBANE ANC
5.	CLLR	MA	GWALA ANC
6.	CLLR	NR	SIBIYA ANC
7.	CLLR	N	DLAMINI ANC

C. LOCAL PUBLIC ADMINISTRATION HUMAN RESOURCE			
1.	CLLR	NF	NTULI ANC -Chairperson
2.	CLLR	BA	KHUMALO IFP
3.	CLLR	MV	MHLONGO ANC
4.	CLLR	SG	MATHONSI ANC
5.	CLLR	CL	MTHEMBU ANC
6.	CLLR	NR	SIBIYA ANC
7.	CLLR	NR	TEMBE ANC

D. FINANCE			
1.	CLLR	CLLR	TP MDLALOSE ANC -Chairperson
2.	CLLR	N	DLAMINI ANC
3.	CLLR	K	NAIDOO DA
4.	CLLR	AM	GWALA ANC
5.	CLLR	MC	MKHALIPHI ANC
6.	CLLR	EK	DUBE IFP
7.	CLLR	AA	ZUNGU ANC

E. COMMUNITY SERVICES AND PUBLIC SAFETY			
1.	CLLR	PM	SISHI ANC -Chairperson
2.	CLLR	SZ	MDLETSHE ANC
3.	CLLR	GN	ZUNGU ANC
4.	CLLR	S	NKWANYANA EFF
5.	CLLR	DM	SITHOLE IFP
6.	CLLR	N	NOMVETE ANC

7. CLLR	SB	ZULU	ANC
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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)

Chairperson	CLLR TP SHANDU	ANC
Member	CLLR BW MTHETHWA	ANC
Member	CLLR NT SHANDU	ANC

Member	CLLR MCHUNU	IFP
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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

2.2. 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;
- Advise 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).

2.4. PUBLIC ACCOUNTABILITY

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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.

COMMUNICATION, PARTICIPATION AND FORUMS

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 constrains-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.

1.1.1.1. 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	

2.5. OVERVIEW OF CORPORATE GOVERNANCE

Corporate 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

COMPONENT A: 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 2020/2021 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 2020/2021 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 2020/2021 FINANCIAL YEAR

NO.	RISK DESCRIPTION	ROOT CAUSES	ACTION PLANS
1	Failure to facilitate the equitable allocation of land in line with SPLUMA.	<p>Highly contested municipal land ownership in Mandeni.</p> <p>Municipality is characterized and is highly influenced by rural settlement dynamics.</p> <p>Historic non-use of the land use scheme in the rural areas.</p> <p>Poor allocation of residential properties by Amakhosi.</p> <p>Lack of co-ordination between the Municipality, Amakhosi and CoGTA.</p> <p>Non-compliance with the Building Plans Requirements by township residents.</p>	<p>1. Review the Town Planning Scheme to;</p> <p>i) Pro-actively re-zone identified economic nodes to meet development demands.</p> <p>ii) Lay infrastructure pro-actively.</p> <p>2. Align spatial planning documents. That is;</p> <ul style="list-style-type: none"> - Infrastructure Development Plan - Spatial Development Plan <p>3. Conduct awareness campaigns to Amakhosi on Spatial Planning & Land Use.</p>

		<p>Infrequent inspections on compliance with Building Requirements.</p> <p>Failure to impose fines on non-compliance with Building Requirements.</p> <p>Poor co-operation by Amakhosi on land use requirements.</p>	<p>i) Engage Cogta to assist with the workshops</p> <p>4. Review Municipal By-laws on Building Requirements; i)Review Fine Structures ii)Get council resolution on imposing fines</p>
2	Inability to create an enabling environment to develop and grow the local economy	<p>Non-implementation of Local Economic Development Strategy due to;</p> <ul style="list-style-type: none"> - Financial constraints and - Scarcity of land. <p>Effects of Covid-19 to the economy.</p> <p>Inadequate municipal infrastructure.</p> <p>The decline in manufacturing capacity in Isithebe Industrial Park resulting from;</p> <ul style="list-style-type: none"> - Poor maintenance of the Factories by Ithala. - Business interruptions from community protests. - Local business forums demanding stakes. <p>High influx of foreign nationals caused by a skills shortage in the local labour market.</p> <p>High community unrest resulting in instabilities.</p> <p>Uncoordinated planning and working in silos amongst;</p> <ul style="list-style-type: none"> -Infrastructure Planning -Local Economic Development & -Traditional Councils <p>Scarcity of municipal owned land for economic development</p>	<p>1. Develop a Memorandum of Agreement with Amakhosi on land use development.</p>
3	Failure to facilitate infrastructure development.	<p>Insufficient plant and equipment to maintain infrastructure.</p> <p>Frequent plant and equipment breakdown caused by;</p> <ul style="list-style-type: none"> - Long distance travelling, - Ageing of plant & equipment and - Poor handling 	<p>1. Finalize the development of the Contractor Development Project Policy.</p> <p>2. Finalize the development of the Emerging Entrepreneur Development Programme.</p>

		<p>Budgetary constraints due to low revenue collection.</p> <p>Reduced municipal grants as a result of a struggling economy.</p> <p>Capacity constraints in rolling-out the Infrastructure Maintenance Plan.</p> <ul style="list-style-type: none"> - Financial Capacity, - Limited Skills & - Number of people. <p>Poor quality of work performed by service providers resulting to;</p> <ul style="list-style-type: none"> -Short life span of infrastructure projects. <p>Poor monitoring of service providers caused by a lack of skills.</p> <p>Poor qualification criteria for the appointment of service providers.</p> <p>Inadequate systems of contracts management affecting;</p> <ul style="list-style-type: none"> - Project management - Drafting of service level agreement remedial clauses. 	
4	Failure to realize a completely-protected municipal environment.	<p>Illegal dumping of waste into water streams by factories in Isithebe Industrial Estate.</p> <p>Pollution emissions by industries.</p> <p>Lack of land ownership by the municipality.</p>	<p>1. Roll out the Integrated Waste Management Plan through the transfer of services.</p> <ul style="list-style-type: none"> - From Ithala Development Group to Mandeni Local Municipality. <p>i) Establish a Waste Transfer Station.</p> <p>2. Finalize the development of the Estuaries Management Plan.</p> <p>3. Develop the Dokodweni Environmental Management Plan.</p>
5	Failure to facilitate infrastructure development.	<p>Insufficient plant and equipment to maintain infrastructure.</p> <p>Frequent plant and equipment breakdown caused by;</p> <ul style="list-style-type: none"> - Long distance travelling, - Ageing of plant & equipment and 	<p>1. Finalize the development of the Emerging Entrepreneur Development Programme.</p>

		<p>- Poor handling</p> <p>Budgetary constraints due to low revenue collection.</p> <p>Reduced municipal grants as a result of a struggling economy.</p> <p>Capacity constraints in rolling-out the Infrastructure Maintenance Plan.</p> <ul style="list-style-type: none"> - Financial Capacity, - Limited Skills & - Number of people. <p>Poor quality of work performed by service providers resulting to;</p> <ul style="list-style-type: none"> -Short life span of infrastructure projects. <p>Poor monitoring of service providers caused by a lack of skills.</p> <p>Poor qualification criteria for the appointment of service providers.</p> <p>Inadequate systems of contracts management affecting;</p> <ul style="list-style-type: none"> - Project management - Drafting of service level agreement remedial clauses. 	
6	Inability to provide and facilitate access to social services and facilities.	<p>Poor management of beaches due to;</p> <ul style="list-style-type: none"> - Shortage of Life guards . - Beach Cleaners. <p>Poor accessibilities to the beaches due to;</p> <ul style="list-style-type: none"> - Low development and gravel. <ul style="list-style-type: none"> -Shortage of sport facilities -Poor maintenance for sport facilities and lack of dedicated staff <p>Inaccessible library services for the municipal-wide benefit caused by;</p> <ul style="list-style-type: none"> - Inadequate space in the libraries, - Limited libraries, - No libraries in the rural outskirts. <p>Vandalism of public facilities caused by inadequate security management.</p>	<p>1. Explore the development of tarred roads to Dokodweni & Mbizimbele Beaches.</p> <p>i) Engage Technical Services to register the roads to their MIG Project Plans. (30/09)</p> <p>2. Finalize the appointment of Life Guards at the beaches.</p> <p>3. Upgrade one sport field.</p> <p>4. Finalize the procurement of the Mobile Library.</p>

7	Failure to facilitate infrastructure development	<p>Insufficient plant and equipment to maintain frastructure.</p> <p>Frequent plant and equipment breakdown caused by;</p> <ul style="list-style-type: none"> - Long distance travelling, - Ageing of plant & equipment - Poor handling <p>Budgetary constraints due to low revenue collection.</p> <p>Reduced municipal grants as a result of a struggling economy.</p> <p>Capacity constraints in rolling-out the Infrastructure Maintenance Plan</p> <p>Financial Capacity,</p> <ul style="list-style-type: none"> - Limited Skills & - Number of people. <p>Poor quality of work performed by service providers resulting to;</p> <ul style="list-style-type: none"> -Short life span of infrastructure projects. <p>Poor monitoring of service providers caused by a lack of skills.</p> <p>Poor qualification criteria for the appointment of service providers.</p> <p>Inadequate systems of contracts management affecting;</p> <ul style="list-style-type: none"> - Project management - Drafting of service level agreement remedial clauses. 	<p>Finalize the development of the Contractor Development Project Policy.</p> <p>Finalize the development of the Emerging Entrepreneur Development Programme</p> <p>Finalize the development of the Rural Road Development Policy.</p>
8	Inability to develop and capacitate the municipal workforce.	<p>Low municipal grading (Grade 02) resulting in low salaries.</p> <p>Financial constraints caused by the Covid-19 impact resulting in;</p> <ul style="list-style-type: none"> - Failure to facilitate training programmes. <p>Unfavorable environmental conditions such as;</p> <ul style="list-style-type: none"> - Instabilities within residential premises. - Low quality of rental homes within the municipality. 	<ol style="list-style-type: none"> 1. Finalize the cascading of Performance Measurement Systems. 2. Finalize and implement the Work Place Skills Plan. 3. Resume the Municipal Buildings Master Plan. 4. Update the Grievance Policy. 5. Finalize and approve the Career Path Policy.

		<p>- The lack of high-quality schooling facilities.</p> <p>Non-filing of vacant positions resulting in over-worked staff.</p> <p>Budgetary constraints in upholding the wage bill threshold.</p> <p>Non-cascading of performance management to lower levels.</p>	<p>6. Engage all training stakeholders and review the Training Plan to include the;</p> <p>i) Engagement of TVET Colleges.</p> <p>ii) Engagement of SETAs and NSCG.</p>
9	Inability to recognize ICT as a strategic enabler.	<p>Heavy reliance on consultants.</p> <p>High staff turnover.</p> <p>Covid-19 restrictions disrupting the roll-out activities.</p> <p>Outdated Master Systems Strategy and not aligned to the activities of the 4IR</p>	<p>1. Roll out the fibre cables for connectivity for the community.</p> <p>2. Review the ICT Policy to align to the POPIA.</p> <p>3. Finalize connectivity RT152021 contract to facilitate easy mobile connections;</p> <p>- For seamless work-from-home activities.</p> <p>4. Upgrade all municipal servers for the benefit of;</p> <p>i) Warranties,</p> <p>ii) Support Service from the service providers,</p> <p>iii) Support Kits</p> <p>5. Develop the Disaster Recovery Plan.</p> <p>6. Develop the Business Continuity Plan.</p>
10	Failure to prevent, detect and investigate incidents of fraud and corruption.	<p>Failure to effect consequence management.</p> <p>Covid-19 impact on rolling out activities of the Fraud Prevention Strategy</p>	<p>1. Conduct regular Fraud Awareness Campaigns.</p> <p>2. Develop a Whistle-blowing Policy & Reporting Facility.</p> <p>3. Conduct an Ethics Workshop.</p> <p>4. Review the Fraud Prevention Strategy to;</p> <p>i) Establish the Whistle-blowing Hotline.</p> <p>ii) Online Fraud Awareness Campaigns.</p>

11	Ineffective communication with internal and external stakeholders leading to service delivery protests.	<p>Incidents of community unrest outside the scope of the municipal administration.</p> <p>Poor consultation/Lack of transparency with the rate paying communities.</p> <p>Non-timeous delivery of requests made by rate paying communities.</p>	<p>1. Conduct community awareness campaigns on healthy protests; i) Protection of infrastructure ii) Protection of the rights of non-protestors.</p> <p>2. Update the Bulk SMS Database during the valuation roll process.</p>
12	Inability to provide and facilitate access to social services and facilities.	<p>Poor management of beaches due to;</p> <ul style="list-style-type: none"> - Shortage of Life guards. - Beach Cleaners. <p>Poor accessibilities to the beaches due to;</p> <ul style="list-style-type: none"> - Low development and gravel. <p>-Shortage of sport facilities -Poor maintenance for sport facilities and lack of dedicated staff</p> <p>Inaccessible library services for the municipal-wide benefit caused by;</p> <ul style="list-style-type: none"> - Inadequate space in the libraries, - Limited libraries, - No libraries in the rural outskirts. <p>Vandalism of public facilities caused by inadequate security management.</p>	<p>1. Conduct random checks at Facilities Management to verify; i) Petty Cash Collections</p>
13	Failure to effect systems (structures, processes & tools) of good governance in the municipality.	<p>Failure to effect consequence management.</p> <p>Lack of transparency to the community.</p> <p>Non-timeous communications with the communities.</p> <p>Failure to perform monitoring and evaluation activities at a project level.</p> <p>Development of an increased number of Key Performance Indicators.</p>	<p>1. Conduct quarterly targets' presentations prior to council approvals. i) Presentation of performance targets. ii) Management presentation sessions of Performance Targets.</p> <p>2. Workshop targets of the scorecard to the full council as a full document.</p> <p>3. Reduce the number of KPIs for the departmental scorecards.</p> <p>4. Internal Audit to audit the alignment of the;</p>

			<ul style="list-style-type: none"> - Integrated Development Plan, - Budget Allocation, - Departmental Service Delivery Budget Implementation Plans and - Departmental Scorecards
14	Failure to facilitate infrastructure development.	<p>Insufficient plant and equipment to maintain infrastructure.</p> <p>Frequent plant and equipment breakdown caused by;</p> <ul style="list-style-type: none"> - Long distance travelling, - Ageing of plant & equipment and - Poor handling <p>Budgetary constraints due to low revenue collection.</p> <p>Reduced municipal grants as a result of a struggling economy.</p> <p>Capacity constraints in rolling-out the Infrastructure Maintenance Plan.</p> <ul style="list-style-type: none"> - Financial Capacity, - Limited Skills & - Number of people. <p>Poor quality of work performed by service providers resulting to;</p> <p>-Short life span of infrastructure projects.</p> <p>Poor monitoring of service providers caused by a lack of skills.</p> <p>Poor qualification criteria for the appointment of service providers.</p> <p>Inadequate systems of contracts management affecting;</p> <ul style="list-style-type: none"> - Project management - Drafting of service level agreement remedial clauses. 	1. Finalize the development of the Contractor Development Project Policy.
15	Failure to prevent, detect and investigate incidents of fraud and corruption.	. Failure to effect consequence management.	1. Develop a Gifts, Donations & Sponsorship Policy.

		Covid-19 impact on rolling out activities of the Fraud Prevention Strategy	
16	Inability to manage and to ensure the sustainability of municipal finances.	<p>Misalignment between equitable share and increasing indigent population.</p> <p>Decreasing revenue base coupled with increased employee costs.</p> <p>High municipal uncollectable debt by the Ingonyama Trust Board.</p> <p>High dependency on grant allocation.</p> <p>Non-implementation of internal & external audit recommendations.</p> <p>Inadequate expenditure monitoring controls.</p> <p>Non-credible indigent register.</p> <p>Failure to take disciplinary actions on incurred Unauthorised Irregular, Fruitless and Wasteful Expenditure.</p> <p>Reduced revenue collection due to Covid-19 impact.</p> <p>Non-adherence to cost containment measures.</p>	<p>1. Investigate the apportionment of the Free Basic Service Delivery with;</p> <p>i) The allocation of the Equitable Share against Internal Funds.</p> <p>2. Schedule the sitting of the Revenue & Debt Management Committee.</p> <p>i) Extend the committee to Senior Managers.</p> <p>ii) Include the schedule on the municipal calendar.</p> <p>3. Develop Standard Operating Procedure Manuals for all finance processes.</p>

COMPONENT B: 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 (2020/2021) 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.

ACTION PLAN FOR FRAUD AND ANTI-CORRUPTION ACTIVITIES

No	Item	Responsible Person	Resources Needed
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1.	Delegation required for the CAE and the risk officer to perform functions relating to anti-fraud and anti-corruption activities - Achieved	Municipal Manager	None
2.	In progress- Advertise for the panel of professional service providers to provide internal audit and forensic investigations. The project is at evaluation stage.	CAE	None
3.	Review fraud prevention policy and strategy – This was achieved and the policy was adopted in June 2021	Risk and Compliance Officer	None

Though there is no formal delegation on the matter of fraud and anti-corruption the CAE is taking responsibility of the matter as per the request of the Accounting Officer.

The future plan is for staff within the risk unit to be trained on fraud and fraud related activities via a formalized training process so that there may be reduction in use of consultants and increase focus on fraud activities.

COMPONENT C: 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 2020/21 financial year.

year of assessment. Furthermore, the municipality has an independent audit committee with three (4) members of sufficient skills and experience to ensure adequate oversight over internal audit as well as municipal activities as a whole.

The 2020/2021 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 2020/2021 internal audit plan which was approved by the audit committee on the 21st of October 2020.

In regards to the 2020/21 scheduled audits the following key areas were reviewed and tabled to audit committee for consideration:

PROJECT	FOCUS AREAS
Revenue and Debt Management	<ul style="list-style-type: none"> • Accuracy of billing and collections • Reconciliations (Revenue and debtors) • Debt collection procedures • Debt policy and Indigent Policy • Test Debt collection system (Existence and Completeness) and alignment to SAGE • Collection trends per sector (Business, government and household) – Current year debt management issue has escalated and hence collection trends needs to be retested in detail • Recording of revenue
Supply Chain Management	<ul style="list-style-type: none"> • Turnaround time for completion of procurement process (Ordering; Receiving process, Invoicing and Reconciliation) • Planning (Procurement plan), Policy review and awareness • Contract and Project Management (Standard operating procedures, organogram and testing of high value and long-term contracts) • Performance assessment of service providers and contractors • Contract and Project Management (Completeness of Contract register and supporting documentation) • Review of supplier database (capturing, editing and approval of suppliers), performance monitoring of suppliers

	<ul style="list-style-type: none"> • Review of supplier database (suppliers in service of the state, suppliers who are employees, blacklisted suppliers) • Creditor (including payments). • Supplier return process and quality verification of goods and services received • Completeness of Supplier documents
Unauthorized, irregular, fruitless and wasteful expenditure	<ul style="list-style-type: none"> • Investigations of irregular expenditure resulting from approved deviations. • Investigations of unauthorized, irregular, fruitless and wasteful expenditure incurred.
Physical verification of employees against payroll reports	<ul style="list-style-type: none"> • Provincial Treasury Circular (PT/MF) 1 of 2017/20218
Asset Management	<ul style="list-style-type: none"> • Fleet Management – Policy and application • Test read/write access to the SAGE PASTEL system • Compliance with the fleet management policy and submission of exception reports relating to fuel, accidents and insurance) • Fixed Asset Register (Completeness) • Fixed Asset Register (Existence) • Impairment testing (sample basis) • Repairs and Maintenance (Capitalisation versus Expenditure) • Formation of asset disposal committee and effectiveness of this committee

	<ul style="list-style-type: none"> • Review the controls for impairment testing of moveable and immovable assets • Fixed Asset Register reconciliation • Additions and Disposals • Investment property (Completeness, Rights, Existence and Valuation) • Under Construction WIP Assets – WIP valuation and transfers to Fixed Asset Register
ICT	<ul style="list-style-type: none"> • ICT Governance • DRP and BCP • ICT Security and awareness • ICT Assets • Assessment of the nature of the project management function (Outsourced EPCM vs In-house Project Management Personnel)
Performance Management System (PMS)	<ul style="list-style-type: none"> • Review the SDBIP, organizational scorecard, departmental scorecards, Section 57 Performance agreements to the Integrated Development Plan (IDP) for alignment • Presentation of SDBIP Consistency, Measurability, Relevance Reliability • Compliance with laws and regulations • Review of POE's against reported information on the SDBIP
Reviews of Annual Financial Statements	<ul style="list-style-type: none"> • Review Accounting Policies and compliance with GRAP • Ensure that the AFS agrees to the Trial balance and General Ledger

	<ul style="list-style-type: none"> • Perform review of financial statements for validity, accuracy and completeness • Review working paper file and ensure that it agrees to information on the AFS, TB and GL • Follow-up on AG findings.
Reviews of Annual Performance Report	<ul style="list-style-type: none"> • 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"> - Review credibility of POE files (Reliability of Performance Information); - Review the processes with which performance information is processed, collated, filed, analyzed and reported in line with the FMPPI; - • Follow-up on AG findings.

COMPONENT D: AUDIT AND PERFORMANCE AUDIT COMMITTEE

File Reference:	Author	: Hopewell Mpungose
Report Number:	Designation	: Chairperson of the Audit Committee

CONFIDENTIAL FOR CONSIDERATION	The Honourable Speaker MANDENI MUNICIPAL COUNCIL
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**SUBJECT: AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT FOR THE YEAR
 ENDED 30 JUNE 2021**

DATE: 10 July 2021

1. INTRODUCTION

The Audit and Performance Audit Committee (**Herein referred to as the “Audit Committee”**) is pleased to present its Report for the financial year ended 30 June 20²³1. This report covers work done and overseen by the Audit Committee during this financial period (i.e) from 01 July 2020 to 30 June 2021.

2. LEGISLATIVE REQUIREMENTS

¹ .1. The purpose of this report is to apprise the Council of Mandeni Municipality of the work done by the Audit Committee during the 2020/21 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.

³ .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 the Council for approval.

3. THE AUDIT COMMITTEE

During the period under review The Audit Committee consisted of four (4) members listed below. In terms of the Charter the Audit Committee must meet at least four times.

During the period under review the Audit Committee met six (6) times. The table below sets forth the particulars of the members, dates of appointment and attendance at the meetings of the committee:

Name	Date appointed	Date Resigned	Meetings held	Meetings attended
Mr H Mpungose (Chairperson)	27 March 2019	-	6	6
Mr BP Mngadi	27 March 2019	-	6	6
Mr M Makhunga	27 March 2019	-	6	5
Mr M Thango	31 October 2020	-	6	4

The Committee Meetings referred to above were held on the following dates:

- 15 September 2020 (Virtual Meeting);
- 02 October 2020 (Virtual Meeting);
- 11 December 2020 (Virtual Meeting);
- 24 March 2021 (Virtual Meeting);
- 10 May 2021 (Virtual Meeting);
- 28 June 2021 (Virtual Meeting).

Mr M Thango was appointed on the 31 October 2020 to replace Ms K Sewnarain who resigned with effect from the 31 December 2019.

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 clause 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

- a. 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.
- b. 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.
- c. The activities of the Internal Audit Unit are guided by the **Annual Audit Coverage Plan** which was approved by the Audit Committee at the end of the previous financial year and amended in September 2020 due to constraints imposed by the Covid Pandemic. The Audit Committee monitors the progress of the implementation of the annual internal audit plan.
- d. During this financial year, the internal audit work was performed by the internal staff and the external staff sourced from the internal audit service provider (HTB Consulting).
- e. The Chief Audit Executive's (CAE's) position was filled with effect from 01 July 2020.
- f. At the date of this report, except for the review of the Mid-Term Financial Statements, all other projects planned for execution up to the end of the third quarter, have been completed. The remaining projects listed will be performed during the first quarter of the 2021/22 financial period.
 - Follow-up audit on ICT;
 - Inventory Management Audit;
 - SCM Audit for Quarter for Quarter 4; and
 - UIFW for Quarter 4.
- g. The Audit Committee has approved the Internal Audit Plan for the 2021/22 financial period. This plan has been submitted to the Council for noting and to COGTA.
- h. The Audit Committee has reviewed the **Internal Audit Charter** and the **Audit and Performance Audit Committee Charter** and no amendments have been effected to these charters. The Charters have been submitted to the Council for approval through the office of the Accounting Officer.
- i. Audit Committee, would like to thank the Council for approving the Committee's request of reintroducing the co-sourcing model in order to augment the capacity of the Internal Audit Unit. This model Internal Audit has enabled us to execute and complete the work within planned timelines and has also given us access to specialist skills whenever they are needed (i.e Information Technology Audits and for the review of Financial Statements). Further-more the quality of the work has been enhanced.

It is also important to place on record that the increase in the budget of this Unit has enabled it to incorporate in their plan the General Controls and the Application Controls Reviews.

j. Furthermore, the Audit Committee would like to commend the Accounting Officer, the Internal Audit Unit and the Staff of the Municipality for ensuring that work has been done despite the limitations imposed by the covid-19 pandemic.

4.2. System of Internal Control

4.2.1 Audit Committee has continued to monitor the progress achieved by the Management in implementing remedial action to prevent 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.

4.2.2 The Audit Committee has noted that during the year there are new findings regarding Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure which have been identified and reported by the Internal Audit and would like to emphasize that the responsibility of preventing these findings rests with management.

We therefore request that management must ensure that controls in place, policies and procedures of the Municipality are embraced and adhered to, to prevent recurrence of UIFW expenditure. We are of the opinion that these can be averted by improving on planning, contract management practices and strict compliance with the SCM processes.

4.2.3 We will report to the Council the outcome of the ICT general controls and the Application Controls Reviews once the follow up reviews have been concluded.

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 indicate that further training and consultation is required in this area. From the reports presented to us it is evident that capturing of the key performance indicators and providing the portfolio of evidence and additional information in support of achieved targets has proven to be a challenge.

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

During the period under review the Internal Audit and the Audit Committee continued to assess the progress on the action plan, which addresses the issues raised by the Auditor-General in their previous report.

At the date of this report, out of the five (5) finding reported by the Auditor General, one (1) had been resolved fully, two (2) were in progress and two (2) had not been resolved.

The management has assured the Audit Committee that the unresolved matters will be resolved before the external audit commences.

4.5. Financial Management and Reporting

On a quarterly basis during this financial period, the management has presented the financial reports of the municipality to the Audit Committee. The Audit Committee has noted the efforts made by the management in the quest of reducing the debtors' book, however:

- **Ingonyama Trust Board** and **Ithala** have remained the significant defaulters on the debtors' book.
- The dependence of the Municipality on the grant funding also remains a challenge.

As at the end of the 3rd quarter, 64% of the capital budget had been spent. Management has assured this Committee that the report covering the 4th quarter will show a significant improvement on this front. These items will continue to be on the agenda of the Audit Committee Meetings.

4.6. Review of financial statements and accounting policies

The plan for the preparation of the Annual Financial Statements for the year ended 30 June 2021 has been submitted to the Audit Committee. To this end management has assured the committee that the deadline for submission will be met.

We will utilize the services of the Internal Audit Unit for ensuring that the Annual Financial Statements comply with the South African Statement of Generally Recognized Accounting Practices (GRAP) and the accounting policies adopted by the Municipality.

5. 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.

6. CONCLUSION

The Audit Committee hereby reaffirms its commitment in supporting the Council and Management in the quest of improving the functioning of the municipality.

On behalf of the Audit Committee

A handwritten signature in black ink, appearing to read 'Hopewell Mpungose', is enclosed in a light blue rectangular box.

Mr. Hopewell Mpungose Chairperson Audit and Performance Audit Committee 20 July 2021

COMPONENT E: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The provision of Section 79 (1) (a) and (b) of the Municipal Structures Act (of 1998) stipulates that the municipality must establish an oversight committee that will oversee the executive functionaries of the municipal management on behalf of its Council. The Municipal Accounts Committee operates as a subcommittee of Council.

The Municipality has in the 2020/21 year of assessment dedicated an individual to co-ordinate the function of MPAC under the management of the PMS and MPAC manager with the assistance of the Chief Audit Executive. This individual has been ably guided by the MPAC charter and other relevant legislations in respect of the functions of the MPAC. MPAC has been provided with this individual in order for them to be assisted in terms of minutes taking, meeting preparation and coordination, compilation of the agendas, member's invitation, liaison with Cogta and National Treasury in terms of the MPAC duty requirements and any other functions as requested by the MPAC Chairperson.

The Internal Audit Unit has also been actively involved as a support structure and advisory body of the MPAC through the Chief Audit Executive and PMS and MPAC Officer as well reporting structure, administratively, through the PMS and MPAC manager. Each and every high-level report was discussed with the Internal Audit unit to ensure that the MPAC gets a clear picture when looking at the issues during their meetings in order to ensure that the purposes of the oversight functions are not compromised by the lack understanding and capacity by MPAC members especially the Chairperson.

During the 2020/21 year the Council has reviewed and adopted the MPAC Charter and the Oversight process plan, the oversight process plan is reviewed yearly due to the fact that the process timeline changes every year. This process plan is developed by the PMS and MPAC officer with the guidance and assistance of the Chief Audit Executive and checked and verified by the MPAC Chairperson before it is presented to council for adoption.

Furthermore, the oversight process has been a huge success considering the fact that it was done by newly appointed member of the 04 August 2018 Council. This was facilitated by the fact that an induction process was appropriately done the moment the new members were elected and a couple of short sessions in a form of trainings were provided by the Internal Audit Unit under the supervision of the Chief Audit Executive and support by the PMS and MPAC officer.

MPAC CHARTER

The Municipal Public Accounts Committee of Mandeni Municipality is guided by its Charter, which serves as its terms of reference, which is approved by Council on a yearly basis. The charter is in line with what the Municipal

Structures Act and the Finance Management Act requires the MPAC to focus on in terms of MPAC exercising oversight over the executive functionaries. The key focus points are heightened below.

Functions of MPAC

1. Primary functions of MPAC are as below
 - a) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
 - b) In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report. must also be reviewed This relates to current in-year reports, including the quarterly, mid-year and annual reports
 - c) To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Performance Risk and Audit Committee and the Auditor General's recommendations have been implemented;
 - d) To promote good governance, transparency and accountability on the use of municipal resources;
 - e) To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Performance Risk and Audit Committee; and
 - f) To perform any other functions assigned to it through a resolution of council within its area of responsibility.
2. The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer of the municipality or municipal entity.
3. MPAC can request the support of both the internal and external auditors (advisory) when necessary.
4. The MPAC must interrogate the following financial aspects addressed in the Municipal Finance Management Act:

4.1 Unforeseen and unavoidable expenditure (Section 29)

- a) any unforeseen and unavoidable expenditure incurred must be reported to the MPAC;
- b) Proof of the necessary appropriation in an adjustment budget;
- c) The MPAC must consider the expenditure and make recommendations to the council; and
- d) Where the necessary adjustment budget has not been prepared, the MPAC must report same to the council.

4.2 Unauthorized, irregular or fruitless and wasteful expenditure (Section 32)

- a) any unauthorized, irregular or fruitless and wasteful expenditure by the council, the executive mayor / mayor, executive committee or any political office bearer of the municipality must also be reported to the MPAC;
- b) The municipal manager must report to the MPAC on all steps taken to either authorize or certify the payment or to recover or write off the expenditure,
- c) The municipal manager must report on whether any criminal action was instituted in this regard; and,
- d) The MPAC must report to the council on the appropriateness of the any criminal or civil steps taken and report where no further action was taken and why.

4.3 The quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality/ SDBIP (Section 52(d))

- a) a copy of the quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality must be submitted to the MPAC;
- b) Where the report is not submitted to the MPAC within 30 days after the end of the quarter, the MPAC must report this to the council;
- c) Where the report is submitted, it must be interrogated and recommendations must be made to the council;
- d) The MPAC must ensure that the mayor attend to the necessary amendments to the SDBIP and submit the necessary report to the council with proposals for the adjustment budget, and where this is not done by the mayor, report it to the council;
- e) The MPAC must report any matter of concern regarding the report of the mayor to the council.

4.4 Monthly budget statements (Section 71)

- a) the monthly budget statement submitted to the mayor must be submitted to the MPAC;
- b) The MPAC must interrogate the statement and report any matter of concern on the statement to the council.

4.5 Mid-year budget and performance assessment (Section 72)

- a) the mid-year budget and performance assessment report submitted to the mayor must be submitted to the MPAC;
- b) the MPAC must interrogate the assessment and submit its comments on the assessment to the council.

4.6 Mid-year budget and performance assessment of municipal entities (Section 88)

- a) the mid-year budget and performance assessment report submitted by the municipal entity needs to be submitted to the **MPAC**; the **MPAC** needs to interrogate the report and report matters of concern to the council
- b) Where the report has not been received or not published, it must be reported to the council.

4.7 Disclosures concerning councilors, directors and officials (Section 124)

- i. as part of its interrogation of the annual financial statements, the MPAC must ensure that the necessary disclosures were made in the financial statements, including:
 - salaries, allowances and benefits of political office bearers and councilors of the municipality;
 - arrears owed by individual councilors by the municipality for more than 90 days;
 - salaries, allowances and benefits of the municipal manager, CFO and senior managers;

4.8 Submission and auditing of annual financial statements (Section 126)

- i. copies of the financial statements submitted to the AGSA must be submitted to the MPAC as well as the financial statements of any municipal entity under the control of the municipality as well as proof of submission thereof to the AGSA;
- ii. Where the MPAC has not been provided with the financial statements or with proof that it has been submitted to the AGSA it must be reported to the council.

4.9 Submission of the annual report (Section 127)

- i. the annual report must be submitted to the MPAC no later than two weeks after the date required for submission to the council;
- ii. Where the annual report is not submitted to the council as required, the MPAC must be provided with a copy of the written explanations of the mayor as submitted to the council;

- iii. Where neither the annual report nor the explanation has been submitted, the MPAC must report same to the council;
- iv. the MPAC must monitor that the annual report has been submitted to the AGSA, as well as the provincial government departments required and has been published for comment; and
- v. the MPAC must also monitor that all municipal entities have complied with the said requirements.

4.10 Oversight report on the annual report (Section 129)

- a) the MPAC must consider the annual report and prepare a draft oversight report to be submitted to the council for purposes of adopting the oversight report;
- b) In preparing the draft oversight report, the MPAC must consider all representations in connection with the annual report received from the local community;
- c) The meeting of the MPAC considering the annual report must be open to the public and members of the local community must be allowed to make representations in connection with the annual report at the meeting;
- d) National Treasury Circular 32 provides guidance on the preparation of the oversight report.

4.11 Issues raised by the Auditor-General in audit reports (Section 131)

- a) the MPAC must be provided with the report prepared to address issues raised by the AGSA;
- b) Where the report is submitted, MPAC should interrogate same and make recommendations to the council; and
- c) Where the report has not been submitted, MPAC should report this to the council.

4.12 Where the report has not been submitted, MPAC should report this to the council.

4.13 Audit Committee (Section 166)

- i. the MPAC must ensure that the municipality at all times have an operational audit committee;
- ii. All reports received from the audit committee need to be submitted to the MPAC to assist it in its functions and to capacitate the MPAC;
- iii. Where no audit committee has been appointed or where the audit committee is not operative, the MPAC must report this to the council.

4.14 Disciplinary action instituted in terms of the MFMA

- i. all disciplinary processes instituted for the contravention of the MFMA must be reported to the MPAC;

- ii. MPAC must monitor that all matters are brought to conclusion;
- iii. MPAC must report to council where matters are not dealt with effectively and timeously.

4.15 The MPAC must interrogate the following aspects addressed in the Municipal Systems Act:

4.16 Review of the IDP post elections (Section 25)

- i. MPAC must monitor whether the Executive mayor / Exco initiate the review of the IDP posts elections;
- ii. Where the review is not done, the MPAC must report same to the council.

MPAC REPORT TO COUNCIL FOR YEAR ENDED 30 JUNE 2020

INTRODUCTION

The current members of the MPAC were elected in 2016 due to the new municipal council being formed and the committee itself was in its second year of operation. There were numerous hurdles faced by the MPAC due to issues of training and capacity due to the fact that all members were new and hence this led to loss of institutional and process knowledge. The municipality addressed the issues of capacity through providing training to members and the MPAC member gained confidence and began performing their duties accurately and effectively.

During the year, focus was placed on financial viability as well as issues of performing oversight over Unauthorized, irregular, Fruitless and Wasteful Expenditure. In this regard, MPAC was trained on 6 occasions, which was then extended to full council and management on areas of S32 MFMA as well as areas of UIFW identification and resolution.

During the period MPAC tabled three UIFW reports to council as well as 1 report namely the MPAC report on the review of the AFS and APR for 2018/19 financial year, all these reports were adopted by council.

EXTRACTS FROM MPAC REPORTS TO COUNCIL

1. Introduction.

The MPAC Committee of Mandeni Municipality has pleasure in submitting the MPAC report on Irregular and Fruitless and Wasteful Expenditure for 2020/21

2. Purpose

The purpose of this report is to comply with the requirements set forth in the approved MPAC Charter relating to functions and duties of the MPAC in terms of the review and investigation of unauthorised, irregular, fruitless and wasteful expenditure

- a) To recommend or undertake any investigation in the area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Performance Risk and Audit Committee.
- b) In the Financials the MPAC should interrogate the following financial aspects addressed in the Municipal Finance Management Act;
 - (i) Unforeseen and unavoidable expenditure (Section 29)
 - Any unforeseen and unavoidable expenditure must be reported to MPAC
 - Proof of the necessary appropriation in an adjustment budget
 - The MPAC must consider the expenditure and make recommendation to Council.
 - (ii) Unauthorized, irregular or fruitless and wasteful expenditure (section 32)
 - Any unauthorized, irregular or fruitless and wasteful expenditure by Council, the executive Mayor/Mayor, executive committee or any other political office bearer of the municipality must also be reported to the MPAC;
 - The municipal manager must report to MPAC on all steps taken to either authorize or rectify the payment or to recover or write off the expenditure;
 - The municipal manager must report on whether any criminal action was instituted in this regard; and

- The MPAC must report to Council on the appropriateness of the criminal or civil steps taken and report where no further action was taken and why.

3. Members

MPAC consists of the members listed hereunder and meets a minimum of 4 times per year as per the requirements set forth in the Municipal Structures Act (MSA). Since the new members were elected to serve in MPAC there has been no changes in the membership of the committee

The names and attendance of the MPAC members are listed below for the meeting held on the 28th August 2020 and subsequently on the 30th August 2021

3.1 Name of member, date and attendance.

Name of member	Attended 28/08/19	Attended 30/08/19
Cllr. T.P Shandu (Chairperson)	Yes	Yes
Cllr. A.M Gwala	Yes	No
Cllr. S.R Mdletshe	Absent	Yes
Cllr N.T Shandu.	Apology	Yes

4. Meeting and Details

A meeting was first held with the management during the month of July 2020 to discuss all UIFW. During this meeting the CFO presented all issues relating to 2020/21 UIFW whilst the CAE presented key highlights relating to the 2020/21 UIFW. The meeting concluded with MPAC requesting further information on certain contracts as well as information on fruitless expenditure

During the meeting held on the 28th August 2020 MPAC members present were taken through the 2020/21 Irregular Expenditure and were given feedback by the accounting officer and management however it was decided that prior to tabling the report to council there is a need for a special MPAC meeting with quorum to go through the entire report in detail.

During the meeting held on the 30th August 2020 MPAC members were again taken through each issue and given responses to areas of concern. Details of issues raised are summarized below

5. Areas of focus

As highlighted in the report attached MPAC focused on all critical areas highlighted by the Auditor General for both the 2019/20 year of assessment. The report sets out critical areas of focus and areas that particular attention was paid to.

- Attention must be drawn to discussions held on contracts expired but utilized namely Rural Metro and Steiner hygiene (Annexure A1). MPAC questioned as to the stage of these contracts and whether there are any contracts that are still going to result in Irregular expenditure

Input was received that all major contracts are resolved as at the end of the 2020/21 year of assessment however there is the issue of M Projects and Kwikspace still being used. Management stated that the tender is out however it was difficult to cancel the service as the municipality is reliant on park homes for their staff.

- Questions were also raised on the issue relating to Noumig and the service that they provided.

It was ascertained that Noumig provided emergency transport during the IDP process whereby the number of people requiring transport were greater than what was anticipated.

- MPAC also raised the issue of DOLCO Biz being identified twice in the report and whether they were part of the forensic report

Management reported that this was not part of the forensic report however they will focus on this service provider. They also stated that the SCM unit will not rely on IT unit to advice on technical areas and that the technical specifications must be included within the advert in detail

- MPAC also raised the issue of SCM tenders not being prioritized. Firstly, why was the BEE certificate not accepted

Management stated that the BEE certificate was a copy of the certified and not a certified original and hence could not be accepted. AG however stated that this must be included in the advert and if it is not then it is irregular

- MPAC also raised the issue of the manner in which tender specifications are designed. MPAC stated that in the future specifications needs to be specific and after the specification is designed all tenders must be assessed against this.

Management stated that in the future this will be done adequately and more focus will be given to ensuring all details are captured in advert and specification

Based on reasons provided we as MPAC as satisfied that these decisions and expenditure are adequately supported and justifiable

6. Conclusion

During our recent interaction with management we are satisfied that the areas of UIFW are well explained and contain sufficient evidence. We are also happy with the support provided by management and hence we recommend that the attach report and all its annexures be adopted by council

We would like to express our gratitude to council, audit committee, internal audit and management for their support. We are seeking to ensure that the committee acts in a manner that will ensure we gain serious respect and recognition. We would also like to thank our Council for providing us with time and resources to conduct investigations were necessary to act on our mandate.



MPAC Chairperson

CIlr T.P Shandu

MPAC OVERSIGHT PROCESS PLAN

INTRODUCTION

MPAC develops an oversight process plan for every financial year which takes place during the third quarter which is between January and March of each financial year. The process plan is always reviewed and adopted by Council before it is used and thereafter the MPAC is expected to work or lead a work flow in accordance with the adopted or approved oversight process plan up until the actual oversight report is done. Below is the oversight process plan for the 2020/21 financial year:

Date	Reason	Responsible People	Structure
Done during period 2016	council establishes the MPAC/Oversight Committee	Council	Council
23rd January 2021	Council resolution to adopt annual report	PMS Manager	Council
23rd January 2021	Council resolution for MPAC to investigate fruitless, wasteful and irregular expenditure (Resolution C59 and C60)	Council	Council
24th January 2021	Hand-over of Annual Report to MPAC and internal audit	PMS Manager handover to D. Mbonambi and Cllr T.P Shandu	None
30th January 2021	Draft Annual report copies given to AG and COGTA after consideration of comments from council	PMS Manager	None
04 th March 2021	First meeting of MPAC on annual report and to investigate fruitless, wasteful and irregular expenditure	D. Mbonambi and MPAC	MPAC meeting
08th March 2021	Meeting with MPAC for Oversight report and UIFW report.	MPAC Chairperson and MPAC Committee	None
09 March 2021	Actual advertisement in Ilanga newspaper.	PMS Manager and Registry	None
10 th March 2021	Loud hailing and invites for MPAC Public hearing	Public Participation Unit	None
11th March 2021	Meeting with Public and Stakeholders 10 am	MPAC Chairperson and MPAC Committee	None
16th March 2021	Meeting with MPAC for UIFW and for preparation for meeting with management	MPAC Chairperson and MPAC Committee	None
24th March 2021	Meeting with MPAC and Management 09h00 am	MPAC Chairperson and MPAC Committee	TOP MANCO
25th March 2021	Incorporation of AG and COGTA comments into oversight report	MPAC Chairperson and MPAC Committee and Internal Audit	TOP MANCO
25th March 2021	Final Preparation of MPAC report on annual report	Mbonambi and MPAC	Special MPAC to finalise

			oversight report
25th March 2021	Summary on investigations undertake	Mbonambi and MPAC	None
31st March 2020	Tabling of oversight report to Council	CIlr T.P Shandu MPAC Chairperson	Council

Based on the outcome of the Oversight Process Plan, the Annual Report, the public hearing and meetings with the management were held successfully and the Oversight Report was adopted by council on the 6th May 2021. See municipal website for adopted 2020/21 MPAC Oversight report.

COMPONENT F: 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.

BID NO.	BID DESCRIPTION	AWARDED BIDDER	AMOUNT
05/19/20	SP to prepare all environmental studies required for a cemetery site development	Haslab (Pty) Ltd	314 935.90
06/19/20	Appointment of SP for reviewing of the SDF for Mandeni Municipality	Tshani Consulting CC	329 929.00
11/19/20	Upgrading of Link Road between Masomonce Bus Route Ward 10 and Enembe -Isithebe Ward 12	Thatha 5 cc	5 054 853.45
20/19/20	Provision and Management of Short -term Insurance Port -Folio for a Period of 36 Months	Kunene Makopo Risk Solutions	2 824 139.00
21/19/20	Construction of Swimming Pool in Ward 15	Flaxen Lake	3 711 654.75
22/19/20	Construction of a Sportfield in Enembe , Ward 5	Sholo Trading	5 761 002.60
01/20/21	Upgrade of Rural Road Phase 3(a)	Zisayini Trading Enterprise	3 741 316.90
02/20/21	Upgrade of Rural Road Phase 3(b)	Msebe Contracting	3 868 271.10
03/20/21	Upgrade of Rural Road Phase 3(c)	Sukoluhle Trading	3 329 302.44
04/20/21	Sourcing of Social & Economic Infrastructure Investment Capital	Nzamakhuze Holdings Pty Ltd	Fees of contract value is

			a percentage of sourced funds
10/20/21	Provision of Banking Services	First National Bank	
11/20/21	Development of Nyoni/Amatigulu Estuary Management Plan	Thumamina Consulting Pty Ltd	437 000.00
12/20/21	Service to Provider to render MFMP Training	Sonani Training & Communications (Pty) Ltd	221 840.00
13/20/21	Construction of Retaining Wall and Related Civil Works	Luzomelamandla Trading Enterprise	259 902.50
14/20/21	Youth Drivers's Liscence Course for a Period of Three Months	Malume Motoring School	1 114 146.00
15/20/21	Supply and Delivery of a New 12 Cubic Meter Tipper Truck	Zondle Trading	2 486 862.72
16/20/21	Supply and Deliver 30 x 6 Cubic Meters Steel Refuse Skips to Community Services	Zama Zama Engineering	1 035 000.00
17/20/21	Khenana Phase 4 Electrification , Ward 10	R Busisiwe (PTY) LTD	1 270 701.25
18/20/21	Highview Park Embarkment Protection and Stormwater Channeling	Njomisa Boerdery	556 417.40
19/20/21	Construction of Sidewalks and Ancillary Works in Hlomendlini , Ward 4	Humble Frank Multi Services	1 145 397.00
20/20/21	Hlanzeni Electrification Ward 7	Shantis Electrical (PTY) LTD	1 805 499.08
21/20/21	Okhovoti Electrification Ward 12	Quite Storm	1 152 933.57
23/20/21	Supply and Deliver of a Grader	Bell Equipment Sales SA LTD	4 926 600.00
24/20/21	Supply and Deliver of a TLB	Miser Trading	2 642 700.00
25/20/21	Supply and Deliver of Wood Chipper	Bhedu Bhedu Construction	368 000.00
28/20/21	Panel for Traffic Signals Repairs	R Busisiwe (PTY) LTD; ATC Industries; Zama Traffic Signals CC	As per rates
29/20/21	Supply and Deliver of RMU	Worth Kings Trading	871 677.00
30/20/21	Installation of Clear View Fence at KwaSithebe Library	Mdlangeni Trading CC	320 413.60
33/20/21	Beautification and Landscaping of Access No.1 Intersection in Mandeni	Ubuhle 79 Trading & Akha Holdings JV	960 109.70
34/20/21	Supply and Delivery of Fully Equipped Mobile Library Truck	Isipho Capital Motors	2 050 206.30
35/20/21	Construction of Municipal Access Control Facilities	Mlombomvu Projects	1 403 459.63
37/20/21	Construction of Mandeni Community Hall - Ward 13	Sanoqwabe Consultants	7 350 116.35
42/20/21	Supply and Deliver of 1 x Mixer Mpbile Asphalt Plant	Kayosi Trading	549 977.00
44/20/21	Supply and Deliver of 1x New 4x4 Bakkie Fitted with Cherry Picker to Mandeni Municipality.	Multi Cranes & Platforms (Pty) Ltd	1 345 615.00

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

Description	Status	Name of the Bidder	Responsible department
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services
Expi+C20:F23red Contract	Paid	Conlog	BTO
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
Local Content Upgrade of Modular Library Isithebe - Steel product and component for construction	paid	Bophelani Trading	Technical service
Local Content Electrification of 190 connections in Nkwadini- Nkuzempunga ward 11 & 16- Alexandrah	Paid	Alexandra	Technical service
Expired Contract	Paid	Conlog	BTO
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services
Local Content Upgrade of Modular Library Isithebe - Steel product and component for construction	Paid	Bophelani Trading	Technical service
Local Content Upgrade of Modular Library Isithebe - Steel product and component for construction	Paid	Bophelani Trading	Technical service
Local Content Electrification Of 311 connection in Khenana ward 10 - Electronic products	Paid	Yakhalungisa Engineering	Technical service
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services

Expired contract	Paid	Sivest	Technical service
Expired contract	Paid	SMA	Technical service
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
BAC Composition	Paid	Rural Metro Emergency Services	Community services
Local Content Electrification Of 311 connection in Khenana ward 10 - Electronic products	Paid	Yakhalungisa Engineering	Technical service
Expired Contract	Paid	Conlog	BTO
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
BAC Composition	Paid	Rural Metro Emergency Services	Community services
Local Content Upgrade of Modular Library Isithebe - Steel product and component for construction	Paid	Bophelani Trading	Technical service
Expired contract	Paid	Lelethu Consulting	Technical service
Expired contract	Paid	Young & Satharia	Technical service
Expired contract	Paid	Makhaotse Narasimulu & Associate	Technical service
Prequalifying criteria no properly applied	Paid	Isichaka Esingenamona	Community services
BAC Composition	Paid	Rural Metro Emergency Services	Corporate Services

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

In the 2020/21 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.
- 50 lightening conductors were procured and installed
- The municipality managed to provide electrification infrastructure (Dry Connections) in Khenani Phase 3 Ward 10, Kwalini-Nkunzempunga Ward 11 and 16 and Khenana Phase 4 Ward 10 to 400 households.

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.

WASTE KERB COLLECTION

- The annual waste Collection target of 313 times in all wards (including residential and business premises) was achieved.

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 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 2020/21 financial year being Inyoni Housing (Ward 3, 7, 10, 11, 12, 13, 14, 15,16, 17and

18), phase three of the Macambini Housing Project (Ward 1, 2, 8 and 9) and phase one 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:** This Housing project is currently in progress. Phase 02 and 03 construction is ongoing for approved beneficiaries for ward 3, 7, 10,11, 12,13, 14, 15, 16, 17 and 18. Total number of 1604 foundations was completed; 1520 wall plates completed, 1438 roof structures and 896 completions were done as at 30 June 2021. Phase 4 of the project was brought to a pause due to a Water Use License (WULA) that was required, a process that was initiated to obtain the license came to a successful end with WULA approval being granted in June 2021. A challenge of missing beneficiaries faced the project and a process was initiated as per the Beneficiary Administration policy adopted by the Department of Human Settlements, the Municipality advertised for 681 missing beneficiaries to come forward and take occupation of their units. This yielded some progress as some beneficiaries did come forward. Those who have not will be addressed as per the policy prescripts.
- **Isithebe Rural housing:**

The Department of Human Settlement approved 300 units for Phase 1 of the project (300 out of 2000 units) the financial year of 2019/20 and all 300 units were completed and handed over to beneficiaries in the 2020/21 financial year. On the 23 March 2021 MEC visited the project for house handover and EPWP graduation which was successful. The Department of Human Settlements approved budget provisions for phase two of the project to commence with construction, the project phase commenced in April 2021. 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 The project phase consists of 300 units. As at 30 June 2021 the progress made on the ground is as follows; a total of 151 sites were pegged with GPS co-ordinates, 124 platforms were cut and 19 foundations were constructed.
- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project has progressed significantly in its construction programme; phases one and two of the project have been completed resulting in 1000 units being completed and handed over the beneficiaries. Phase. The Department of Human Settlements approve funding for phase three of the

project consisting of 300 units to commence with construction in the financial year 2019/2020. The project experienced challenges in delays due to the Covid19 pandemic. An extension of contract had to be obtained and project phase was subsequently completed in May 2021. Processes for the approval and Tri-partite contract to be signed for phase consisting of 350 units has been initiated and applications have been submitted to the Department of Human Settlements for consideration.

- Title Deeds Restoration Programme; Tugela Ext 3 & Sundumbili Township R293 Properties:** During the 2020/2021 financial year, a total number of 95 title deeds were transferred in Tugela extension 3, the Municipality led by His Worship the Mayor held an official title deeds hand over ceremony in Highview Park during the month of June 2021. The ceremony received was well received by a significant turn out of residents delighted to collect their title of ownership, a victory they have waited long to have. In total 75 title deeds were collected at the ceremony. Resident who could not attend the ceremony to collect their title deeds are encouraged to approach the EDPHS office at the Spar complex to collect their rightful deed of ownership. In Sundumbili total number of 101 title deeds were transferred in Sundumbili which will be handed over to beneficiaries in a title deeds handover ceremony to be led by His Worship the Mayor in the 2021/22 financial year.
- Hlomendlini Title Deeds:** a total of 1886 housing units have been completed and handed over to beneficiaries under the project. The transfer of title deeds was initiated in the 2020/2021 financial year. As at 30 June 2021 a total of 1073 title deeds have been transferred. An official title deeds hand over ceremony will be scheduled to be led by His Worship the Mayor.
- 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. During the 2020/21 financial year the Department approved funding for the implementation of 19 OSS cases across various wards including wards 2, 5, 7,9 and 12. A contractor has been appointed to implement the project.

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.

ROADS AND STORMWATER

- Construction of 1.8 km of Enembe Road on the 30th September 2020.
- 0.35 km of Link Road between Amajuba Road ward 15 and Road 116 in Ward 14 on the 31st December 2020.
- 375 kilometres of rural gravel road repaired and maintained in house by 30 June 2021.

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 have been 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.

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 ensure compliance to the Spatial Planning and Land Use Management Act through processing of Land Development Applications with legislated time frames.
- During the 2020/21 financial year the planning unit Rolled-out capacity building programmes to critical stakeholders on Land Use Management and applicable Spatial Plans.

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, three (3) planning applications were received by the Municipality for assessment. One has been tabled to the MMN JMPT for approval and was approved with conditions. The other two (2) 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.

Total number of applications approved: (1)
Total number of applications not approved: (0)

Total number of applications incomplete: (1)
Total number of applications still pending: (1)

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

3.13 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

3.14. 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.

3.16 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.

3.17 AMBULANCE SERVICES

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

3.18 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

3.19 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.

3.20 FIRE CONTROL

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

3.19 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, the Municipality appointed is the Process to appoint the Service Provider to render Stray Animal pound service services following 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 serious threat to public safety both from the roads and in the social environment of people in terms of communicable diseases. Hence, they must be impounded, not herded or if trespassing.

3.20 FIRE CONTROL

The appointment of Rural Metro Emergency Management Services to render the fire service function since 2013 The effectiveness of the service has been rendered has resulted in a reduction of fire injuries and deaths to a minimum during the period under review. At the same breath, an estimated financial saving of property of R5 235 500.00 was achieved in comparison with the property loss of R7 695 000.00

Arrangements are afoot to provide the service internally, subject to adequate resources.

3.21. DISASTER MANAGEMENT, ANIMAL LICENCING, AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

3.21.1 Disaster Management

3.21.1 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.

3.21.2 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.

3.21.3. 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

3.22 SPORT AND RECREATION

A number of sports and recreation activities were impacted negatively during the 2020/21 financial year due to the Covid-19 Pandemic. Covid-19 regulations meant that a lot of gatherings could not take place. The home-coming annual event did not take place due to covid-19 regulations.

The municipality offered bursaries and scholarships to Mandeni youth which was on achieved on the 11th March 2021.

Youth Month celebration occurred by the 30th June 2021 in order to celebrate the youth of the country.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.23 HUMAN RESOURCE SERVICES

- The Municipality conducted the 2020/21 skills audit process.
- The workplace skills plan was developed and adopted by the HRDC on the 27th May 2020.
- Due to Covid-19 Lockdown the Local Government SETA extended the deadline date for the submission to 31 May 2020. The municipality's workplace skills plan was submitted to LGSETA on the 29 May 2020.
- The total Number of employees that were trained according to the WSP prescriptions was 32 The actual target was 117. Due to the Covid 19 restrictions it was not possible to implement the training programmes and therefore the target was not achieved.
- The Actual amount spent on staff skills development in the 2020/21 financial year was R178 262.04. The targeted amount to be used was R200 000. The amount spent on staff bursaries in the 2020/21 was R180 485.00 and the budget amount was R200 000.
- There was one LGSETA discretionary grant funded project for 20 employed learners on Adult Education and Training.

3.24 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT ANNUAL REPORT FY 2020/21

- 1.1. The municipality is emerging from a very challenging period as far as ICT is concerned, noticeably in the last previous months. It is appreciated that the situation is currently improving, with more still to be done.
- 1.2. It is worth noting that couple of significant issues that were prevailing have now been mitigated, these are listed below:
 - 1.2.1. Half of the servers were not running
 - 1.2.2. Backups was not running
 - 1.2.3. EDPHS offices had network connectivity issues
 - 1.2.4. Technical services also had network connectivity issues

It must be noted that the above-mentioned issues were because of lack of proper configurations, and has subsequently been resolve.
- 1.3. The most startling issue amongst them all was the un-running of daily backups, this was putting the institution in an extremely dangerous position as backups are a lifeline of every organisation should the worst happen. IT is however pleased to report that that is

no longer an issue, daily backups are now running regularly with reports sent to IT personnel.

- 1.4. IT is also noting the significant outcry amongst the staff about tools of trade, mainly computers. It is the view of IT to act swiftly in addressing these deficiencies.
- 1.5. A lot of ground work is being done with a great assistance from the SCM office to expedite the process to eliminate any irregular expenditure as far as contracts are concerned.

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	2020/21
1. Adjustment budget 2020/21	Yes
2. Mid-Year and Performance Report 2020/21	Yes
3. MTREF Budget 2020/21	Yes
4. Final IDP 2020/21	Yes
5. All budget related policies 2020/21	Yes
6. Annual Report 2020/21	Yes
7. Oversight report for 2020/21	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 PERFORMANCE SCORECARD

(ORGANISATIONAL PERFORMANCE HIGHLIGHTS PART 2)

CHAPTER 4

ORGANISATIONAL PERFORMANCE SCORECARD

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, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation 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 2020/21 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 2020/21 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 2020/21 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 2020/21 Annual and mid-term 2020/21 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 2020/21 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.

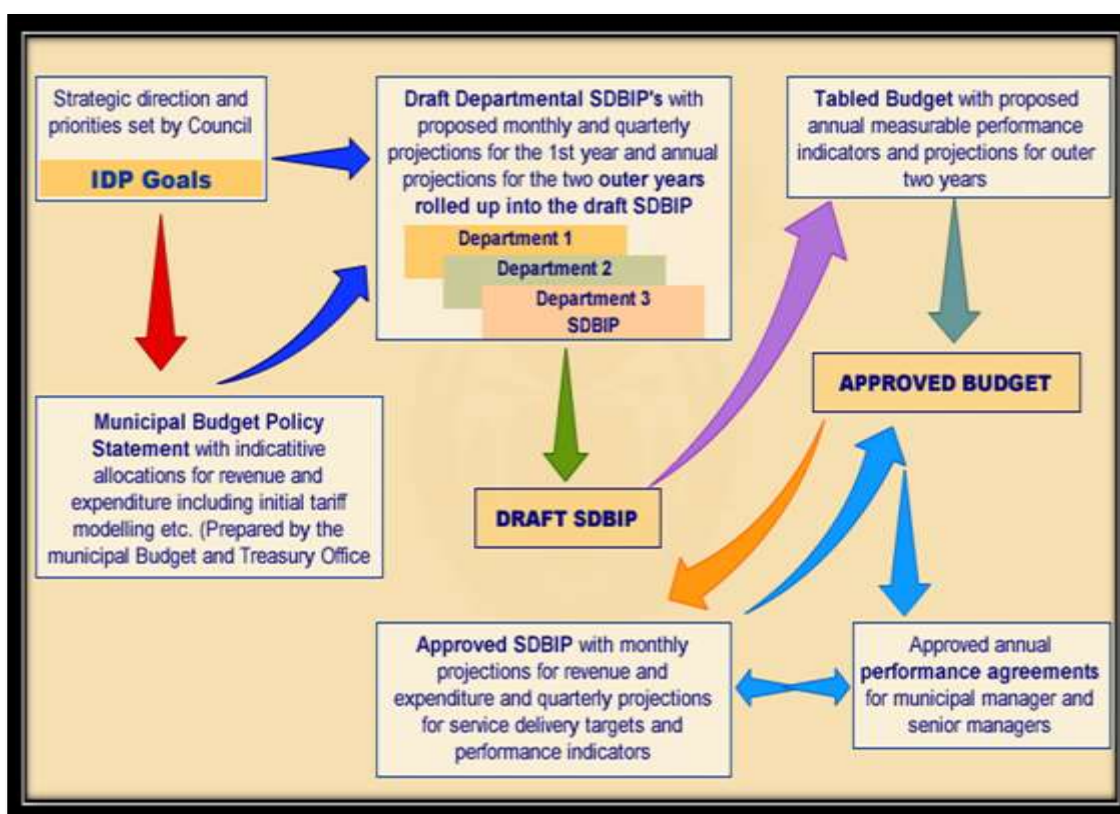
4.2. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

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 summarised as follows:



It should be noted that, for the quarter three and quarter four performance reporting the 2020/21 Top Layer SDBIP was amended as per adjusted budget adopted by Council.

The Mandeni 2020/21 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 2020/21 Top Layer SDBIP and IDP Review 2020/21 was considered.

PROCESSES IN AMENDING 2020/21 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 2020/21 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 2020/21 and on the website and advertised in the Zulu and English Local Newspapers.

LOCAL GOVERNMENT BACK TO BASICS/

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.

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.

4.3. DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP

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 2019/20 was developed to reflect cumulative performance, therefore the status of indicators reflects the overall performance level achieved in the 2020/21 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 outstanding performance against pre-determined objectives. An explanation is as per the table under 4.

4.4. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDETERMINED OBJECTIVES (KPI)

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational 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 No.	Strategic Goals	Strategic Objective	Strategies 2020/21
Basic Service Delivery			
BSD 01	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
BSD 02			Reduce the road infrastructure backlog and maintain the existing infrastructure
BSD 03			Facilitate the reduction of the housing backlog
BSD 04			Provide efficient waste collection and management service to all targeted household
BSD 07	Providing and facilitating access to social services and facilities		Facilitate the provision of new community facilities
Good Governance and Public Participation			
GGPP 01	To foster a culture of community involvement and good governance in the affairs of the municipality	Ensure participative, transparent and accountable governance	Ensure the existence and functionality of the public participation structures
GGPP 02			

GGPP 03		Aspire to a healthy, safe and crime-free area	Ensure the municipal contribution to community safety
GGPP 04			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	Providing and facilitating access to social services and facilities	Ensure that our people have access to community facilities and services	Provide the library services
Municipal Financial Viability and Management			
MFVM 01	To develop a sustainable and efficient municipality based on sound financial management	Ensure a financially viable municipality	Ensure a constant and accurate financial reporting
MFVM 02			Improve the audit opinion.
MFVM 04			Effectively and efficiently manage the expenditure of the municipality.
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
MFVM 07			Ensure the IDP aligned to financial planning
LOCAL ECONOMIC DEVELOPMENT			

LED 02			Improve the community skills base
LED 03			Ensure the empowerment of youth, women and people living with disabilities
LED 04	Facilitate the creation of job opportunities.	Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce.	Implement the EPWP programme
LED 06			Unlock the agricultural potential
LED 07			Facilitate SMME development
LED 08			Promote Mandeni to be a tourist destination
LED 09			Strategic planning for Local economic development
Municipal Transformation and Institutional Development			
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 development
MTID 03			
MTID 04			Improve performance
MTID 05			Improve information technology and document management systems

MTID 06			Maintain and improve municipal buildings and assets
Spatial Rational Environmental Management/ Cross-Cutting Measures			
SREM 01	Promoting and facilitating environmental protection and sustainable spatial planning	Realise a completely protected environment	Improve community awareness on environmental protection
SREM 03		facilitate a creation of a disaster ready community	Develop and adopt the disaster management plan
SREM 04		Ensure an integrated and aligned development planning	Implement SDF
SREM 05			Ensure existence of the municipal land use guidelines.

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
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

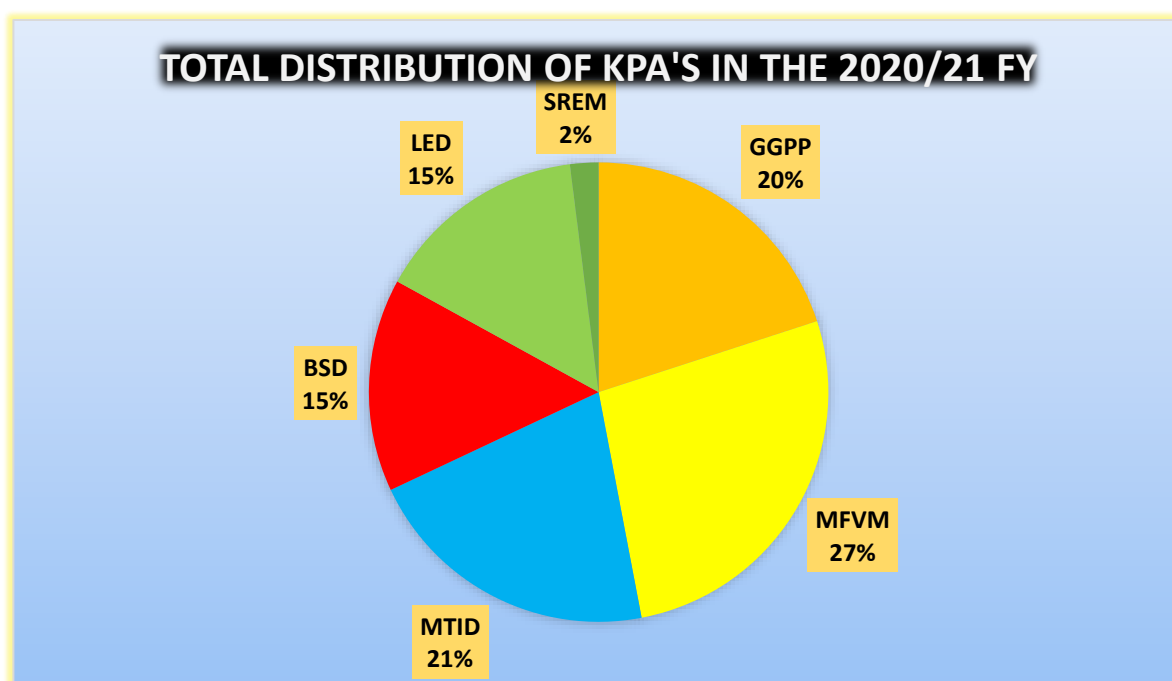
PREDETERMINED OBJECTIVES DEPARTMENTAL SDBIP

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;

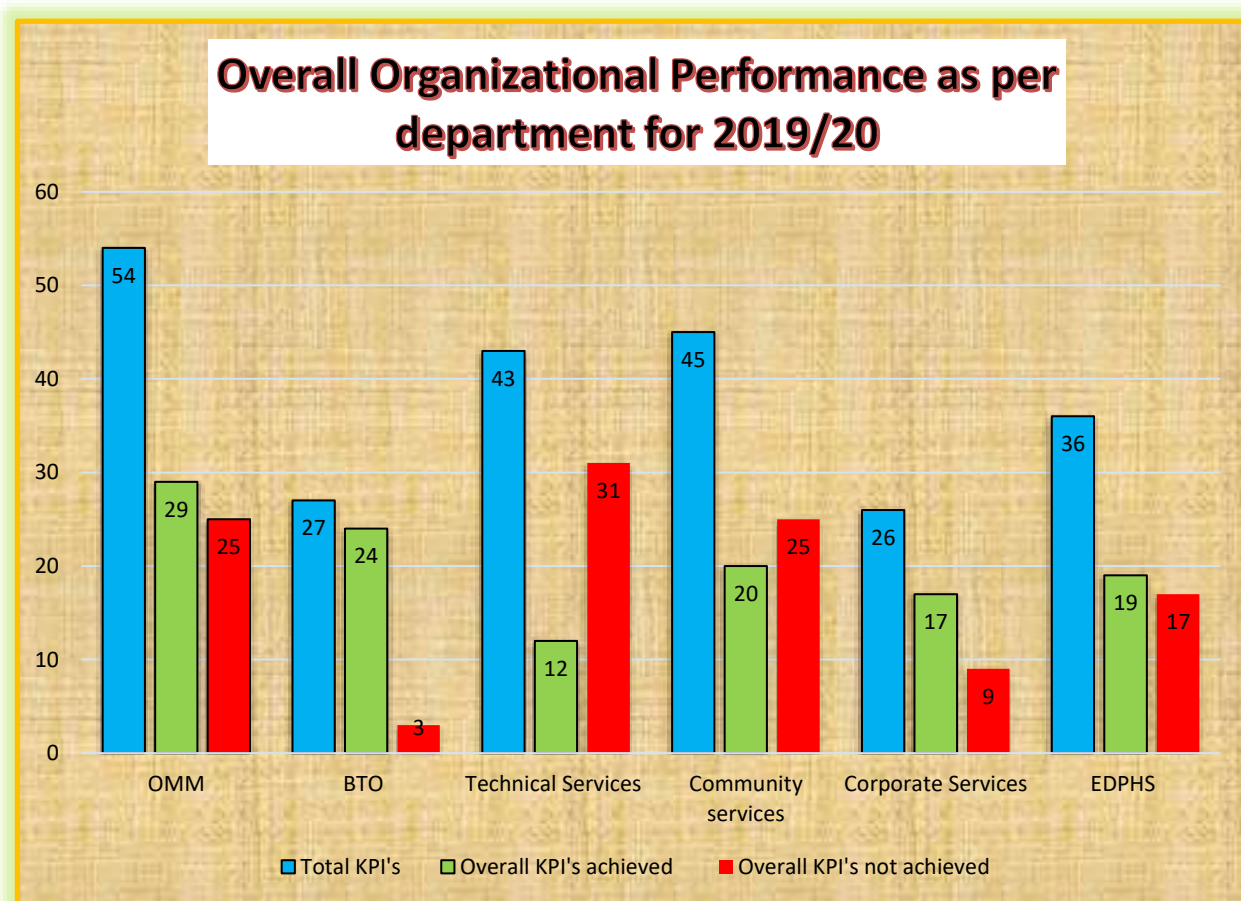
- Department: Office of the Municipal Manager
- Department: Budget and Treasury Office
- Department: Corporate Services
- Department: Economic Development Planning and Human Settlements
- Department: Technical Services and Infrastructure Development
- Department: Community Services and Public Safety

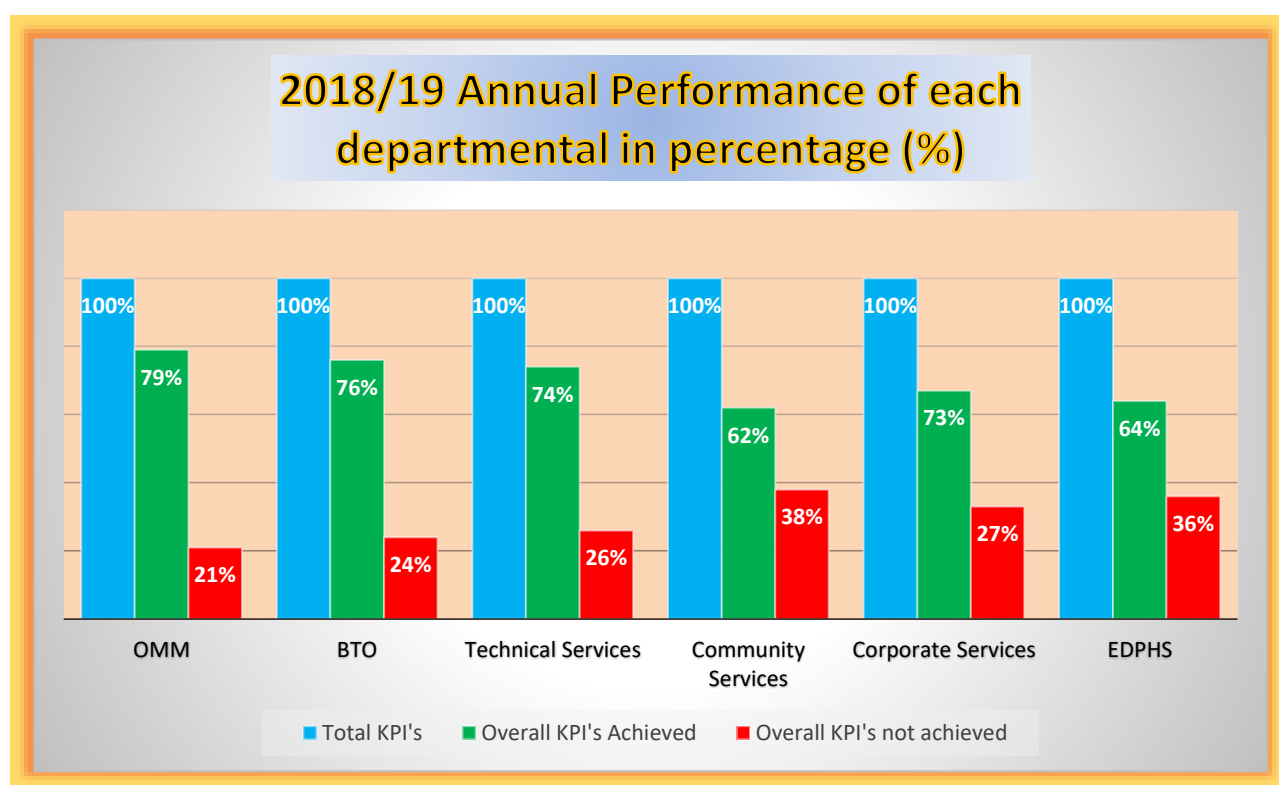
This pie chart below depicts the distribution of key performance indicator (KPI) to each national key performance area (NKPA). It is helpful to highlight the number of KPI's contributing to the NKPA because; it gives an indication where the municipality's focus is in terms of contributions towards the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

Evidently the overall planned targets of the organisation for the 2020/21 Financial Year are 231. Out of the (231 KPI's the organisation achieved 121 targets, giving an achievement of 52 %.





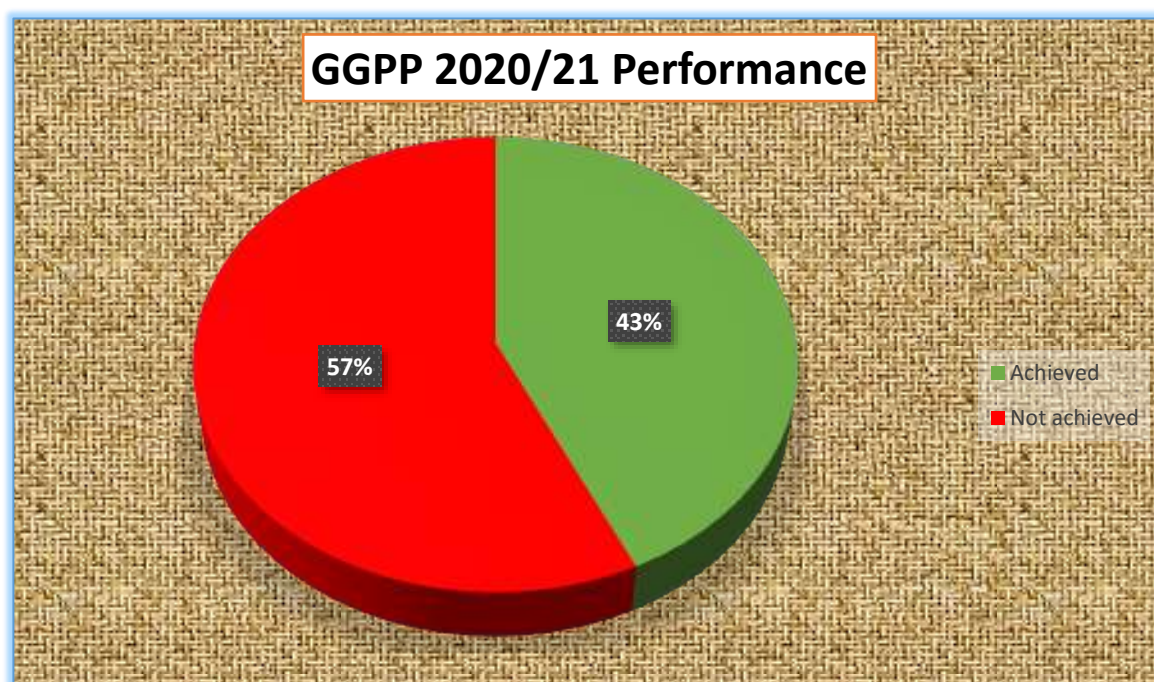
The total number of KPI's increased from the previous financial year, 2019/20 to the current financial year 2020/21. In the previous financial year (2019/20) the Municipality managed to achieve a favourable percentage of 72%. There was a decrease in the achievement of targets in the year in review as 52% of the targets were achieved on the 2019/20 FY.

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 30th June 2021.

Department	Total KPI's	Total Percentage (%)	Achieved	Percentage Achieved (%)	Not achieved
Office Of MM	43	100%	34	79%	9
BTO	24	100%	23	96%	1
Technical Services	54	100%	34	63%	20
Community Services	28	100%	24	85%	4

Corporate Services	19	100%	16	85%	3
EDPHS	28	100%	20	71%	8
<u>Organisational Performance</u>	196	100%	151	77%	45

COMPONENT A: GOOD GOVERNANCE AND PUBLIC PARTICIPATION



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

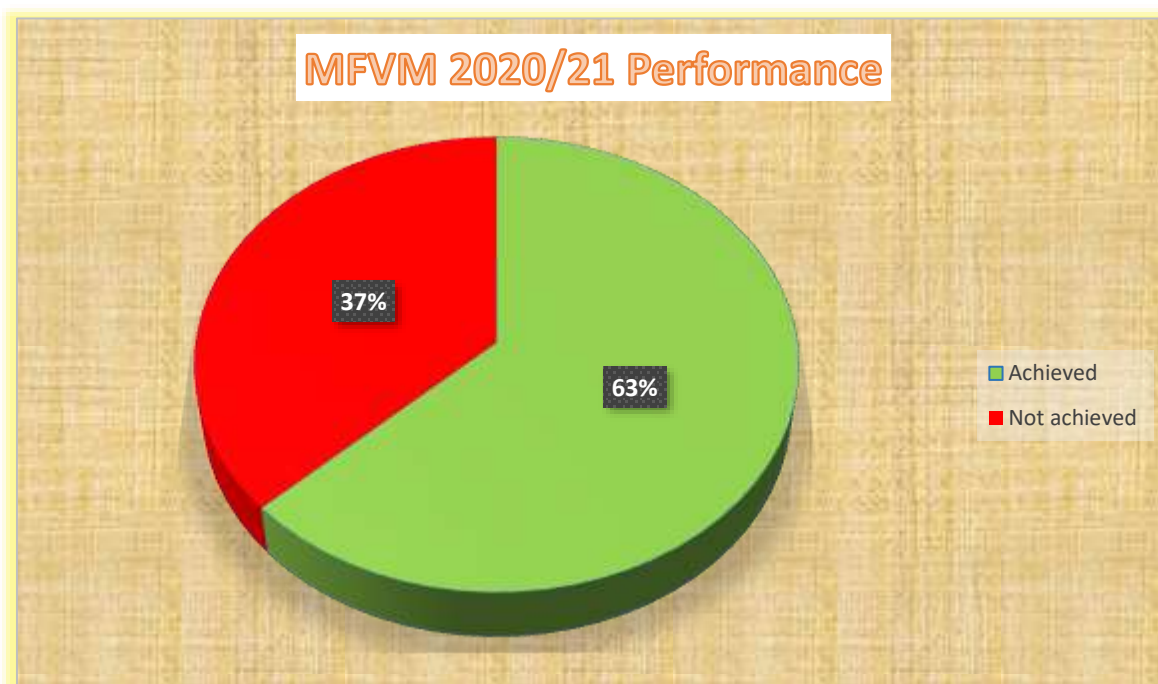
The municipality managed to develop and adopted its New 5-year Integrated Development Plan (IDP), Performance Management System (PMS) and Budget 2017-2022 in line with the prescribed legislation (Municipal Finance Management Act, Act 56 of 2003 and Municipal Systems Act, Act 32 of 2000 as amended). The 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: 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 2020/21 financial year.



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

As indicated there are 63 key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality managed to achieve 63% of its planned targets. KPI's that were not achieved was 37%. Making this one of the best performing NKPA's in this financial year.

MONITOR THE EXPENDITURE OF THE MUNICIPALITY'S BUDGET

The municipality continues with proper budget monitoring on its expenditure, however later in the 2020/21 financial year the country was faced with national lockdown challenges and as a result most projects had to be delayed resulting in most allocated budgets being not fully utilised by the end of June 2021.

The national lockdown really had a bigger impact in delaying most of the works, however, most projects were already on the ground by the end of the 2020/21 financial year.

The percentage of INEP expenditure was sitting at 76% at the end of 2020/21 financial year.

The municipality received an INEP allocation of R 5 000 000.00 for the 2020/21 financial year as gazetted, and an approved rollover of R 3 544 991.00, however, the municipality only spent R 6 505 761.00 of the total INEP funds available resulting in an unspent balance of R 2 039 230.00 for INEP as at 30 June 2021.

The municipality experienced challenges during the planning stages of the two projects namely, 'Hlanzeni Electrification Project in Ward 7' and 'Okhovothe Electrification Project in Ward 12' with the consultant and a non-performance letter was sent to them. There were slight delays with the Memorandum of Understanding (MOU) from Eskom which was only received August 2020 hence the delays to commence with the municipal procurement process. Once the procurement process was finalised, the implementation was further delayed due to the two projects being awarded late to the contractors as the tenders closed in February 2021 but was only awarded in May and June 2021 respectively.

The percentage spent on MIG was 96% at the end the 2020/21 financial year. The Municipality had really put in efforts under the COVID-19 Circumstances. The municipality received a total allocation for MIG of R43 181 947.00 (including approved roll over) for the 2020/21 financial year as gazetted, however, the municipality spent 100% of the approved roll over and 95% of the 2020/2021 FY Allocation. The total expenditure of the MIG Funds for 2020/2021 financial year is R41 464 840.00 resulting in an unspent balance of R 1 717 107.00 for MIG as at 30 June 2021.

The contractor on the project 'Construction of Sports field in Ward 5' experienced challenges with their cash flow as well as inconsistent personnel on the project and as a result progress was slow. The General Conditions of Contract were applied and the contractor was issued with a slow progress letter, furthermore, the contractor, in some instances, was failing to comply with Health and Safety regulations and as a result caused delays until these issues were addressed. The project is at 90% complete as at 30 June 2021 and is due for Practical Completion by September 2021.

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.

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.

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.

IMPROVE THE COLLECTION RATE

The balance of the amount outstanding from debtors has decreased from R234 million to R 164 million in the period from 01 July 2020 to 30 June 2021 (70% decrease).

The decrease is mainly due to write off of Ingonyama Trust Board per recommendations made by cogta. As a result, more provision for bad debt has aligned with this category of debt.

Cogta have assisted in analysing some of the Ingonyama trust properties and provided recommendations, which were implemented, some accounts were suspended and closed and subsequent write off of the entire book relating to ITB per recommendations.

Resolutions taken to write off some debt related to Ithala properties were also implemented during 2020-2021 financial year. These write offs had a sound effect on the debt book.

However 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 will be appointed and trained on using debt Management system, we will soon be rolling out the process of telephonic collection, sending our smises, letters of demand and institution of legal proceedings against all defaulters.

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.

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. The implementation of MPRA was endorsed to start with billing with the new valuation roll in July 2020.

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.

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.

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.

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.

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 2020/21 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
Annual Performance Report 2020/21 | MANDENI MUNICIPALITY

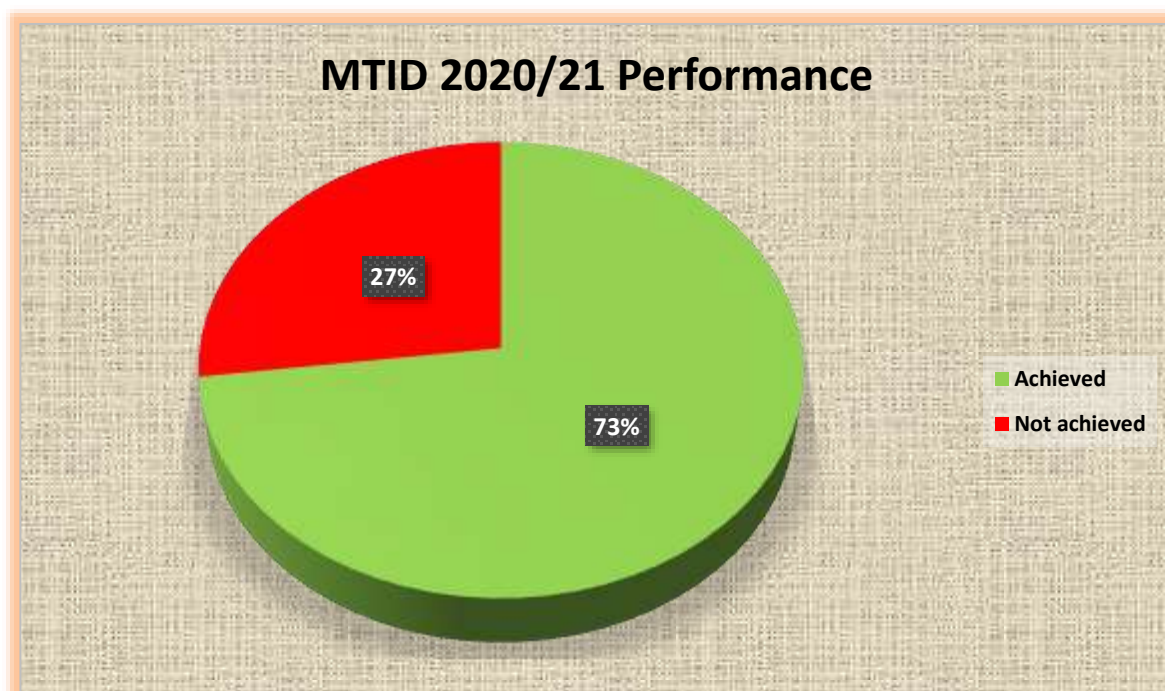
Department on the various bylaws applicable in each section to ensure that there is an improvement in the level of compliance by the community which will further increase the departmental contribution towards the overall municipal revenue stream.

The relatively below par expenditure on conditional grants for Library Grant and Neighbourhood Development Grant were due to circumstances beyond control which resulted in drop of total budget expenditure of 100% expenditure as projected which is an average of the expenditure of 102% of operational budget and 82,89% of the conditional grants.

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 39% of MIG funding.
- The municipality had planned to implement eNembe road (R18 824 267.43) which has taken longer than expected to complete and Inyoni bulk services (R19 943 512.04) however, department for Water and Sanitation had still not responded on WULA application.
- Departmental Budget and Procurement Plans for the 2019/20 FY was prepared and submitted for consideration.
- Prepared a first draft of a 5-year capital infrastructure investment plan.
- 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).

As indicated there are **48** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a percentage of **73%** was achieved KPI's under this NKPA. KPI's that were not achieved made up **27%**.

ADOPTION OF MUNICIPAL POLICIES AND FIVE YEAR HR STRATEGY

- On the 30th of June 2021, the Identification, review and adoption of municipal policies was achieved.
- The IDP aligned organizational and departmental organograms were Developed and adopted on the 30th of May 2021

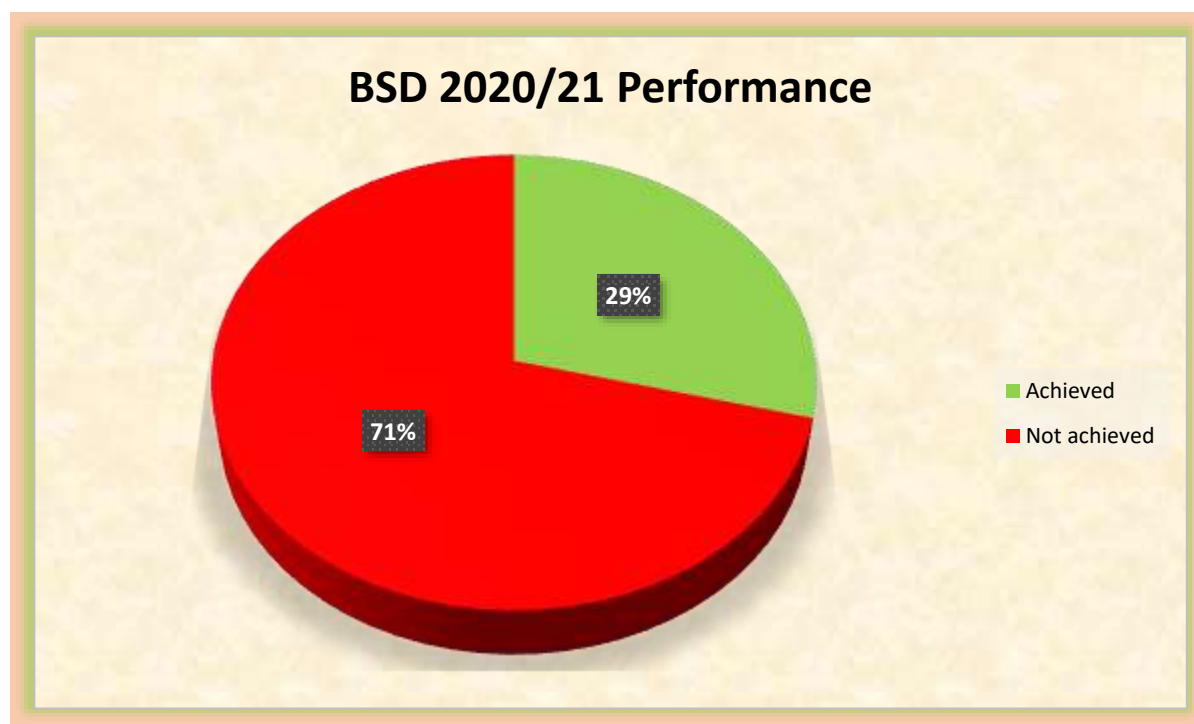
EMPLOYMENT EQUITY PLAN, LOCAL LABOUR FORUM AND LABOUR RELATIONS

- *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 2020/21, the actual target was met.

SKILLS DEVELOPMENT

- The Municipality conducted the Skills 2020/21 auditing process.
- The workplace skills plan was developed and was adopted by the HRDC on the 27th May 2021.
- *The workplace skills plan was submitted to LGSSETA on the 29 May 2021.*
- 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 2020/21 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.

COMPONENT D: BASIC SERVICE DELIVERY



This pie chart displays the performance achieved under the Basic Service Delivery National Key Performance Area (NKPA).

As indicated there are **35** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a percentage of 29 under this NKPA. KPI's that were not achieved made up **71 %**.

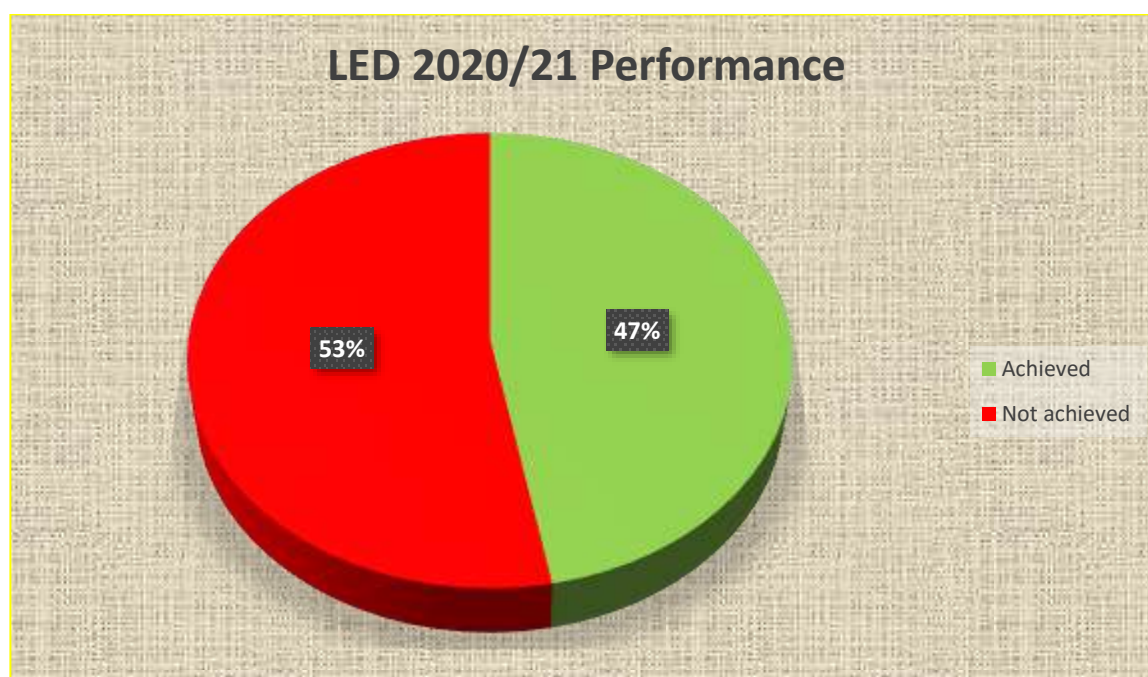
The municipality in partnership with the Department of Human Settlements has been continuously delivering low cost houses through RDP Programme in both Urban and Rural areas of Mandeni.

- The municipality during the Financial Year under review had only 4 housing projects that were under construction being Inyoni Housing (Ward 3, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18), Macambini Housing Project (Ward 1, 2, 8 and 9) and Isithebe Rural Housing Project (Ward 11, 12, 16, 17 and 18) has commenced construction of Phase 1 since these were the only funded projects by the Department of Human Settlements (DoHS) during the 2019/20 financial year. 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:** This Housing project is currently in progress. Phase 02 and 03 construction is ongoing for approved beneficiaries for ward 3, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18. Total number of 1640 slabs was completed; 1585 wall plates completed, 1487

roof structures and 811 completions were done in the month of June 2021. The process of the infill's of beneficiaries on subsidy administration for Ward 10 and 16 has been

- successfully been completed in July. Implementing Agent has submitted some of the application packs to the Department of Human Settlements for processing the approval of the applied beneficiaries. Mandeni Municipality still on the engagements with the process of the beneficiaries on subsidy administration.
- **Isithebe Rural housing:** A total of 1889 beneficiaries have been registered and 1705 (90%) beneficiaries have been approved by the Department of Human settlements and 97 applications still awaiting approval and 73 applications rejected by the Department for various reasons raised from pending information or beneficiaries not qualifying. The project has been approved for 300 units for Phase 1 of the project by Department of Human Settlements this financial year. The Department of Human Settlement approved 300 units for Phase 1 of the project (300 out of 2000 units) the financial year of 2020/21. The construction of houses commenced with 300 units and expected to complete by end of June 2021 and project obtained the Extension of Time of 6 months which ended on the 19 February 2021. CHS completed the project by November 2020. Isithebe project ended up obtaining Variation Order (VO) of apron that was funded by EPWP Section for the period of 5 months which ended on the March 2021. Here is the progress report between June 2019 to June 2020 as follows; Slabs =300, wall plat =268, roof =280, rainwater =201, completion = 201 and VIP =219.
- **Macambini Housing Project (Ward 1, 2, 8 and 9):** This housing project is completed for Phase 01(500 out of 2000 units) and Phase 2 (500 out of 2000). All housing units have been formally handed over to the approved beneficiaries for occupancy. The Department of Human of Human Settlement approved 300 units for Phase 3 the financial year of 2020/21. The Tri-partite contract signed 15 August 2019, site establishment 15 September 2020. The number of houses were completed for financial year of 2020/21, 255 units completed and handed over to the approved beneficiaries.
- **Tugela Ext 3 & Sundumbili Township R293 Properties:** During the period 2020/21 financial year, a total number of **43** properties of the **47** matters under Sundumbili Township have been transferred and **174** properties transferred under Tugela Ext 3 of **181** matters finalized.
- **Operation Sukuma Sakhe (OSS) cases:** This project is still on hold as the Department of Human Settlements is in the process of appointing the implementing agent.

COMPONENT E: LOCAL ECONOMIC DEVELOPMENT



This pie chart displays the performance achieved under the Local Economic Development National Key Performance Area (NKPA).

As indicated there were **34** key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. The municipality achieved a percentage of **47 %** and KPI's that were not achieved made up **53%**.

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 2021 had a target of 32, but the municipality achieved 92. The overachievement was because strategic intervention to support SMME were required to ensure a greater growth and greater beneficiaries of SMME's. Furthermore, there was a need to ensure all wards benefitted.

COMMUNITY WORKS PROGRAMME (CWP)

- As at the 30th of June 2020, a total number of 277 participants have been approved and commenced. However, due to the project being pioneered by national department of corporate governance, the municipality cannot finalize the remainder of the approval of recruitment of participants. However, a total of 277 out of 280 participants (which is above 90%) had been recruited and awaiting approval by the department of corporate

governance (DCog). It is planned, the balance of less than 10% of recruitment will be finalized in the first quarter of the new financial year. The programme is run by Msika Foundation.

REGISTRATION BURSARIES AWARDED TO BENEFICIARIES

- The municipality had a programme of awarding bursaries to capacitate the community within jurisdictional area of the Municipality. A target of 40 was set, 44 bursaries were awarded to learners to further their studies.

COMPONENT F: SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT



THIS PIE chart displays the performance achieved under the Spatial Rational and Environmental National Key Performance Area (NKPA).

As indicated there were 6 key performance indicators (KPI's) that the municipality had planned to achieve in the financial year. 1 target was achieved and 5 targets were not achieved, making it an achievement of 17%.

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 2020/21 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.

SPATIAL PLANNING AND SPLUMA

- The municipality in complying with the Spatial Planning and Land Use Management Act (SPLUMA) participated in the ILembe Joint Municipal Planning Tribunal (JMPT) which is chaired by the Director EDPHS of Mandeni Municipality. During the year under review, the planning unit received (7) SPLUMA applications which have since been tabled at the ILembe JMPT. Three out of the seven applications have been processed and are complete and the remaining four applications are still undergoing the applicable processes as prescribed by SPLUMA and are anticipated to be concluded upon during the first quarter of 2020/21 Financial year.
- 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.

OUTDOOR ADVERTISING

- The EDPHS department, as part of its functions, is also tasked with facilitating and coordinating the municipal outdoor advertising function. During the year under review, the planning unit has made great strides in ensuring compliance with the outdoor advertising by-laws and this has been done in conjunction with the by-law enforcement unit, housed under the Public Safety unit under the Community Services Department.

CHAPTER 5

DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021







(Annual Performance Report 2020/21)

DEPARTMENTAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021 (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.

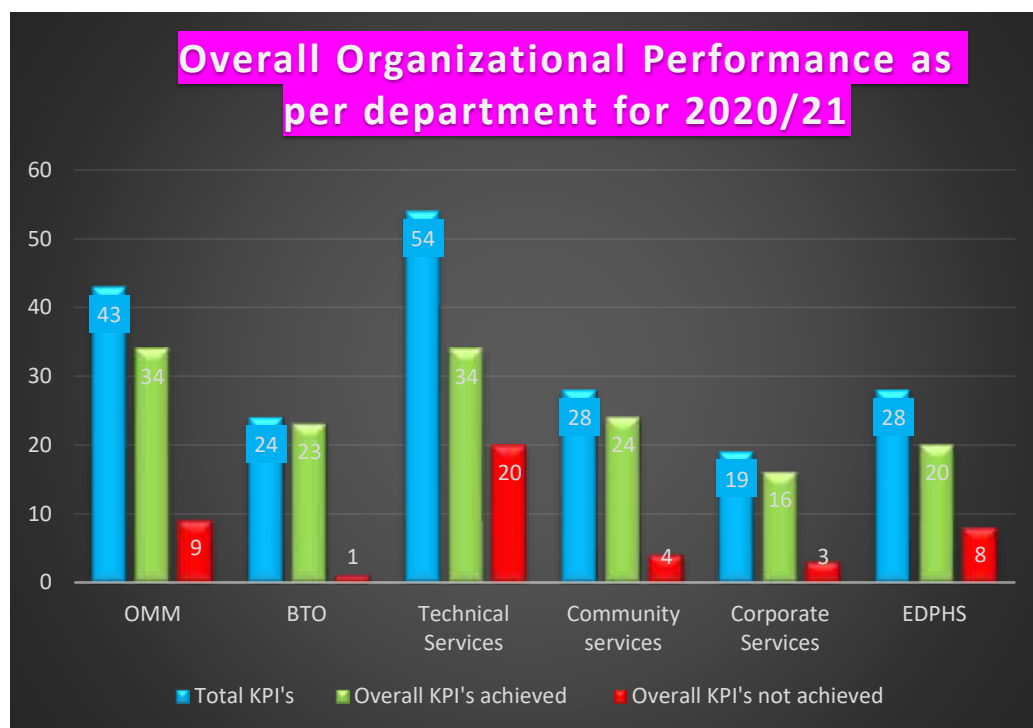
The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and the Senior Managers determined at the start of every financial year approved by the Mayor. It must also be consistent with outsourced service 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 2020/21 financial year;

Below is a graphical demonstration of how the Departments performed in the year in review;

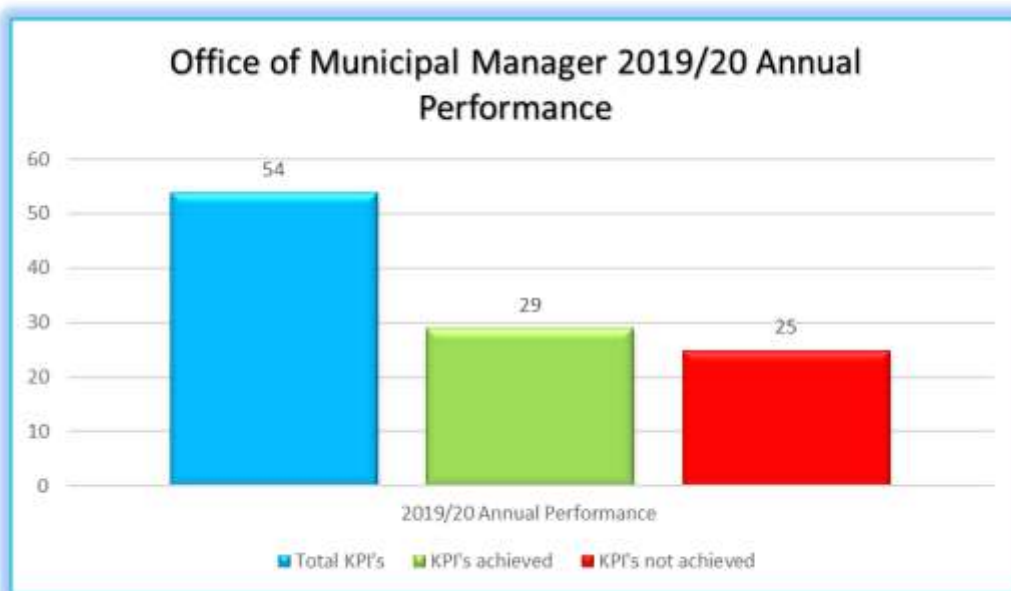


5.1. OFFICE OF THE MUNICIPAL MANAGER

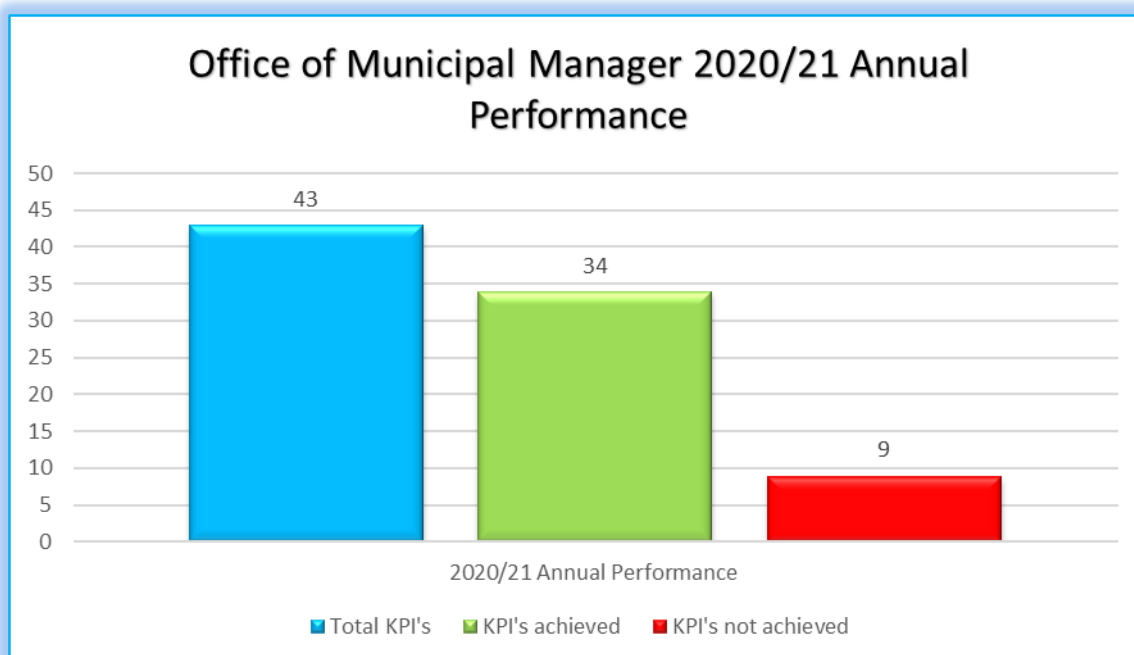
The Office of the Municipal Manager is the nerve centre of Mandeni Municipality. The municipality has achieved tremendous progress since the new administration assumed office. The Municipal Manager's office has recently beefed-up its human resources capacity through the establishment of the following 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 2019/20 and 2020/21 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	54	100%
KPI's achieved	29	54%
KPI's not achieved	25	46%



	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 43 KPI's. 34 targets were achieved, whilst 9 targets were not achieved. This translates to an overall achievement of 79 % of the KPI's for Office of the Municipal Manager. A number of KPI's were not achieved due to the national lock-down which took place during the fourth quarter of the 2020/21 financial year.

OMM 2020/21 DEPARTMENTAL SCORECARD										
IDP REF	KPI NO.	Key performance indicator 2020/21	Annual Target		Annual Target		Reasons for Variance	Corrective Measures	POE	Responsible Dept
			Target	Actual	Target	Actual				
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MFV M 01	1	Number of monthly Section 71 reports submitted to treasury by 30 June 2021	12	12	12	12	N/A	N/A	Sec 71 reports/ email / acknowledge of receipt	OMM
MFV M 01	2	Date of tabling 2019/20 Annual Report to council by 31 March 2021	25-Jan-20	25-Jan-20	31-Mar-21	31-Mar-21	N/A	N/A	Council resolution	OMM
MFV M 01	3	Date of submission of Section 72 reports to Council by 25 January 2021	24-Jan-20	24-Jan-20	25-Jan-21	28-Jan-21	N/A	N/A	Council resolution	OMM
MFV M 01	4	Number of quarterly section 52 reports compiled and submitted to council by 30 June 2021	4	4	4	4	N/A	N/A	Sec 52 reports	OMM

MFV M 02	5	Number of quarterly review of A.G Action Plan submitted to Council by 30 June 2021	4	4	4	3	This was achieved in the 1st quarter. The status of AG Action plan in Q2 was the same as the status in Q1 (i.e. There were no changes between Q1 and Q2).		Council resolution adopting the Quarterly reviewed action plan	OMM
MFV M 02	6	Number of Quarterly Internal Audit Responses provided to Internal Audit Unit by 30 June 2021	4	4	4	4	N/A	N/A	Confirmati on Letter from Internal audit unit	OMM
MFV M 07	7	Date of adoption of 2021/22 FY Municipal Budget by council by 31 May 2021	17-Jun-20	17-Jun-20	31-May-21	27-May-21	N/A	N/A	Council Resolution	OMM
MFV M 07	8	Date of approved procurement plans for 2021/22 by 30 June 2021	24-Jul-20	24-Jul-20	30-Jun-21		N/A	N/A	Signed procurement Plan	OMM

MFV M 01	9	Date of reviewed Budget Related Policies adopted by Council by 30 June 2021	30-Ma y-20	30-May-20	30-Jun -21	27-Ma y-21	N/A	N/A	Council Resolution	OMM
MFV M 01	10	Number of quarterly risk reports by 30 June 2021	4	4	2	2	N/A	N/A	Letter of acknowledgement and Risk Report	OMM
MFV M 01	11	Date of submission of 2019/20 Annual Financial Statements and Annual Performance Report to Auditor General by 31 August 2020	31-Aug -19	31-Aug-19	31-Aug -20	30-Oct -20	N/A	N/A	Acknowledgement of receipt by AG	OMM
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGPP 01	12	Date of Adoption of the 2021/22 IDP by Council in line with MSA by 30 June 2021	N/A	N/A	30-Jun -21	27-Ma y-21	N/A	N/A	Council resolution	OMM
GGPP 01	13	Number of media slots acquired with the national and local radio stations by	26	26	8	37	Due to the number of programmes that had to be communicated,	N/A	Reports and Media Clips	OMM

		30 June 2021					including COVID-19 Awareness and other programmes.			
GGPP 01	14	Number of quarterly newsletters issued to general public by 30 June 2021	4	4	4	4	N/A	N/A	Copies of newsletters	OMM
GGPP 02	15	Number of quarterly ward committee reports submitted to Council by 30 June 2021	4	3	4	2	Ward Committee reports were not tabled at Council in 2 quarters due to the fact that ward meetings were not sitting successfully due to the COVID restrictions and also the vacant position of a Manager in the unit to table the item to	Ensure that they are tabled in each Quarter	Council Resolution	OMM

							Council.			
GGPP 02	16	Number of EXCO meetings co-ordinated by 30 June 2021	12	12	11	11	N/A	N/A	Attendance Registers, notice and agenda	OMM
GGPP 04	17	Number of artist development programme/talent search by 30 June 2021	N/A	N/A	3	1	This was not achieved due to safety reasons in the midst of COVID-19	To be achieved in the 4th Quarter.	Attendance Register	
GGPP 04	18	Number of Sport Development programmes conducted (equipment procurement for sporting codes) by 30 June 2021	N/A	N/A	1	1	N/A	N/A	Delivery Note	
GGPP 01	19	Number of Council meetings co-ordinated by 30 June 2021	12	12	7	11	There was a need for special Council meetings to sit to address certain urgent Council items.	N/A	Attendance Register, agenda and notices	OMM

GGPP 01	2 0	Number of Audit committee meetings co-ordinated by 30 June 2021	4	4	4	4	N/A	N/A	Attendance Register & Agenda	OMM
GGPP 01	2 1	Number of Disciplinary Board meetings co-ordinated by 30 June 2021	N/A	N/A	2	2	N/A	N/A	Attendance Registers	OMM
GGPP 01	2 2	Number of quarterly Municipal Public accounts committee (MPAC) meetings co-ordinated by 30 June 2021	4	4	4	3	This was not achieved in the 2nd Quarter, as it was postponed repeatedly due to the unavailability of the Committee members.	N/A	Attendance Register & Agenda	OMM
GGPP 01	2 3	Number of MANCO meetings held virtually by 30 June 2021	12	10	12	11	MANCO didn't sit in January due to some Managers being on annual leave.	Proper leave Management.	Attendance Registers	OMM
GGPP 01	2 4	Number of Top MANCO meetings held virtually by 30 June 2021	15	15	12	12	N/A	N/A	Attendance register	OMM

GGPP 02	2 5	Number of cluster war-rooms quarterly reports submitted to EXCO by 30 June 2021	N/A	N/A	4	0	Due to COVID-19 regulations gatherings were not permitted.	The target was not achieved in Q4 due to covid-19 continuation.	Attendance register	OMM
GGPP 02	2 6	Number of quarterly participations in district IGR meetings attended by 30 June 2021	N/A	N/A	4	14	Due to the number of issues that needed an IGR meeting to sit, there was an over-achievement.	N/A	Attendance Registers	OMM
LOCAL ECONOMIC DEVELOPMENT										
LED 03	2 7	Number of youthful drivers and education programmes by 30 June 2021	N/A	N/A	1	1	N/A	N/A	Copies of drivers license	OMM
LED 03	2 8	Number of programmes to support Youth Council and Ward Youth Forums by 30 June 2021	N/A	N/A	2	7	The number of Schools to be supported and met required that the programme be done in different dates.	N/A	Attendance register	OMM

LED 03	29	Number of Career expos conducted by 31 March 2021	N/A	N/A	2	1	This was not achieved in Q3 due to the delay of 2021 commencement of school calendar.	The target was not even achieved in quarter 4 due to continuation of Covid-19	Attendance register	OMM
LED 03	30	Number of youth month celebration programmes by 30 June 2021	N/A	N/A	1	1	N/A	N/A	Attendance register	OMM
LED 02	31	Date of registration bursaries for matriculants and scholarship awards by 31 March 2021	N/A	N/A	31-Mar-21	11-Mar-21	N/A	N/A	Attendance register	OMM
LED 04	32	Number of jobs created through infrastructure projects by 30 June 2021	1045	1045	500	598	Need human resources due to number of projects and for job creation	N/A	Reports	OMM
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
MTID 01	33	Date of adopting the reviewed policies by council 30 June 2021	30-May-20	30-May-20	30-Jun-21	30-Jun-21	N/A	N/A	Council Resolution	OMM

MTID 02	3 4	Date of reviewed and adopted Organogram by 31 May 2021	30-May-20	30-May-20	31-May-21	30-Jun-21	There was a delay in the item doing to Council due to postponement of the item being tabled at LLF.	Ensure timeous tabling at LLF and relevant Council structures.	Council resolution	OMM
MTID 05	3 5	Number of quarterly ICT Steering Committee meetings conducted by 30 June 2021	4	1	4	1	There department didn't have an ICT Manager in Q1 and Q2. Quorum wasn't met in Q4 due to other commitments.	Vacancy has yet been filled.	Agenda, Minutes and Attendance Registers	OMM
MTID 04	3 6	Date of advertising the 2020/21 SDBIP by 07 August 2020	26-Jun-19	26-Jun-19	27-Jul-21	05-Aug-21	N/A	N/A	Copy of Advert	PMS
MTID 04	3 7	Number of performance agreements to be signed by 31 July 2020	6	6	6	6	N/A	N/A	Copy of Performance Agreements	OMM

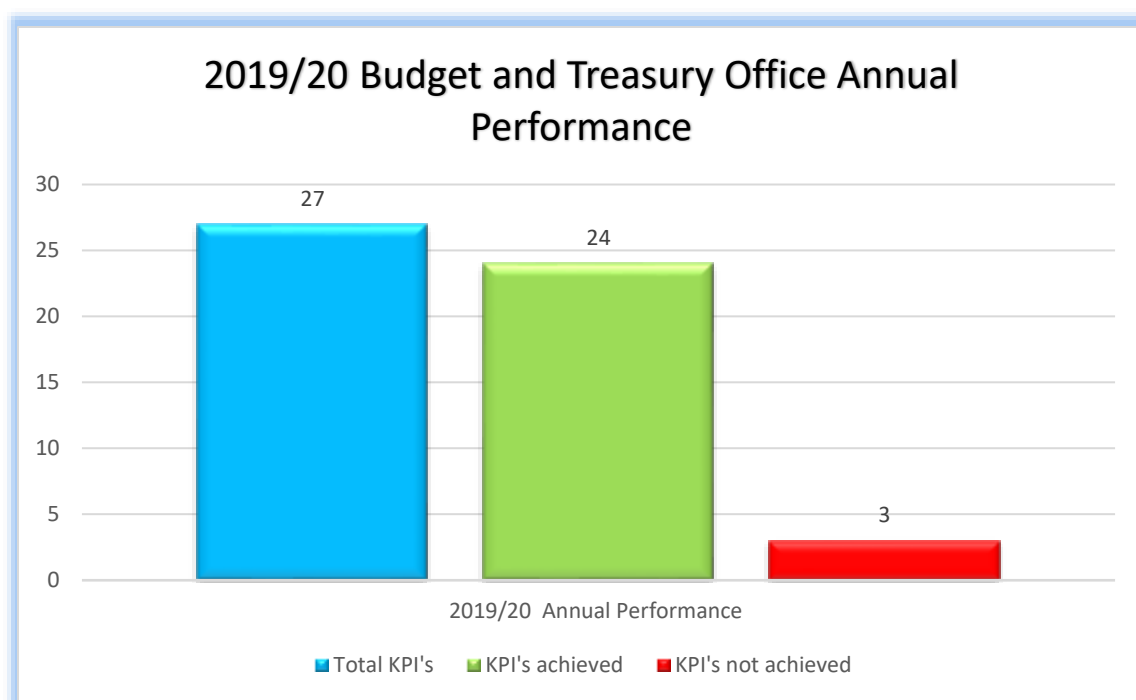
MTID 04	38	Number of quarterly Municipal PMS Assessment tool submitted to provincial COGTA by 30 June 2021	4	4	4	4	N/A	N/A	Acknowledgement of receipt by Provincial COGTA	OMM
MTID 04	39	Number of monthly progress reports on implementation of performance plans by managers submitted to senior managers by 30 June 2021	36	14	48	36	Lack of submission of monthly reports.	Reminders to be sent to all the Unit Managers.	PMS monthly performance plans	OMM
MTID 04	40	Date of submission of managers performance plans to senior managers by 31 August 2020	30-Jun-20	30-Jun-20	31-Aug-20	31-Aug-20	N/A	N/A	Manager's Performance Plan's	OMM
MTID 04	41	Date of presenting 2019/20 Annual Report to community by 27 May 2021	6	6	27-May-21	05-Aug-21	N/A	N/A	Draft Annual Report/ Attendance register	OMM

MTID 04	4 2	Number of performance assessments for Senior Managers to be conducted by 30 June 2021	2	Not achieved	2	2	N/A	N/A.	Attendance registers	PMS
MTID 04	4 3	Date of adopting the adjusted scorecards by 28 February 2021	28-Feb-20	28-Feb-20	25-Feb-21	25-Feb-21	N/A	N/A	Council Resolution	PMS

5.2. BUDGET AND TREASURY OFFICE

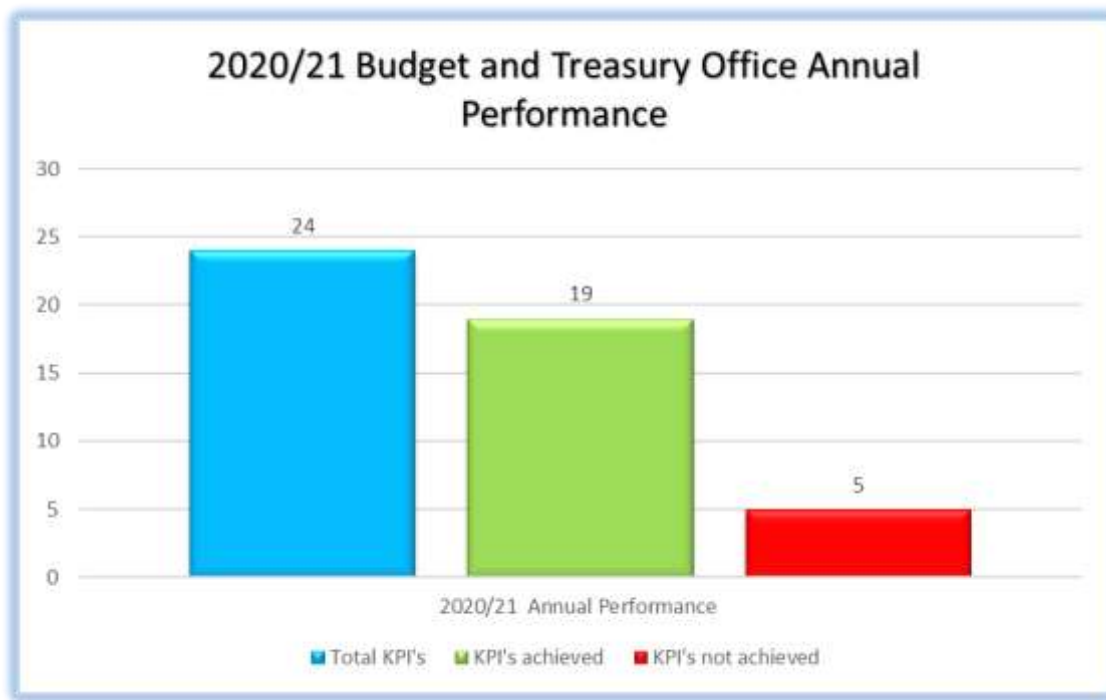
The Budget and Treasury Office is a municipal department that was established in terms of Chapter 9 of the Municipal Finance Management Act No. 56 of 2003 (MFMA). Its major role is to administer municipal funds, advise the accounting officer and other departments of their role in terms of this Act and 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 2019/20 and 2020/21



financial year.

	Number of KPI's	Percentage of KPI's
Total KPI's	27	100%
KPI's achieved	24	89%
KPI's not achieved	3	11%



	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 24 KPIs. The department achieved 19 of the targets and 5 targets were not achieved. This translates to an achievement of 79 % in this department.

2020/21 BUDGET AND TREASURY OFFICE SCORECARD										
IDP POE REF	K PI N O .	Key perform ance indicator 2020/21	2019/20		2020/21		Reason for variance	Corrective Measure	Portfolio of Evidence	Responsible person
			TARGET	ACTUAL	TARGET	ACTUAL				
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MFV M 01	1	Number of monthly section 71 reports compiled and submitted to council by 30 June 2021	12	12	12	12	N/A	N/A	Section 71 Reports-	CFO
MFV M 01	2	Date of submission of Section 72 reports to Council by 25 January 2021	24-Jan-20	24-Jan-20	25-Jan-21	28-Jan-21	N/A	N/A	Council Resolution	CFO
MFV M 01	3	Number of quarterly section 52 reports compiled and submitted to council by 30	4	4	4	4	N/A	N/A	Section 52(d) Report Quarter 4 Report and Council Resolution	CFO

		June 2021								
MFV M 02	4	Percentage of audit queries effectively resolved within the provided timeframes by 30 June 2021	N/A	N/A	100 %	100 %	N/A	N/A	Audit Report/ Internal audit Report / Audit action Plan	CFO
MFV M 04	5	Date of adopted reviewed Financial delegations by 30 September 2020	30-Sep-19	30-Sep-19	30-Sep-20	30-Sep-19	The financial delegation that was adopted is also applicable for the next FY	N/A	Minutes and agenda	CFO
MFV M 04	6	Percentage of Reduction of irregular, wasteful, fruitless and unauthorized expenditure incurred	30%	15%	25 %	35%	N/A	N/A	FPC report - UIFWE, Deviation register Council Resolution	CFO

		30 June 2021								
MFV M 04	7	Percentage spent quarterly on all BTO conditional grants as per terms and conditions by 30 June 2021	88%	18%	100 %	100 %	N/A	N/A	Grant Register	CFO
MFV M 04	8	Percentage of invoices paid within 30 days from the receipt by creditors by 30 June 2021	90%	10%	98%	98%	N/A	N/A	Creditors age analysis	CFO
MFV M 04	9	Number of physical assets verification performed and update asset register	4	2	4	4	N/A	N/A	Quarterly physical asset verification report	CFO

		by 30 June 2021								
MFV M 05	1 0	Date of approved indigent debtors billed with allocation of free basic services by 30 April 2021	30-Jun-19	30-Jun-19	30-Apr-21	31-Mar-21	N/A	N/A	Council resolution	CFO
MFV M 05	1 1	Percentage of revenue collected as a billed amount by 30 June 2021	52%	0.26	68%	68%	N/A	N/A	Circular 71 Uniform financial ratios and Norms	CFO
MFV M 06	1 2	Improved average turnaround time in days of formal quotations procurement processes for quotations within R30K - R200 000K from	4 weeks	4 weeks	21 working days	21 Working day	N/A	N/A	SCM Report	CFO

		date of advert to purchase order by 30 June 2021								
MFV M 06	1 3	Percentage of tenders (above 200k) awarded within 90 working days from the closing date of receiving tenders from the end-user department by 30 June 2021	100%	50%	100 %	74%	The BEC experienced challenges in having sittings for their meetings in order to continue evaluations	Ensure proper planning in scheduling of meetings	SCM Reports and Appointment letters	CFO
MFV M 06	1 4	Number of contract and commitment register updates performed quarterly by 30 June 2021	4	4	4	4	N/A	N/A	Contract register	CFO

MFV M 01	1 5	Ratio of cost coverage : available cash plus investments divided by monthly fixed operating expenditure by 30 June 2021	30-60	30-60	3 months	6 months	N/A	N/A	C-Schedule /Ratios	CFO
MFV M 01	1 6	% of the treasury department capital Budget Spent by 30 June 2021	N/A	N/A	100 %	100 %	N/A	N/A	C-Schedule	
MFV M 01	1 7	Date of submission of Mscosa compliant budget and submit to council by 31 May 2021	31-May-20	31-May-20	31-May-21	28-May-21	N/A	N/A	Council Resolution Budget Adjustment, Final Budget Adverts SDBIP	CFO
MFV M 01	1 8	Date of submission of GRAP compliant AFS by 31 August 2020	31-Aug-20	31-Aug-20	31-Aug-20	31-Aug-20	N/A	N/A	Acknowledgement by AG	CFO

MFV M 01	1 9	Number of In-Year Monitoring submissions to National treasury by 30 June 2021	N/A	N/A	12	12	N/A	N/A	Acknowledgement email by NT_mSCOA 2020-21 Confirmation from PT	CFO
MFV M 01	2 0	Number of quarterly risk reports by 30 June 2021	N/A	N/A	2	2	N/A	N/A	Attendance register and letter of acknowledgment	CFO
MFV M 01	2 1	Date of tabling the 2020/21 Budget Process Plan by 31 August 2020	30-Aug-19	30-Aug-19	31-Aug-20	31-Aug-20	N/A	N/A	Council resolution	CFO
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGP P 02	2 2	Number of quarterly participations in district IGR meetings attended by 30 June 2021	N/A	N/A	4	4	N/A	N/A	Attendance registers	CFO
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										

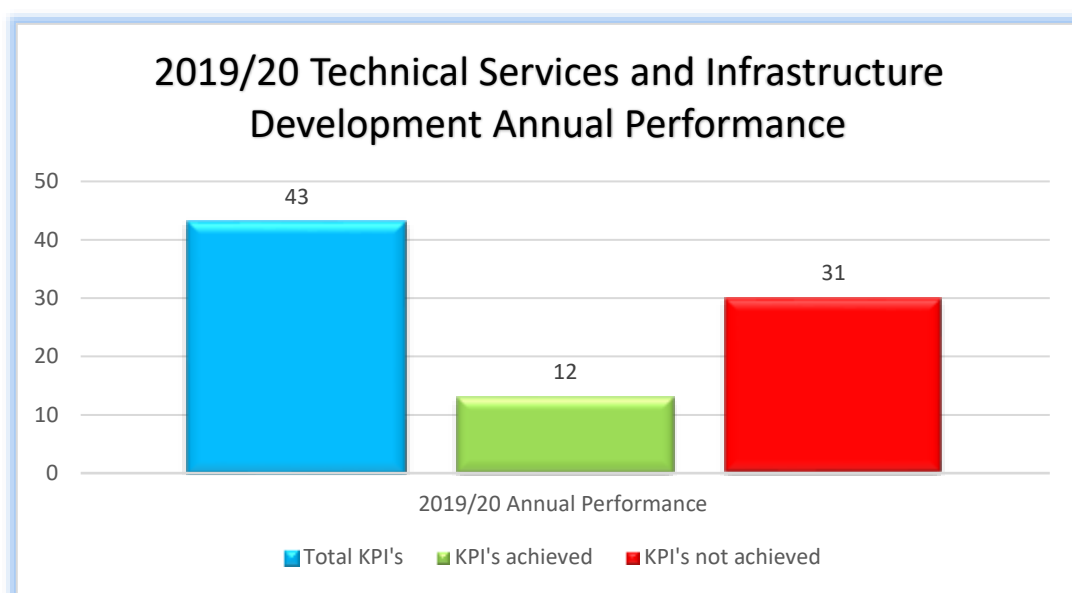
MTID 04	2 3	Number of monthly progress reports on implementation of performance plans by managers submitted to senior managers by 30 June 2021	18	18	18	18	N/A	N/A	PMS monthly progress reports	CFO
MTID 04	2 4	Date of submission of managers' performance plans to HOD's by 31 August 2020	30-Aug-19	30-Aug-19	31-Aug-20	31-Aug-20	N/A	N/A	Manager's Performance Plan's	CFO

5.3. TECHNICAL SERVICES AND INFRASTRUCTURE DEVELOPMENT

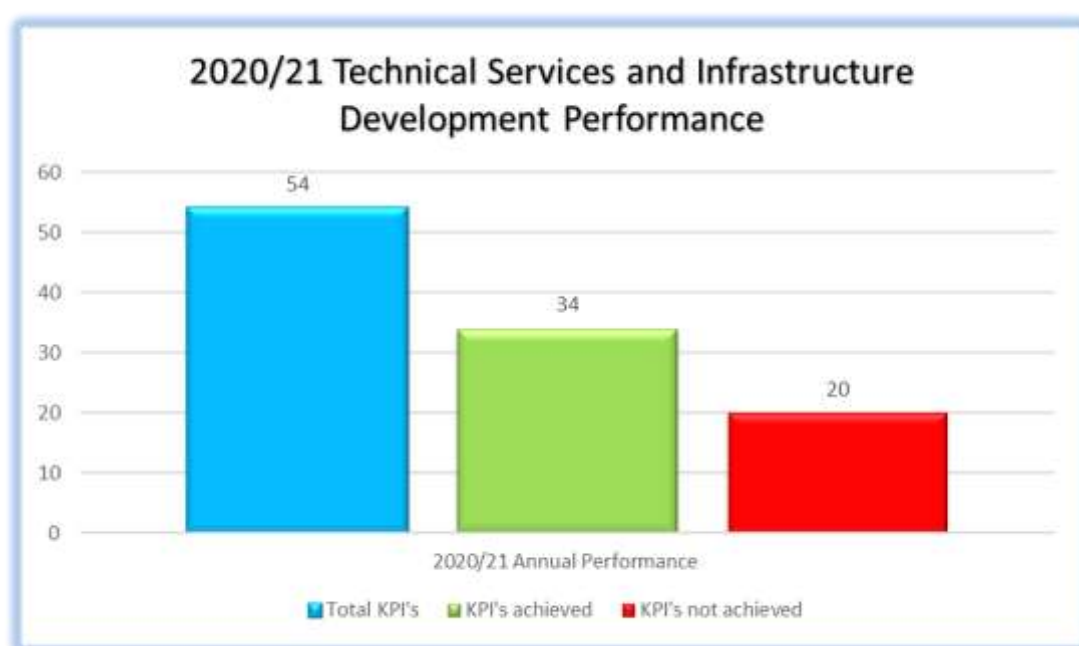
The Technical Services Department is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- ✚ 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 2019/20 and 2020/21 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	43	100%
KPI's achieved	12	28%
KPI's not achieved	31	72%



	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 54 KPI'S. 34 KPI's were achieved and 20 KPI's were not achieved. This means that 63 % of the targets were achieved during the 2020/21 financial year. The national lockdown hindered the achievement of a number of projects which were targeted during quarter four.

2020/21 TECHNICAL SERVICES AND INFRASTRUCTURE DEVELOPMENT

IDP REF	KPI NO	Key performance indicator (KPI)	2019-20		2020-21		Reason for Variance	Corrective Measures	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY										
BSD 01	1	Number of households to be provided with electrification infrastructure (Dry Connections) in Khenana Phase 3A Ward 10 and ready for connection by 30 September 2020	N/A	N/A	211	211	N/A	N/A	Signed progress report from Consultant	10
BSD 01	2	Number of households to be provided with electrification infrastructure (Dry Connections) in Nkwalini-Nkuzempunga (ward 11 & 16) and ready for connection by 30 September 2020	N/A	N/A	90	90	N/A	N/A		11,16
BSD 01	3	Number of households to be provided with electrification infrastructure (Dry Connections) in eHlanzeni ward 7 and ready for connection by 30 June 2021	N/A	N/A	100	Not Achieved	Poor performance of consultants	A warning letter for poor performance was sent to	Signed progress report from Consultant	7

								the consultants		
BSD 01	4	Number of households to be provided with electrification infrastructure (Dry Connections) in oKhovothi ward 12 and ready for connection by 30 June 2021	N/A	N/A	100	Not Achieved	Poor performance of consultants and one month delay on the procurement process due to the system overwhelmed by a large number of bids at the same time.	A warning letter for poor performance was sent to the consultants		12
BSD 01	5	Number of households to be provided with electrification infrastructure (Dry Connections) in Khenana Phase 4 ward 10 and ready for connection by 30 June 2021	N/A	N/A	100	100	N/A	N/A		10

BSD 01	6	Date of fencing of the substation in Ward 3, Patrys Road by 28 February 2021	30-Jun-19	not achieved	28-Feb-21	05-Feb-21	N/A	N/A	Completion Certificate	3
BSD 01	7	Number of RMU's to be replaced by 31 December 2020	31-Dec-20	not achieved	3	4	N/A	N/A	Completion Certificate	3
BSD 02	8	Number of km's of Enembe road to be completed and upgraded in wards 12,13,14 and 15 by 30 September 2020	1.8 km	not achieved	1.8km	1.8km	N/A	N/A	Practical completion certificate	12,13,14 and 15
BSD 02	9	Number of kms of Link Road between Amajuba Road (Ward 15) and Road 116 (Ward 14) to be constructed and upgraded to black top by 31 December 2020	N/A	N/A	0.35km	0.35km	N/A	N/A	Award letter/ progress report	14, 15

BSD 02	10	Number of kms of Link Road between Shayamoya Road (Ward 7) and Amajuba Road (Ward 15) to be constructed and upgraded to black top by 31 December 2020	N/A	N/A	0.32km	0.32km	N/A	N/A	Award letter/ progress report	7, 15
BSD 02	11	Number of kms of Link Road between Masomonce Bus Route (Ward 10) and Enembe/Isithebe Link Road (Ward 12) to be constructed and upgraded by 30 June 2021	N/A	N/A	0.8km	Not Achieved	The tender was advertised in June 2020 and closed in 3rd July 2020. Delays in the procurement process resulting in the award made on the 16th of November 2020. The contractor has failed to deliver due to their internal cashflow problems.	Intervention s have made to assist by sessions for procurement of construction materials.	Award letter/ progress report	10, 12
BSD 02	12	50% completion of construction for sidewalks at Hlomendlini wards 4 by 30 June 2021	N/A	N/A	50% (Constructi on)	50% (Constructi on)	N/A	N/A	Progress report	4

BSD 02	13	Percentage of upgrade of 6.85kms for the Rural Road Upgrade Phase 3(A, B & C) in wards 2, 3 & 12 by 30 June 2021	N/A	N/A	100% Construction completion	100% Construction completion	N/A	N/A	Progress report/ Practical Completion certificate	2, 3 & 12
BSD 02	14	Percentage of contractor appointment to be rehabilitated at Stratton Circle in ward 3 by 30 June 2021	N/A	N/A	100% (Award letter)	Not Achieved	The bid for this project closed on the 25th March 2021 and the Engineers Consultants submitted their Evaluation Report on the 19 April 2021. Currently awaiting the Municipal Internal Bid Committees to finalise on the award of this project.	To fast track the Bid committees processes.	Award letter	3
BSD 02	15	Percentage of contractor appointment to be rehabilitated at Richard Circle in ward 3 by 30 June 2021	N/A	N/A	100% (Award letter)	Not Achieved			Award letter	3
BSD 02	16	Percentage of contractor appointment to be rehabilitated at Mathews Road in ward 3 by 30 June 2021	N/A	N/A	100% (Award letter)	Not Achieved			Award letter	3

BSD 02	17	Percentage of planning and design stage for the Link Bridge between Highview and Hlomendlini in Ward 3 & 4 by 30 June 2021	N/A	N/A	100% (Design)	Not Achieved	It was reprioritized to the following financial year because of the shortage of funds.	Is to resuscitate the inclusion of the project to the 2021/22 FY budget.	Detailed design	3 & 4
BSD 02	18	Number of m ² potholes repaired in wards 2,3,4,7,10,12,13,14,15 on urban roads by 30 June 2021	3000 m ²	682.24 m ²	3000m ²	1074.2m ²	The budgeted funds depleted in Q2. The unit had to wait for the adjustment budget to add money to the vote. The approval of the adjustment budget took a while. And little work was done.	There is a revised schedule to push the productivity of both quality and reducing the backlog.	Measurement Reports	2,3,4,7,10,12,13,14,15.
BSD 02	19	Number of guard rails to be constructed in ward 4, 6 and 10 by 30 June 2021	300m	not achieved	300m	150m	Achieved 150m in Quarter 2 with Completion Certificate in the POE file dated., 23 November 2020. In Quarter 4,	To be considered in the next FY	Completion Certificate	4,6,10

							Processed a requisition in April for the scope of the remaining 150m. Further submitted quotation document to the demand office However, The SCM office did not advertise this work.			
BSD 02	20	Number of kerbs and concrete channel to be constructed in wards 4,6 and 10 by 30 June 2021	250m	not achieved	250m	300m	KPI Target OVER Achieved by 100m due to late requisitions proceed in June of a long standing complain that was logged in last August 2020. Q1 50m was done in house. Q4 100m was done in house and 150m was outsourced.	N/A	Completion Certificate/ Measurement reports	4,6,10

BSD 02	21	Number of headwalls to be constructed in wards 1,2,3,4,5,6,7,8,9,10,11,12,16,17,18 by 31 March 2021	25	not achieved	25	25	N/A	N/A	Completion Certificate	1,2,3,4,5,6,7,8,9,10,11,12,16,17,18.
BSD 02	22	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 2021	324.9 km	324.9 km	250km	374.57km	There was a breakdown of plant for the whole month of February. An alternative was to hire (outsource) plant but the budget was exhausted as well as a result of the plant hire that was made to assist in the digging of the graves.	As a result a virement has been done to get the budget for the plant hire in order to catch up with the roads maintenance backlog.	Measurement Reports	1,2,4,5,6,7,8,9,10,11,12,16,17,18.

BSD 02	23	Percentage of construction for Highview Park Stormwater modification in ward 3 by 30 June 2021	N/A	N/A	50% (Constructi on)	25% (Constructi on)	Additional funds from National treasury were incorporated to the budget in September. The bid advertised was made in November 2020 and the bid closed on the 22nd of January 2021. the award was made on the 22nd of April 2021. As a result of bids influx to the procurement system, resulting to delays in procurement process	The contractor to add more resources to improve work output on site	Progress report	3
BSD 02	24	Number of speed humps constructed in wards 3,7, 13, 14 and 15 by 31 December 2020	15	not achiev ed	15	15	N/A	N/A	Completion Certificate	3,7,13,14,15.
BSD 02	25	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 2021	10	not achiev ed	31-Mar-21	19-Feb-21	N/A	N/A	Completion Certificate	3,4,7,13,14,15.

BSD 02	26	Percentage of contractor appointment of overlaying of top surface in Spar parking area in Ward 3 by 30 June 2021	N/A	N/A	100% (Award letter to contractor)	Not Achieved	Tender document was prepared in Quarter 3. however, this project had a budget constrain challenge where the budget was not enough for the intended scope of works and during the bid specification confirmation of budget the project couldn't proceed.	To be considered in the next FY	Award letter	3
BSD 02	27	Number of installed street name signage in ward 3, 7 and 13 by 31 March 2021	N/A	N/A	30	30	N/A	N/A	Completion Certificate	3,7,13
BSD 07	28	Percentage of contractor appointment and the completion of construction for the swimming pool in ward 15 by 30 June 2021	100%	not achieved	100% (tender award) 100% Construction completion	100% (tender award) 100% Construction completion	N/A	N/A	Tender award letter/ Practical Completion Certificate	15

BSD 07	29	Percentage of Planning stage for stage 1-3 (Registration and Detailed design) for the sports field in Hlomendlini in Ward 4 by 30 June 2021	N/A	N/A	50% (Notification of Registration (NOR) with MIG) 100 % (Advertise)	50%(NOR)	During the planning stage it was found that the municipality needed to do an environmental assessment(WULA). This application can take between 6months to a year thus slowing the process down drastically.	Is to keep making enquiries and follow ups with the relevant Department, so to fast track the assessment and get the project rolling.	Copy of the NOR letter from COGTA. Copy of advert.	4
BSD 07	30	Percentage of contractor appointment and the completion of construction for the sports field in Enembe in Ward 5 by 30 June 2021	N/A	N/A	50% (tender award) 100 % Construction completion	50% Award letter	The progress was delayed due to the contractors slow progress.	A warning letter for poor performance was sent to the contractor with solutions on how the company can accelerate the works.	Tender award letter/ Practical Completion Certificate	5
BSD 07	31	Date of upgrading of Love Life centre in ward 7 by 30 September 2020	N/A	N/A	30-Sep-20	30-Sep-20	N/A	N/A	Completion Certificate	7

BSD 07	32	percentage of construction progress and appointment of the contractor for construction for DLTC phase 1 by 30 June 2021	N/A	N/A	50% (Award letter to contractor) 100 % (Construction)	50% Award letter	The progress was delayed due to the contractors slow progress.	A warning letter for poor performance was sent to the contractor	Award Letter	Ward 3
BSD 07	33	Percentage of contractor appointment and the completion of construction for the Community Hall in Ward 13 by 30 June 2021	N/A	N/A	100% (Award letter to contractor)	100% (Award letter to contractor)	N/A	N/A	Award Letter	Ward 13
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MFV M 01	34	Number of quarterly risk reports by 30 June 2021	4	4	2	2	N/A	N/A	Attendance register and letter of acknowledgment	N/A

MFV M 02	35	Number of quarterly review of A.G Action Plan by council by 30 June 2021	2	2	4	3	This was achieved in the 1st quarter. The status of AG Action plan in Q2 was the same as the status in Q1 (i.e. There were no changes between Q1 and Q2).	N/A	Council resolution adopting the quarterly reviewed action plan	N/A
MFV M 02	36	Number of Quarterly Internal Audit Responses provided to Internal Audit Unit by 30 June 2021	4	4	4	4	N/A	N/A	letter of acknowledgement from the unit	N/A
MFV M 06	37	Date of procurement of 12 Cubic Meter Truck by 30 June 2021	N/A	N/A	30-Jun-21	Not Achieved	There was shortage of stock from the suppliers	The supplier agreed to have the truck delivered within the month of August	copy of invoice	N/A

MFV M 06	38	Date of procurement of a 2 x 4x4 TLBs by 30 June 2021	N/A	N/A	30-Jun-21	08-Jun-21	N/A	N/A	copy of invoice	N/A
MFV M 06	39	Date of procurement of a 6-wheel grader by 30 June 2021	N/A	N/A	30-Jun-21	Not Achieved	There was shortage of stock from the suppliers	The supplier agreed to have the grader delivered by the 31st of October.	copy of invoice	N/A
MFV M 06	40	Date of procurement of a Tar Mixer by 31 December 2020	N/A	N/A	31-Dec-20	21-Jun-21	N/A	N/A	copy of invoice	N/A
MFV M 07	41	Date of completing draft Departmental Budget estimate document by 31 March 2021	03-Mar-20	03-Mar-20	31-Mar-21	28-Feb-21	N/A	N/A	Draft budget estimate document	N/A

MFV M 04	42	Percentage of expenditure on INEP funding by 30 June 2021	N/A	N/A	100%	77%	Poor performance of consultants	The Accounting Officer & Head of department has sent warning letters to the consultants to address their non performance . Working together they will try fast-track all works.	Signed Report of Expenditure by the Department	N/A
MFV M 04	43	Percentage of expenditure on MIG funding by 30 June 2021	100%	100%	100%	95%	Procurement system was overwhelmed with a large number of bids to work on a the same time. causing a bottleneck which resulted to the Bids extension of tender validity period and subsequently delayed the	An acceleration was developed to expedite the implementation on sites and the contractors were closely monitored to improve performance on sites.	MIG Certificate of Expenditure and revenue	N/A

							appointment of contractors.			
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGP P 02	44	Number of quarterly participations in district IGR meetings attended by 30 June 2021	1	3	4	2	In Q1 no invitation was extended by the IGR organizers which is the District Ilembe. In Q2 the meeting scheduled to sit on the 10th of December was cancelled until further notice by the IGR organizers.	N/A	Attendance register	N/A

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
MTID 01	45	Date of the development of the Building and Community Facilities maintenance plan by 30 June 2021	N/A	N/A	30-Jun-21	Not Achieved	It was omitted from the 2020/21 budget. Thus no work could be done	To be considered in the next FY	Draft of Building and Community services plan.	N/A
MTID 02	46	Date of submission of the departmental Organogram to Corporate Services Department for inclusion in the overall municipal organogram by 28 February 2021	24-Feb-20	24-Feb-20	28-Feb-21	28-Feb-21	N/A	N/A	Draft Organogram and Transmittal to CS/ Council resolution	N/A
MTID 06	47	Date of partitioning of the Council Chamber by 30 April 2021	31-Dec-19	not achieved	30-Apr-21	Not Achieved	Due to the non-responsiveness of the tenders. The process had to redone	To be reprioritized and included in the budget inputs for the upcoming FY.	Practical completion certificate	3

MTID 06	48	Date of fencing and gates at the Municipal offices (Main) by 31 March 2021	N/A	N/A	31-Mar-21	15-Nov-20	It was brought forward as a result of other projects that were delaying. A reprioritization of quick win projects was established and such project implementation was started earlier then planned.	N/A	Practical completion certificate	3
MTID 06	49	Percentage of contractor appointment for construction of guardhouses around Municipal buildings by 30 June 2021	N/A	N/A	100% (Award letter)	100% (Award letter)	N/A	N/A	Award letter	3
MTID 06	50	Percentage of design for the Workshop extension at Technical Services by 30 June 2021	N/A	N/A	100%	100%	N/A	N/A	Award letter and detailed design	3
MTID 06	51	Number of Municipal Plant and Equipment Serviced by 31 March 2021	4	4	4	4	N/A	N/A	Job Cards signed by Mechanic	N/A
MTID 06	52	Number of Municipal Truck's COF and serviced by 30 June 2021	11	11	11	11	N/A	N/A	COF Certificate with Job Card	N/A

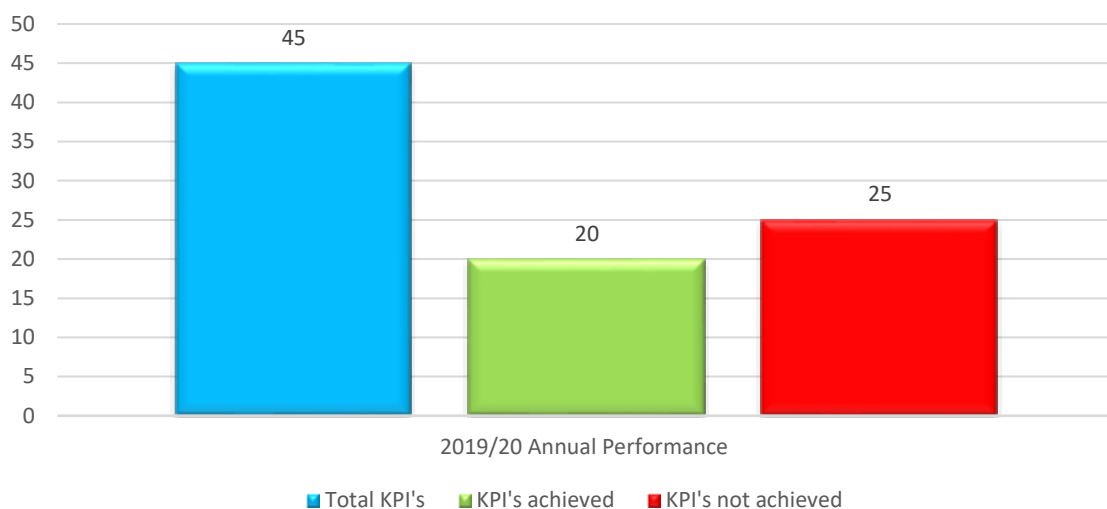
5.4. COMMUNITY SERVICES AND PUBLIC SAFETY

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.

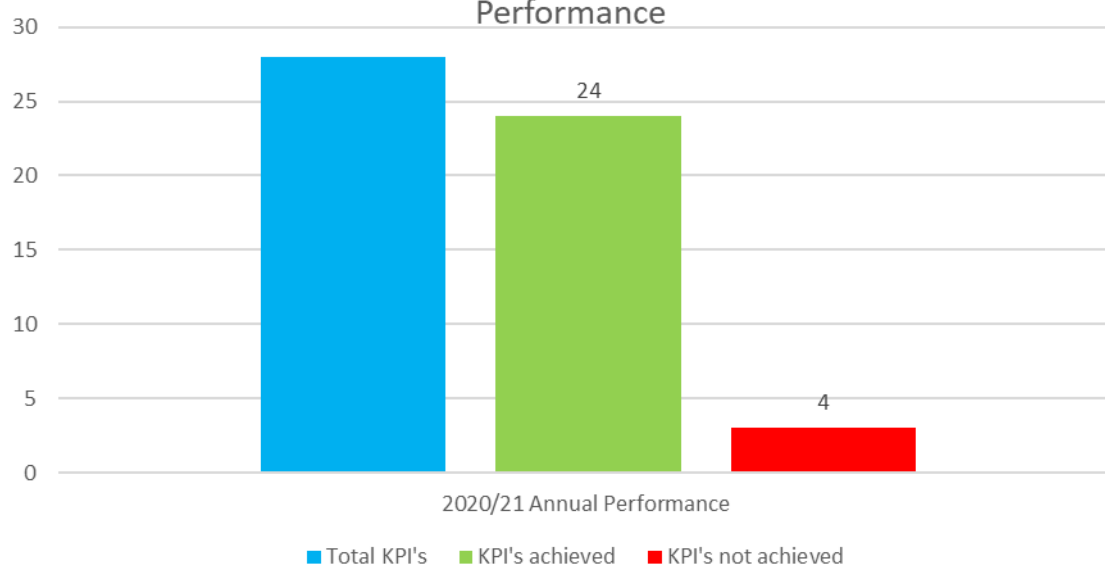
Below are the graphs representing the performance of the Community Services and Public Safety Department during the 2019/20 and 2020/21 financial years.

2019/20 Community Services and Public Safety Performance



	Number of KPI's	Percentage of KPI's
Total KPI's	45	100%
KPI's achieved	20	44%
KPI's not achieved	25	56%

2020/21 Community Services and Public Safety Performance



	Number of KPI's	Percentage of KPI's
Total KPI's	28	100%
KPI's achieved	24	85%
KPI's not achieved	4	15%

The Community Services and Public Safety Department has a total of 28 KPI's. 24 KPI's were achieved. And 4 KPI's were not achieved. This resulted in an 85% achievement for the department. The national lockdown hindered the achievement of numerous KPI's, hence, the non-achievement of KPI's.

2020/21 COMMUNITY SERVICES AND PUBLIC SAFETY CSPS										
IDP REF	K P I N O .	Key performance indicator 2020/21	2019/20		2020/21		REASON FOR VARIANCE	CHALLENGES/CORRECTIVE MEASURES	Portfolio of Evidence	WARD
			Target	Actual	Target	Actual				
BASIC SERVICE DELIVERY										
BSD 04	1	Number of times waste collected 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 sibusisi we CH (wards 2, 7 & 15) by June 2021	53	53	52	52	N/A	N/A	Waste collection plan and register	2, 7 & 15

		(MONDAYS)								
BSD 04	2	Number of times waste collected at Renckens, Ireland, White City, Red Hill, Capies and Sikhala mbazo (wards 7, 13 & 14) by 30 June 2021 (TUESDAY)	53	53	52	52	N/A	N/A	Waste collection plan and register	7, 13 & 14
BSD 04	3	Number of times waste collected at Mandeni and Sappi Village, Renckens and Khenan Area (wards 3, 7 & 10) by	52	52	53	53	N/A	N/A	Waste collection plan and register	3, 7 & 10

		30 June 2021 (WEDNESDAYS)								
BSD 04	4	Number of times waste collected at Tugela, Tugela Mouth Village, South Bound, Newark, New Town, Padianagar, Ematankeni, Ehholo, Ebhokisini, Skhephekhepheni, Ezinsimbini, Nova Farm and renckens (wards 4 & 7) by 30 June 2021 (THURSDAYS)	52	52	52	52	N/A	N/A	Waste collection plan and register	4 & 7

BSD 04	5	Number of times waste collected 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 2021 (FRIDAYS)	52	52	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
BSD 04	6	Number of times waste collected at Dokodweni Beach, Tugela Mouth and Renckens (wards 1, 2 &7) by 30 June 2021 (SATURDAYS)	52	52	52	52	N/A	N/A	Waste collection plan and register	1,2 & 7

BSD 04	7	Date of reviewed and adopted Integrated Waste Management Plan by Council 31 March 2021	30-Jun-20	Not achieved	31-Mar-21	30-Jun-21	The target was achieved after the due covid 19 regulation that prohibit the gatherings of not more than 50 people, as process of reviewing the IWMP requires the public inputs .	Reviewal be done on the 4th Quarter of the year	Council resolution/approved IWMP	N/A
BSD 04	8	m2 of monthly grass-cutting performed in all Wards by 30 June 2021			7 100 458	7 956 139	The internal grass-cutting increases the square metres target	N/A	Grass cutting schedules	All wards

BSD 07	9	Date of establishment of Composting Area in ward 3 by 30 June 2021	N/A	N/A	30-Jun-21	30-Jun-21	N/A	N/A	Dated photos and completion certificate	3
BSD 07	10	Date of Greening of Open Spaces in ward 7 by 31 June 2021	N/A	N/A	30-Jun-21	Not Achieved	The insufficient budget and SCM process delayed the appointment of the service provider to facilitate and contract the beautification project. However, the project has been commenced with.		Completion certificate	3 & 7

BSD 07	1 1	Date of Arbor Month Celebration in all wards by 30 September 2020	N/A	N/A	30-Sep-20	15-Sep-20	N/A	N/A	Dated photos and attendance register	All Wards
BSD 07	1 2	Number of quarterly clean-up campaign conducted in 4 clusters municipal wards by 30 June 2021	N/A	N/A	4	7	N/A	N/A	Dated photos and attendance register	All wards
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
MF VM 01	1 3	Number of completed quarterly risk reports by 30 June 2021	4	None	4	4	N/A	N/A	Attendance register and letter of acknowledgment	N/A
MF VM 04	1 4	% spent on conditional grant applicable to the CSPSD, as at 30 June 2021	100.00%	80.00 %	100 %		N/A	N/A	Expenditure report from BTO	N/A

MF VM 06	15	Number of waste skips procured in all wards by 30 June 2021	15	15	30	30	N/A	N/A	Delivery note and photos	N/A
MF VM 06	16	Date of procuring of mobile library truck by 30 June 2021	N/A	N/A	30-Jun-21	30-Jun-21	N/A	N/A	Delivery note and photos	N/A
MF VM 06	17	Number of lightening conductors procured and installed in all wards by 30 June 2021	25	25	50	50	N/A	N/A	Copy of delivery note	N/A
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
GGP P 03	18	Number of road blocks conducted by 30 June 2021	12	12	15	15	N/A	N/A	Attendance register and stop and checklist	N/A

GGP P 03	1 9	Number of Road Safety Awareness campaign (festive and Easter) held by 30 June 2021	2	1	2	2	N/A	N/A	Attendance register, photos, stop and check list	N/A
GGP P 01	2 0	Number of monthly portfolio committee meetings held by 30 June 2021	10	8	10	10	N/A	N/A	Attendance registers of meetings	N/A
GGP P 01	2 1	Number of quarterly Municipal Public Accounts Committee (MPAC) meetings attended by 30 June 2021	4	3	4	3	Meeting scheduled Quarter 2 was postponed due to unforeseen circumstances		Attendance Registers	N/A

GGP P 02	2 2	Number of cluster war-rooms attended by 30 June 2021	3	0	4	2	Lack of proper planning with responsible official, no formal invitation.	Responsible official to provide annual schedule meetings and ensure that meeting do take place	Attendance Registers	N/A
GGP P 02	2 3	Number of quarterly participations in district IGR meetings attended by 30 June 2021	3	0	3	3	N/A	N/A	Attendance Registers	N/A
LOCAL ECONOMIC DEVELOPMENT										
LED 03	2 4	Number of EPWP participants on Zibamb ele program recruited by 30 September 2021	250	250	250	250	N/A	N/A	Appointment contracts	N/A
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										

MTI D 01	2 5	Date of developed draft policies and by-laws And/or reviewed draft policies and by-laws aproved by Council by 30 June 2021	30-Jun-20	Not achieved	30-Jun-21	30-Jun-21	N/A	N/A	Copy of a Council resolution	All
MTI D 04	2 6	Number of monthly progress reports submitted to HoD by managers by 30 June 2021	24	24	24	24	N/A	N/A	PMS monthly performance plans	N/A
MTI D 04	2 7	Date of submission of managers performance plans to HOD's by 31 August 2020	31-Aug-19	31-Aug-19	31-Aug-20	31-Aug-20	N/A	N/A	Manager's Performance Plan's	N/A
SPATIAL RATIONAL AND ENVIRONMENTAL (BACK TO BASICS- CROSS CUTTING MEASURES)										

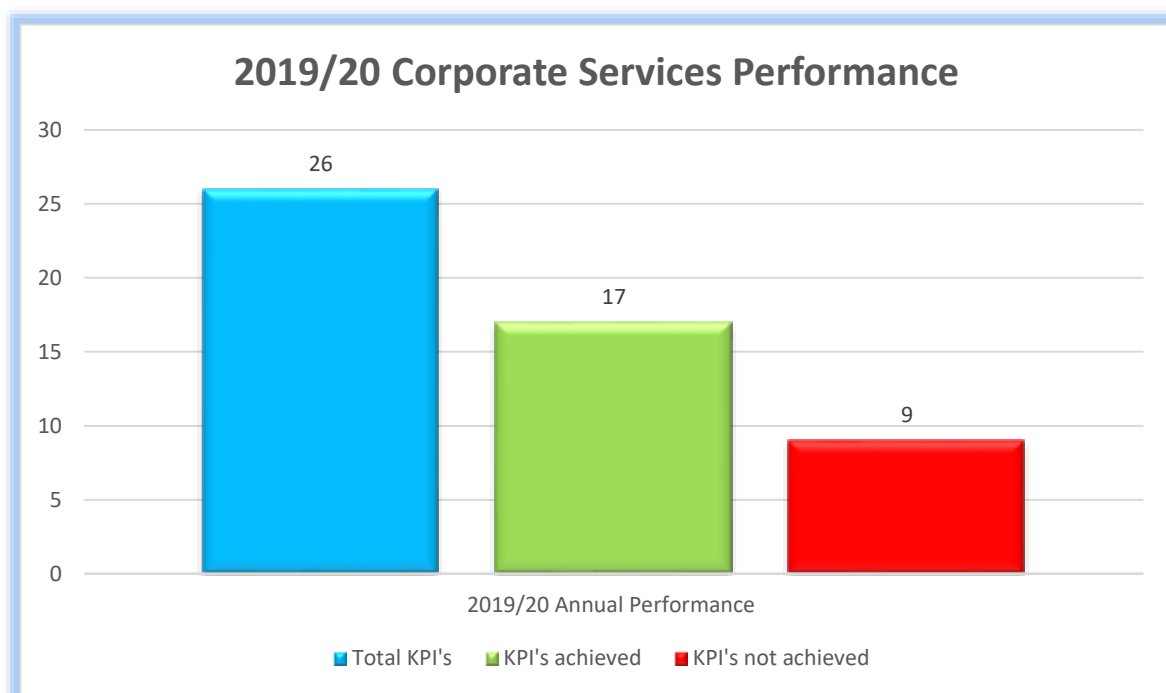
SRE M 03	2 8	Date of reviewe d and adopte d Disaster Manage ment Plan by 30 June 2021	30- Jun- 20	Not achie ved	30- Jun- 21	30- Jun- 21	N/A	N/A	Council Resolutio n/ approve DMP	N/A
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5.5. CORPORATE SERVICES

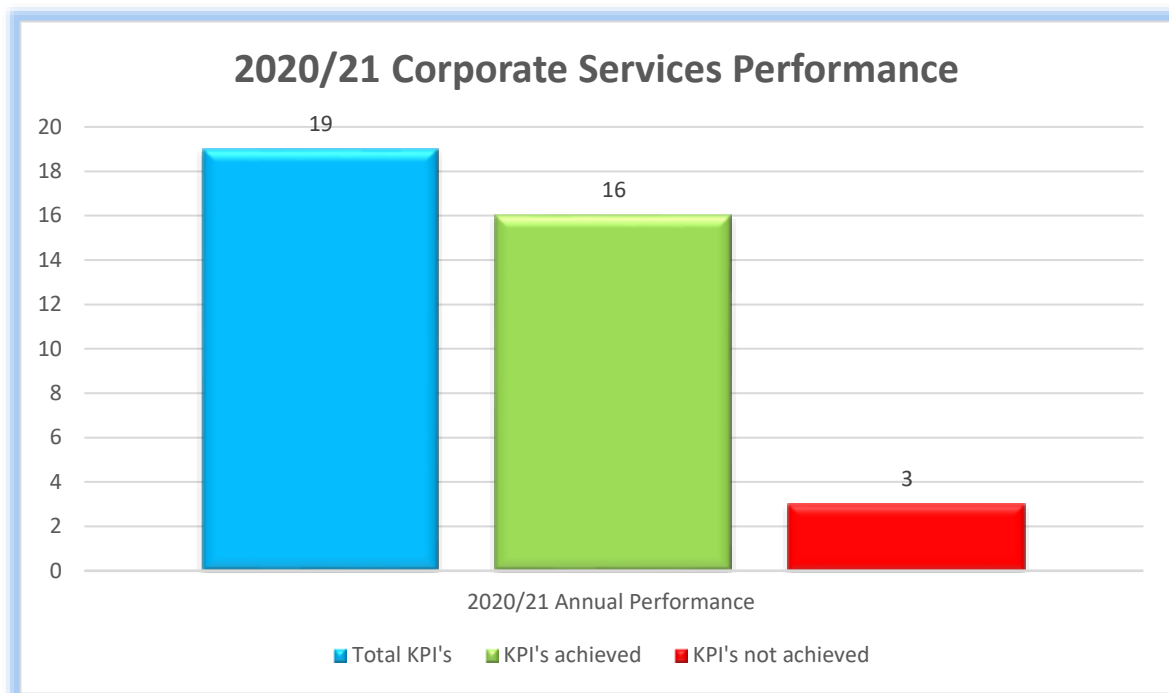
The Department of Corporate Services is headed by the Director: Corporate Services who is a section 57 employee according to the Municipal Systems Act of 2000. The corporate wing is mainly responsible for the following;

- ✚ Human Resources Management;
- ✚ General Administration;
- ✚ Information Technology;
- ✚ Committees; and
- ✚ Labour Relations.

Below is a graph of the performance of the Corporate Services Department in the 2019/20 and 2020/21 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	26	100%
KPI's achieved	17	65%
KPI's not achieved	9	35%



	Number of KPI's	Percentage of KPI's
Total KPI's	19	100%
KPI's achieved	16	84%
KPI's not achieved	3	16%

The Corporate Services Department had a total of 19 KPI's in the 2020/21 financial year. 16 KPI's were achieved and 3 KPI's were not achieved. This translates to an overall achievement of 84%

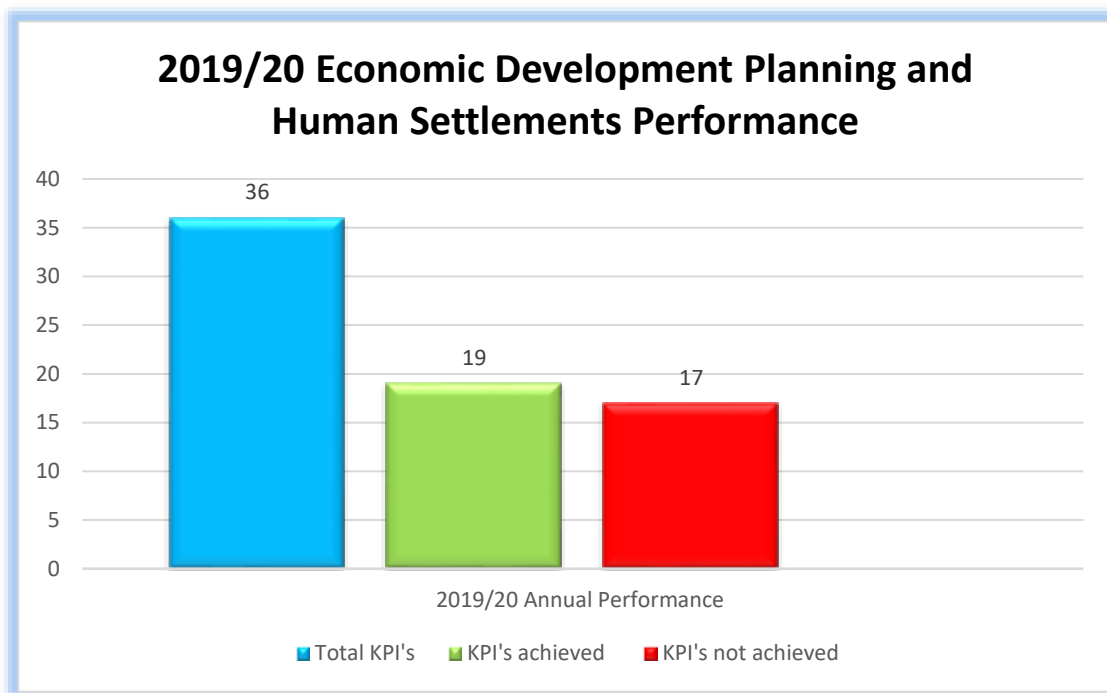
5.6. ECONOMIC DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS.

The Economic Development and Planning Department is the strategic business unit of the municipality and includes the following four divisions:

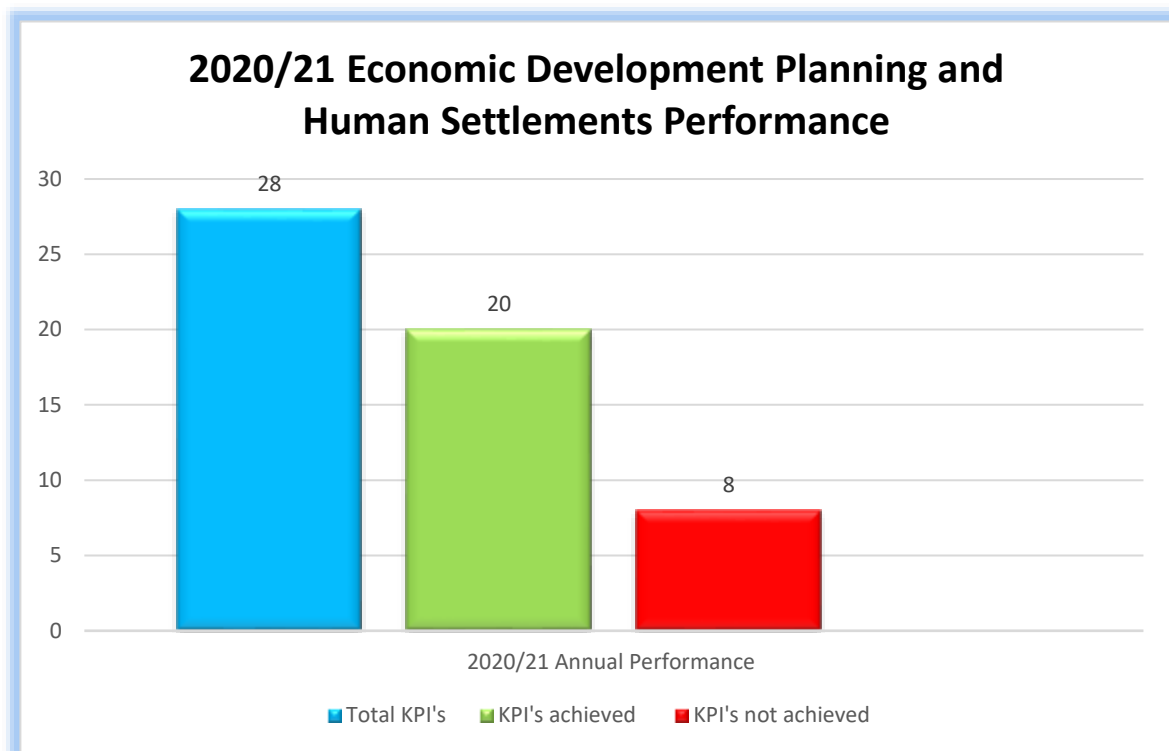
- ✚ Integrated Development (Strategic) Planning, Spatial Planning and Statutory Planning which includes implementation of the Land Use Management System, particularly the Planning and Development Act (PDA) and in future, the Spatial Planning and Land Use Management Act (SPLUMA).
- ✚ Human Settlements 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).

This department is fully staffed and fully operational.

Below is a graph demonstration of the performance of this department in the 2019/20 and 2021/21 financial year.



	Number of KPI's	Percentage of KPI's
Total KPI's	39	100%
KPI's achieved	19	53%
KPI's not achieved	17	43%



	Number of KPI's	Percentage of KPI's
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 28 KPI's in the 2020/21 financial year. 20 KPI's were achieved and 8 KPI's were not achieved. This translates to an 71 % achievement for the department.

2020/21 ECONOMIC DEVELOPMENT, PLANNING AND HUMAN SETTLEMENTS SCORECARD ANNUAL REPORT											
IDP REF NO	KPI NO.	Key Performance Indicator	2019/20		2020-21		Reason for Variance	Corrective measures	Portfolio of Evidence	WARD	Responsible Manager/ Person
			Target	Actual	Plan	Actual					
BASIC SERVICE DELIVERY											
BSD 03	1	Number of quarterly progress reports on housing submitted to EXCO by 30 June 2021	4	4	4	4	N/A	N/A	EXCO minutes	1; 2; 3; 4; 7;8; 9; 10; 11; 12; 16,17 and 18	EDPHS (Director)
GOOD GOVERNANCE AND PUBLIC PARTICIPATION											

GGPP 05	2	Number of virtual meetings held for the IDPRF by 30 June 2021	4	4	2	2	N/A	N/A	Attendance Registers	18 Wards	EDPHS (Director)
GGPP 05	3	Number of media and virtual consultations on 2021/22 IDP Review by 30 June 2021	2	2	1	1	N/A	N/A	Attendance Registers	All Wards (18)	EDPHS (Director)
GGPP 05	4	Date of Adoption of the 2021/22 IDP, Budget and PMS Process Plan by 30 September 2020	29-Aug-19	29-Aug-19	30-Sep-20	30-Sep-20	N/A	N/A	Council Resolution	All Wards (18)	EDPHS (Director)

GGPP 05	5	Date of Adoption of the 2021/22 IDP by Council in line with MSA by 30 June 2021	17-Jun-20	17-Jun-20	30-Jun-21	27-May-21	N/A	N/A	Council Resolution	All Wards (18)	EDPHS (Director)
GGPP 05	6	Number of quarterly Performance reports submitted to EDPHS Portfolio Committee by 30 June 2021	4	4	4	4	N/A	N/A	Minutes of EDPHS Portfolio Committee	N/A	EDPHS (Director)
LOCAL ECONOMIC DEVELOPMENT											

LED 07	7	Number of training provided intended to improving the community skills in particular SMME's by 31 December 2020	N/A	N/A	1	2	N/A	N/A	Attendance register and certificates	All	EDPHS (Director)
LED 07	8	Number of SMMEs and Cooperatives supported on Quick Win Programme by 30 June 2021	50	20	50	40	Delayed in the approval of the approved businesses to be assisted through Mayoral Covid 19 Business Support Programme	Approved businesses have been sorted and submitted to SCM for procurement processes.	Acknowledgement letter of SMMEs / Cooperatives supported	All	EDPHS (Director)

LED 07	9	Number of Emerging Entrepreneurs supported on the entrepreneur support programme by 30 June 2021	4	4	8	5	Delayed in the approval of the approved business es to be assisted through Mayoral Covid-19 Business Support Programme	Approved business es have been sorted and submitted to SCM for procurement processes.	List the entrepreneurs supported and report	All	EDPHS (Director)
LED 07	10	Number of Business compliance inspections conducted by 30 June 2021	4	4	4	4	N/A	N/A	Attendance Register (A list of various B C workshops conducted)	All	EDPHS (Director)

LED 04	11	Number of quarterly progress reports on jobs created submitted to EXCO by 30 June 2021	N/A	N/A	4	4	N/A	N/A	EXCO minutes	All	EDPHS (Director)
LED 06	12	Number of aquaculture projects supported by 30 June 2021	N/A	N/A	2	Not achieved	Experienced delays in the SCM processes on this project	SCM was engaged to speed the SCM processes on this project	Acknowledgement letters	All	EDPHS (Director)
LED 07	13	Date of erect tourism signs by 30 June 2021	N/A	None	31-Dec-20	28-Sep-20	The budget was redirected to the procurement of municipal land notice signs boards as per	Tourism signs to be budgeted and implemented in the next financial year	Invoice for payment	Ward 1	EDPHS (Director)

							the request of the Council				
LED 08	14	Number of Blue Flag Pilot Certificates obtained by 31 December 2020	1	1	1	1	N/A	N/A	Blue Flag Certificate	1 &2	EDPHS (Director)
LED 08	15	Number of water samples by 31 March 2021-	16	6	6	4	Service provider did not submit the water samples due to the delayed of payment	This KPI was not achieved due to challenges experienced in Q3 & 4	Water sample results	1 &2	EDPHS (Director)

								processe s.				
LED 08	16	Number of District LED IGR fora attended by 30 June 2021	N/A	N/A	4	9	N/A	N/A	Attendance register	Distr ict level	EDPHS (Directo r)	
LED 09	17	Number of reports on the implemen tation of Vuthela LED program me submitte d to EXCO by 30	4	4	4	4	N/A	N/A	Reports/EXCO resolution	All	EDPHS (Directo r)	

		June 2021									
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
MFVM 01	18	Number of completed quarterly risk reports by 30 June 2021	4	4	4	4	N/A	N/A	Quartely Reviewed fraud risk register/Attendance Register	All	EDPHS (Director)

MFVM 05	19	Amount of revenue collected as per submitted town planning applications, business license, building plans and rental collection from Informal Traders Stalls by 30 June 2021	R102 565.00	R102 565.00	R60 000	R121 924.60	N/A	N/A	Ledge Spread Sheet from Finance	All	EDPHS (Director)
SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT/CROSS-CUTTING MEASURES											
SREM 01	21	Date of subdivision of Erf 1325 at Sundumbili A by 30 June 2021	N/A	N/A	30-Jun-21	Tender Document	Experienced delays in the SCM processes on this project	Re-start the SCM processes	Approved SG Diagrams	N/A	EDPHS (Director)

SREM 04	22	Date of the review and finalisation of the adoption of SDF by 30 June 2021	N/A	N/A	30-Jun-21	Draft SDF	Experienced delays in the SCM processes on this project	There were numerous engagements with CFO and MM in respect of this project.	Council Resolution	All	EDPHS (Director)
SREM 05	23	Date of the finalisation of the Single Land Use Scheme by 30 June 2021	N/A	N/A	30-Jun-21	30 June 2021	N/A	N/a	Council Resolution	All	EDPHS (Director)
	24	Date of preparation and submission of Dokodweni Beach EIA	N/A	N/A	N/A	The Advert was placed on newspaper	Experienced delays in the SCM processes on this project on the	SCM has already started working on the project.	Acknowledgement receipt letter from EDTEA	Ward 1 & 2	EDPHS (Director)

		Report to EDTEA by 31 March 2021					basis that SCM is prioritising grant funded projects				
	25	Date of preparation and adoption of Estuary Management Plan by 30 June 2021	N/A	N/A	30-Jun-21	11-Jun-21	N/A	N/A	First Draft of Estuary Management Plan	Ward 1 & 8	EDPHS (Director)
SREM 05	26	Date of identification of potential and alternative sites for the development of new cemetery and conduct EIA and other relevant	N/A	N/A	30-Jun-21	25-Jun-21	N/A	N/A	Report and Proof of Submission to EDTEA	Ward 10	EDPHS (Director)

		studies on the most appropriate site by 30 June 2021									
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT											
MTID 04	27	Number of progress reports on implementation of performance plans by managers submitted to HOD's by 30 June 2021	36	36	36	30	Incumbent responsible for Human Settlements and Building Control Unit passed on	New incumbent assumed duties on 01 June 2021	PMS monthly performance plans	N/A	EDPHS (Director)

MTID 04	28	Date of submission of managers performance plans to HOD's by 31 July 2020	30-Aug-19	30-Aug-19	31-Aug-21	20-Aug-20	N/A	N/A	Manager's Performance Plan's	N/A	EDPHS (Director)
MTID 04	29	Number of completed quarterly PMS information (POE file and signed scorecard) to PMS unit by 30 June 2021	4	4	4	4	N/A	N/A	Acknowledgement letter of receipt	N/A	EDPHS (Director)

MEASURES TO IMPROVE PERFORMANCE

The financial year has generally started on a good mode as many targets were achieved, although areas of concern have been and stringent corrective measures have to be implemented. The Office of the Municipal Manager has been conducting Informal reviews over and above the Legislated Formal reviews and the PMS, M, E & Unit also conducts departmental verification meetings.

RECOMMENDATIONS /WAY FORWARD

- 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.

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

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	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.
Activities	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> ”.
Adequacy Indicators	The quantity of input or output relative to the need or demand.
Annual Report	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.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	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.

Basic Municipal Service	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.
Budget Year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost Indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution Indicators	The distribution of capacity to deliver services.
Financial Statements	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.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	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.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	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".
Outputs	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.
Performance Indicator	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)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	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.
Performance Targets:	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.
Service Delivery Budget Implementation Plan	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.
Vote:	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. Section 1 of the MFMA defines a "vote" as:

	<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>
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APPENDICES

APPENDIX A

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 advice, 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 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 PORFOLIO 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
or enquiry.

make recommendations to the Executive Committee for such monitoring, investigations

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:-

8. 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.

9. Membership

The Committee shall consist of:-

4. Chairperson appointed by Council;
5. Seven (7) Councillors appointed by the Council; and
6. The Mayor as a voting Ex-Officio member

10. 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).

11. Rules of Procedure

The Rules of Order of the Council, insofar as they govern Committees, shall apply to the Committee.

12. Functions

12.1 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:-

- (o) Water and Sanitation in conjunction with District Municipality
- (p) Sewerage;
- (q) Roads;
- (r) Storm Water Drainage
- (s) Electricity and Street lights
- (t) Mechanical Workshops;

- (u) Fleet Management;
- (v) Cleansing & Waste Management; and
- (w) Maintenance and Municipal Facilities
- (x) Parks and Gardens
- (y) Municipal Roads
- (z) Maintenance of Municipal Facilities
- (aa) Management of Capital Equipment and Technical Service Fleet
- (bb) Telecommunication

12.2 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.

12.3 In carrying out its functions the Committee;-

- (b) 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.

13. 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:-

- (5) Aspects of policy in respect of the functions of the Committee.
- (6) All bylaws, fees, tariffs which the Council may enact or prescribe within the terms of reference of the Committee.
- (7) Any legislation or proposed legislation falling within the terms of reference of the Committee which the Council may adopt.
- (8) Any amendments to the terms of reference of the committee.

14. General Policy Functions

The Committee may:-

- (4) 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;
- (5) Refer to the Executive Committee for decision, with or without a recommendation, any matter falling within its terms of reference;
- (6) 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 B
Ward Information

WARD PROFILE								
<div>DISTRICT:<div>ILEMBE</div></div> <div>LOCAL MUNICIPALITY:<div>MANDENI MUNICIPALITY</div></div>								
WARD NO.	MEMBERSHP	SURNAME	FULL NAMES	ID NO. (13 DIGITS)	GENDER		CONTACT NO.	CDW
					M	F		
1	WARD CLLR	SHELEMBE	MLUNGISI	8002146037088	M		0720261629	LILY DUBE 0837762156
	WC MEMBERS	LIKEBA	CELINA	5901021049089		F	0732260825	
		MDLETSHI	NTOKOZO	8312231073082		F	0797031976	
		MZIMELA	GUGU	7504110432089		F	0787478003	
		NXUMALO	THEMBINKOSI	6704185201085	M		0735881392	
		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	SPHAMANDLA MTHETHWA 0782440308
	WC MEMBERS	MPANZA	XOLANI	8104105496089	M		0718877170	
		BIYELA	MLUNGISI	7911075321084			0737612290	
		SADIE	DEAN	6908255444083	M		0747566743	
		MZOBE	ADORAH	8012250917082		F	0714162433	
		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	
		MDLETSHI	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	CDW	
	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 GAZU 0782445268	
		MAKHAYE	NTOKOZO	8902166202084	M		0735301817		
		CELE	JABULISIWE	5410300707086		F	0783204858		
		MATHONSI	GAMELIHLE	8506125867083	M		0733109158		
		KHUMALO	NOKUTHULA	7806170531084		F	0631550006		
		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	NOMUSA MADIKANE 0837762155
	WC MEMBERS	MHLONGO	SLINDILE	8601050349080		F	0783566224	
		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	MDLETSHI	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 0832011114
		MSOMI	MOFFATE	6810225470083	M		0736138070	
		MPANZA	SPHAMANDLA	9201026099080	M		0717220730	
		ZUNGU	SANELE	8007245928087	M		0734514687	
		MSOMI	NOBUHLE	8409100799084		F	0787524982	

		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	N/A
		MFEKA	ZANDILE	7612230391083		F	0818862676	
		MTSHALI	SIBUSISO	7112055769081		F	0720951452	
		DLALA	LUNGELO		M		0768550795	
		MATHONSI	NOZIPHO	8507010732085		F	0711637649	
		GUMEDE	SDUDUZO	8410255994082	M		0787658321	
		KHUZWAYO	XOLANI		M		0739583137	
		ZONDI	THEMBA	701010666086	M		0839523135	
		VUMISA	NJABULO		M		0839559067	
		MASEKO	SILONDILE	800229035088		F	076506959	
11	WARD CLLR	MTHEMBU	LUNGILE CAROLINE	6901270514089		F	0731966659	CDW
	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	MINENHLE DLAMINI 0728179683
	WC MEMBERS	SKHAKHANE	THOBKILE	6901031314084		F	0732338649	
		MVULA	THANDEKA			F	0632150509	
		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
13	WARD CLLR	ZULU	SIPHESIHLE	781006 5369 089	M		079 1067 328	
	WC MEMBERS	SITHOLE	NKULULEKO		M		0820717178	N/A
		NGIBA	DUDU	7208250464080		F	0739329567	
		NXUMALO	THANDEKA	7603170577088		F	0736700647	
		MTHIYANE	VUSIMUZI	8305295374081	M		0761701482	
		MTHIYANE	SIBUSISO	8711075815088	M		0730510007	
		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	
		MAGWAZA	LINDA	8507026068086	M		0795869375	
		MNGOMEZULU	NKOSINGIPHILE	6705285337083	M		0736907000	

		MTSHALI	SIBUSISO	7002235358081	M		0764286990	N/A
		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	N/A
	WC MEMBERS	MAPHUMULO	THANDAZILE	6206200704085		F	0724922805	
		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	SFUNDO MBUYAZI 0832011060
	WC MEMBERS	NXUMALO	SDUDLA	6711120612086		F	0799378733	
		MJADU	ZAMANI	8308226089083	M		0764764077	
		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 C

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

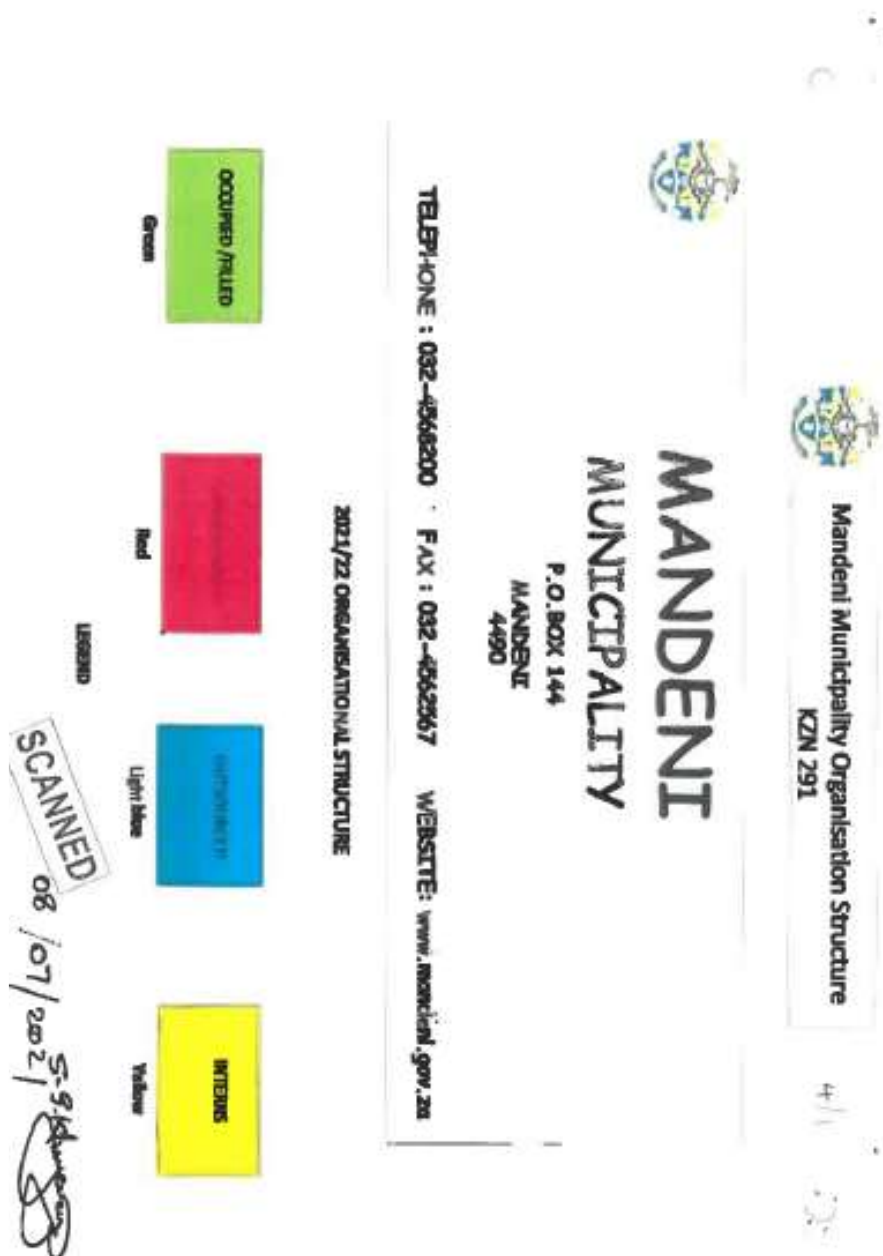
All these are serviced by Eskom for electricity, and Ilembe District

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

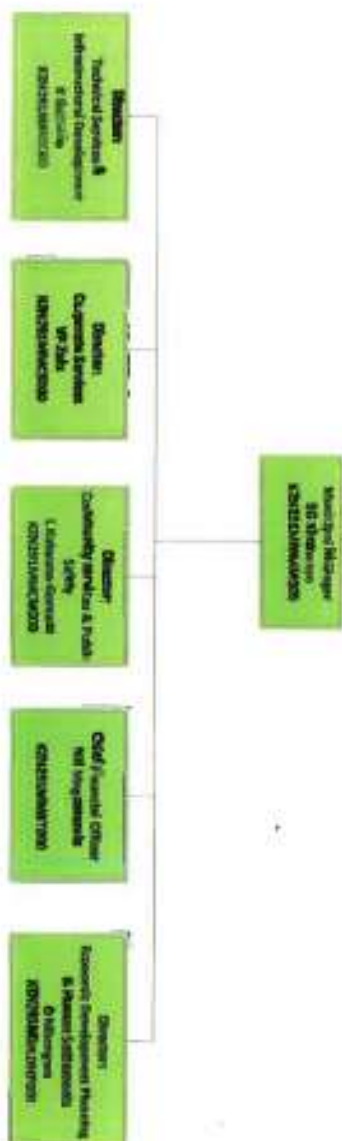
APPENDIX D

THIRD TIER ADMINISTRATIVE STRUCTURE

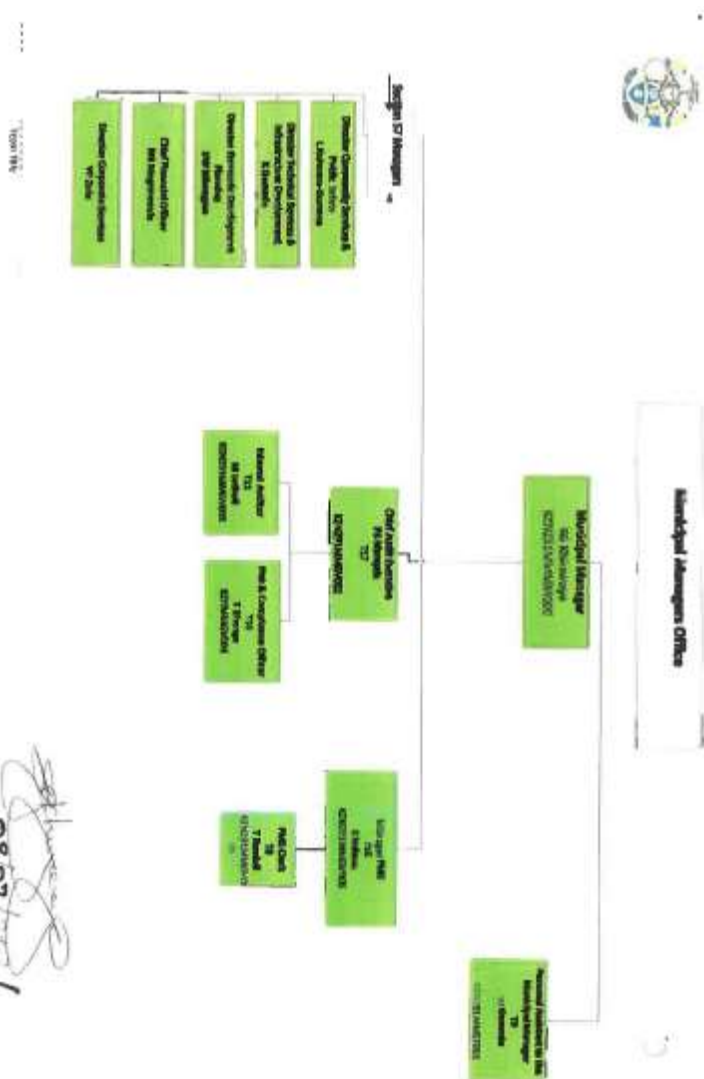


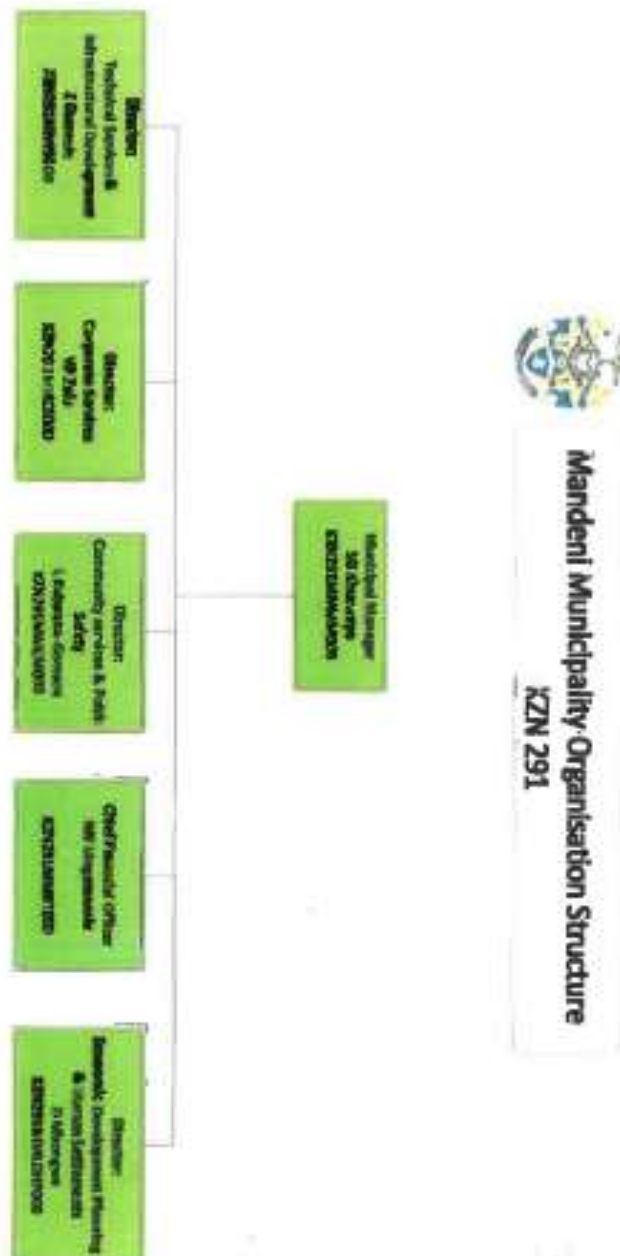


Mandeni Municipality Organisation Structure KZN 291

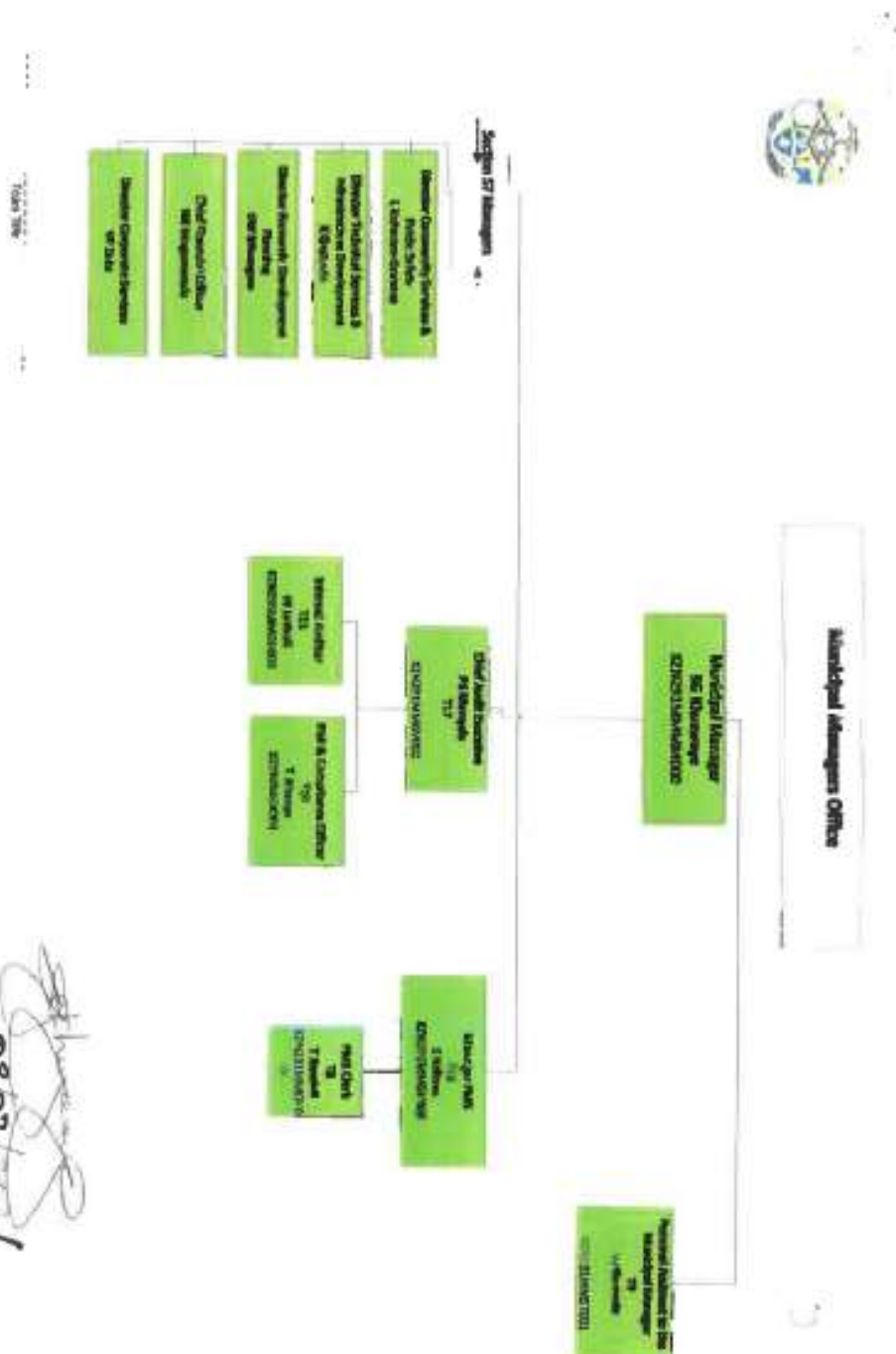


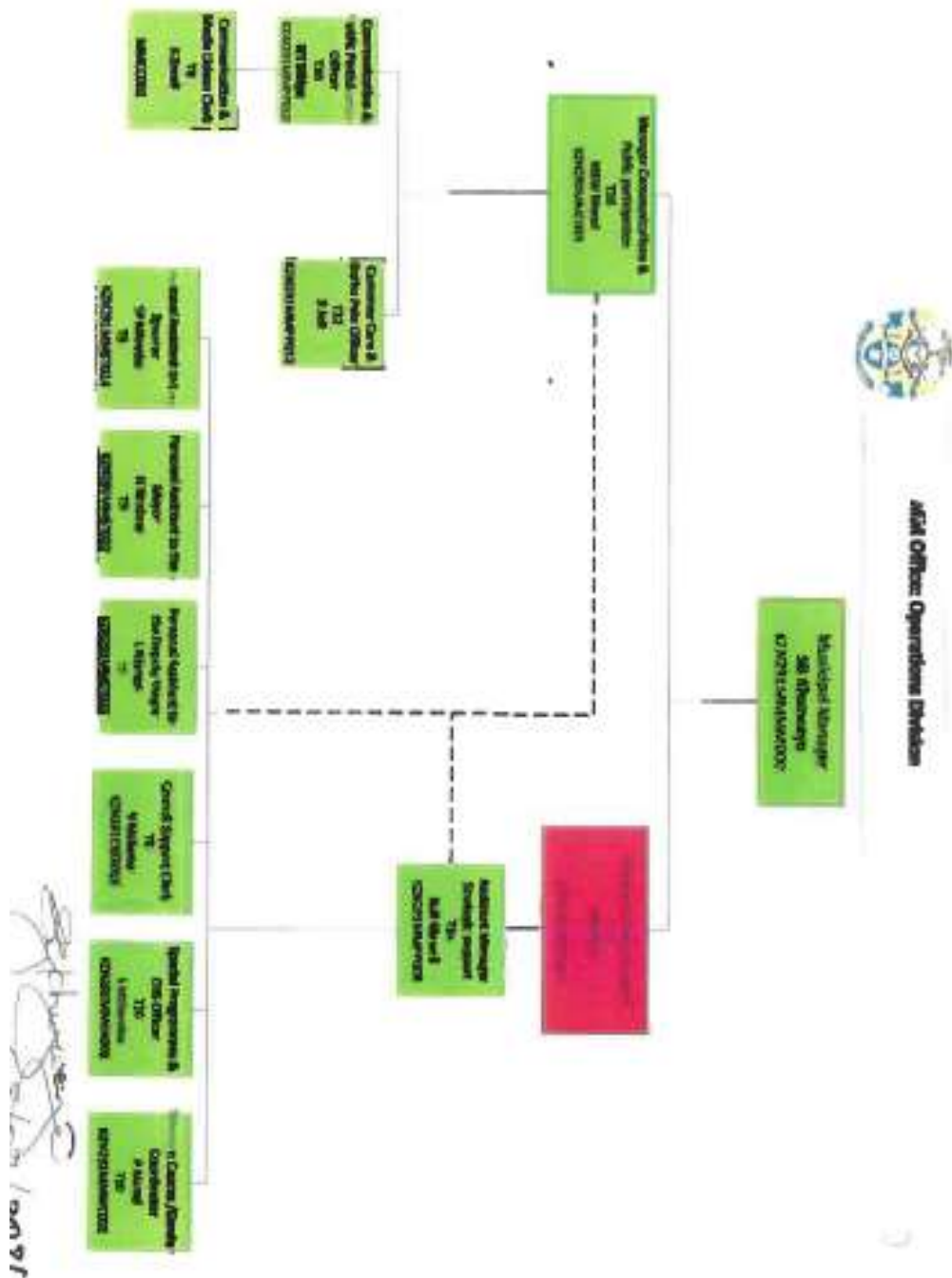
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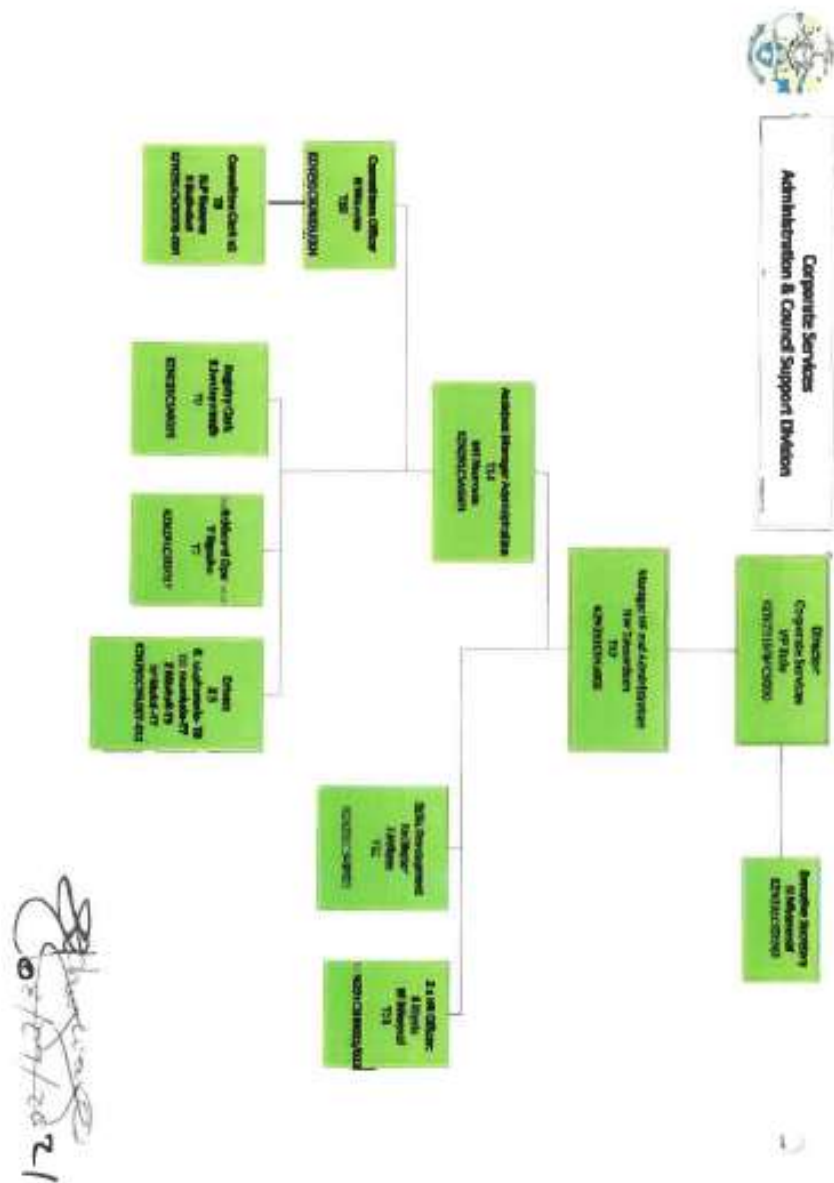




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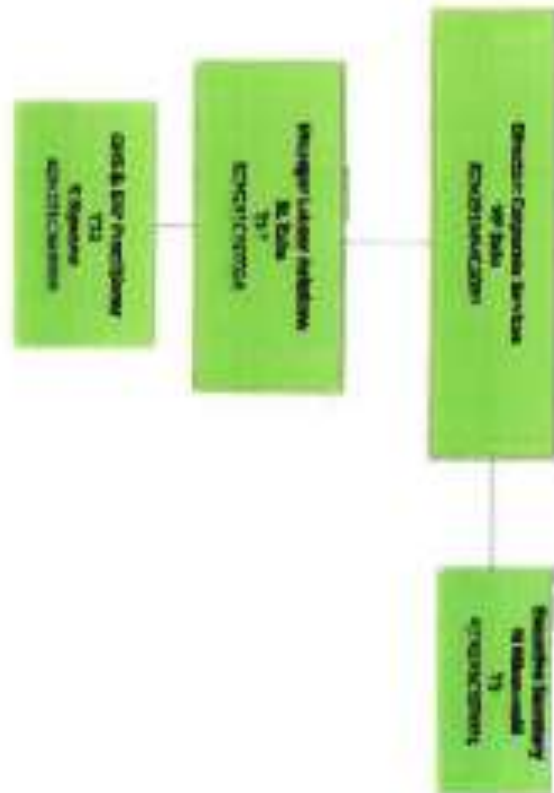








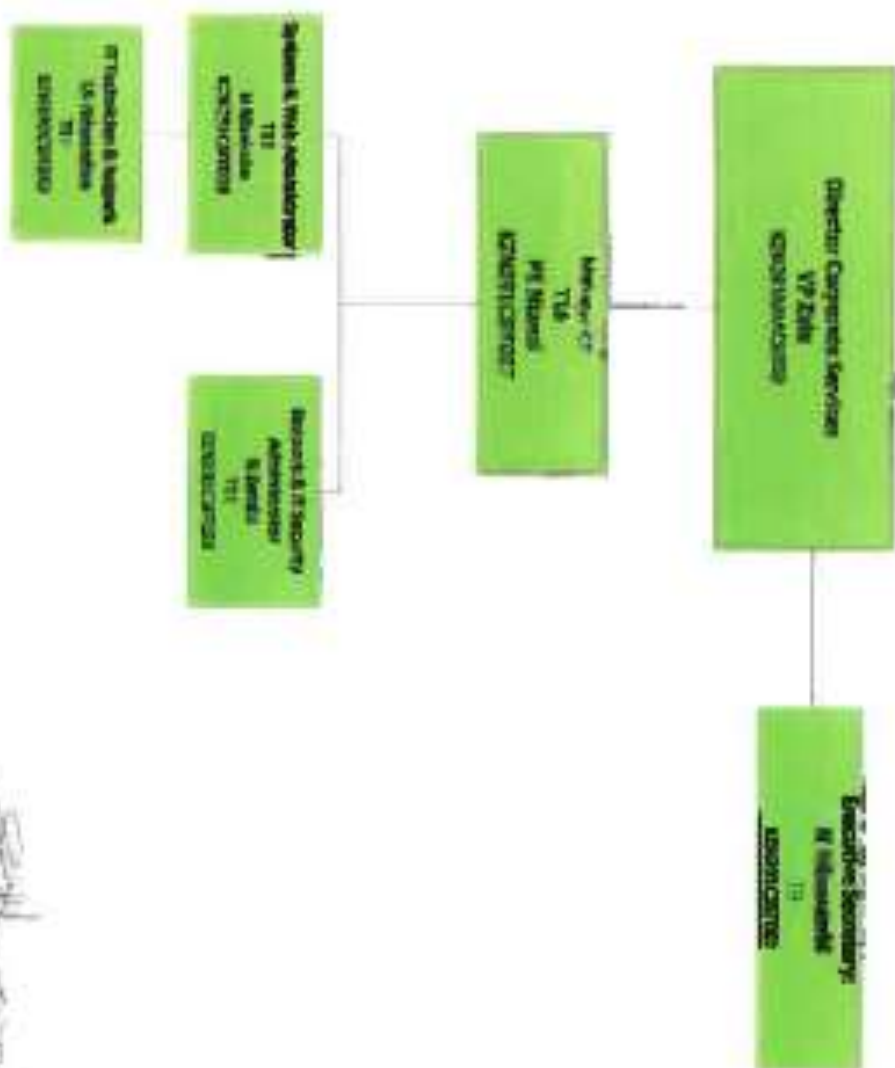
**Corporate Services
Labour Relations Division**



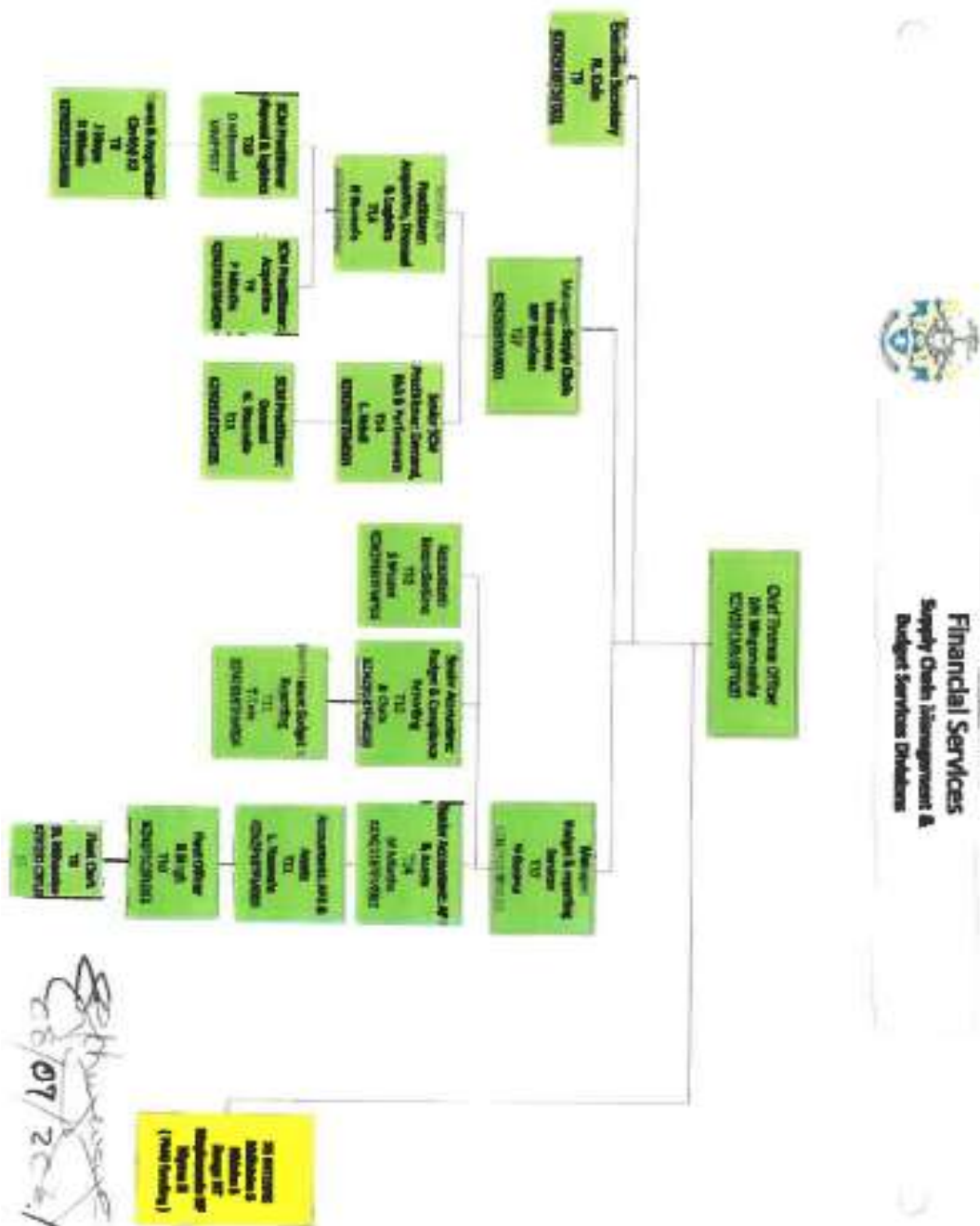
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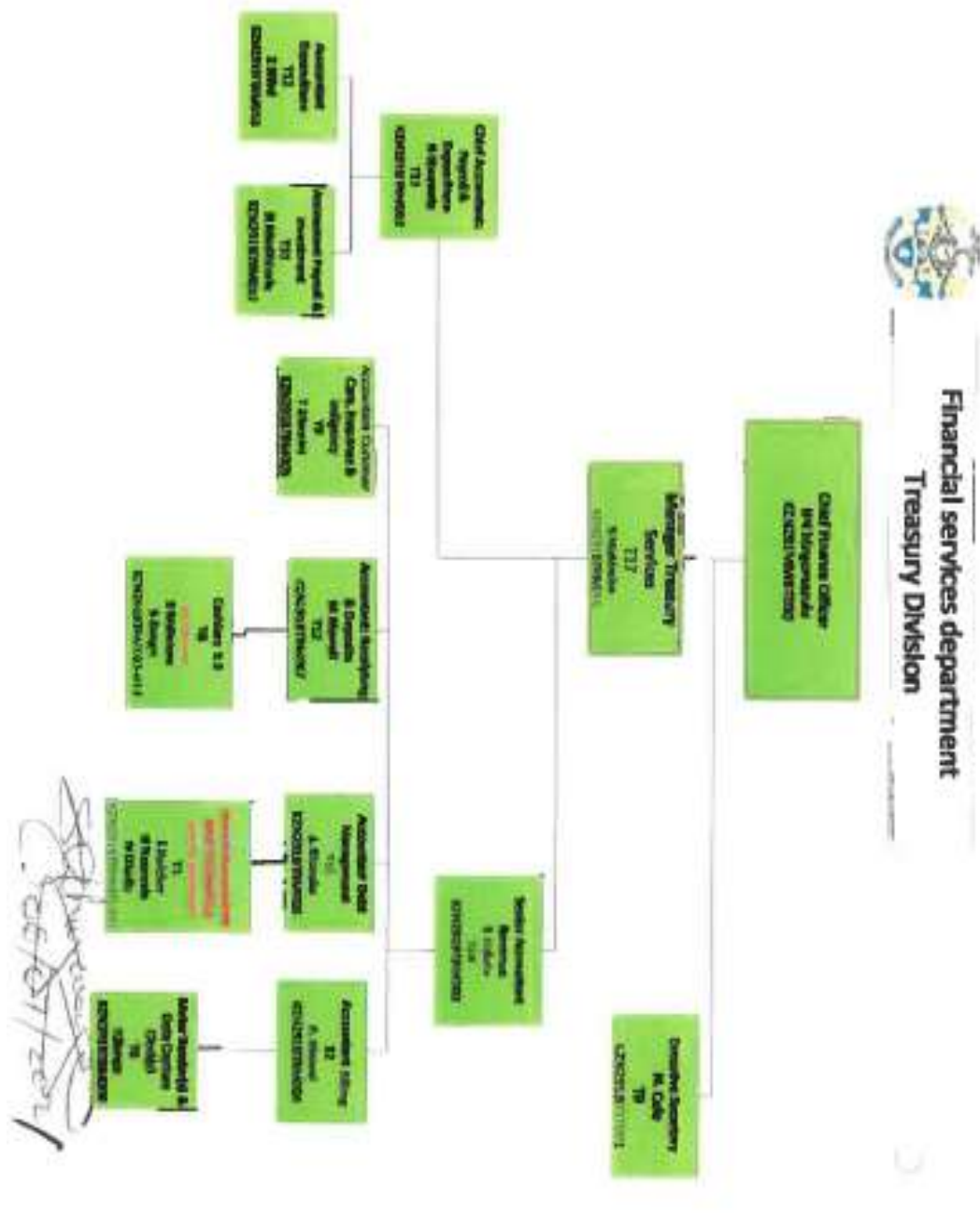


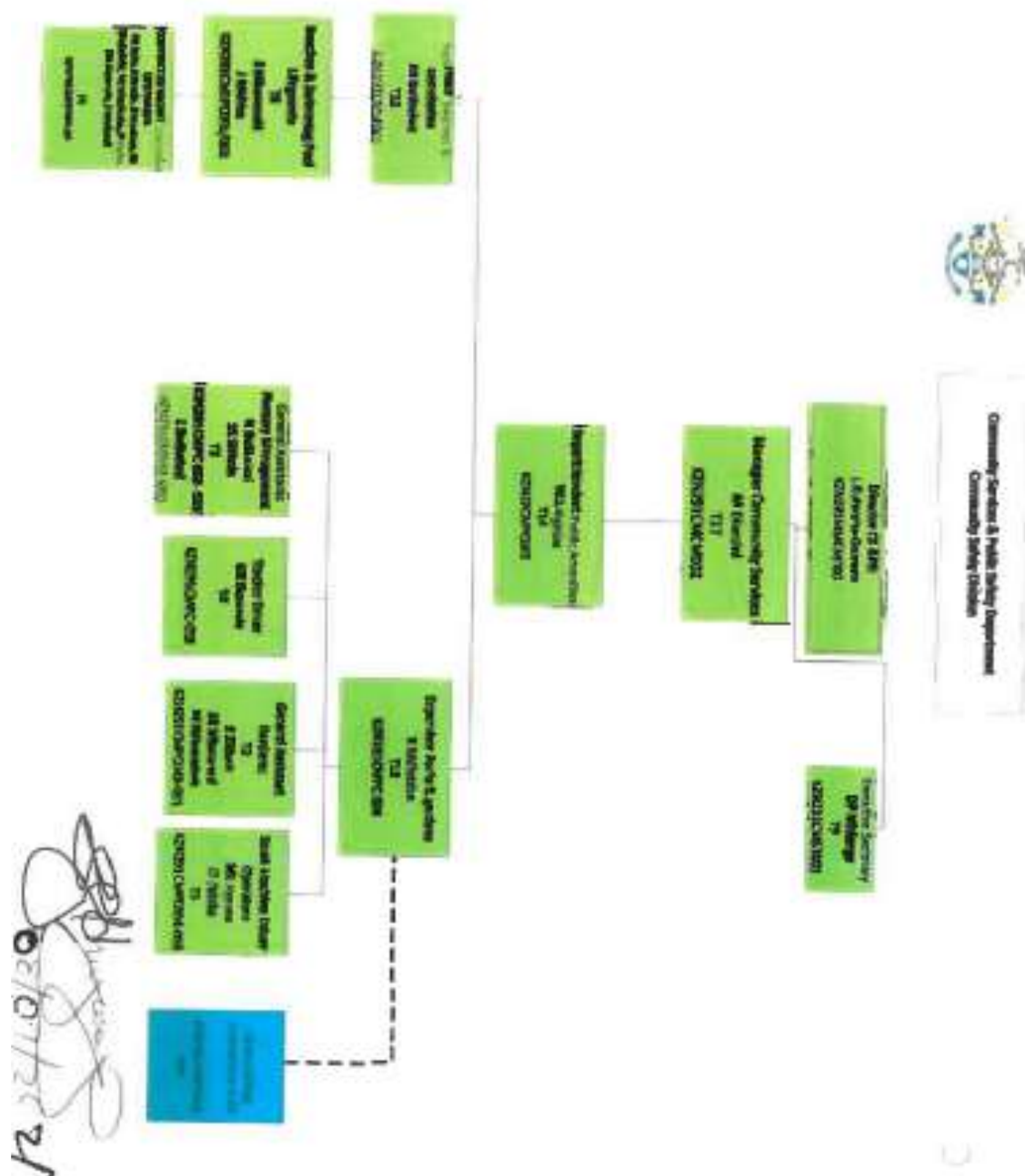
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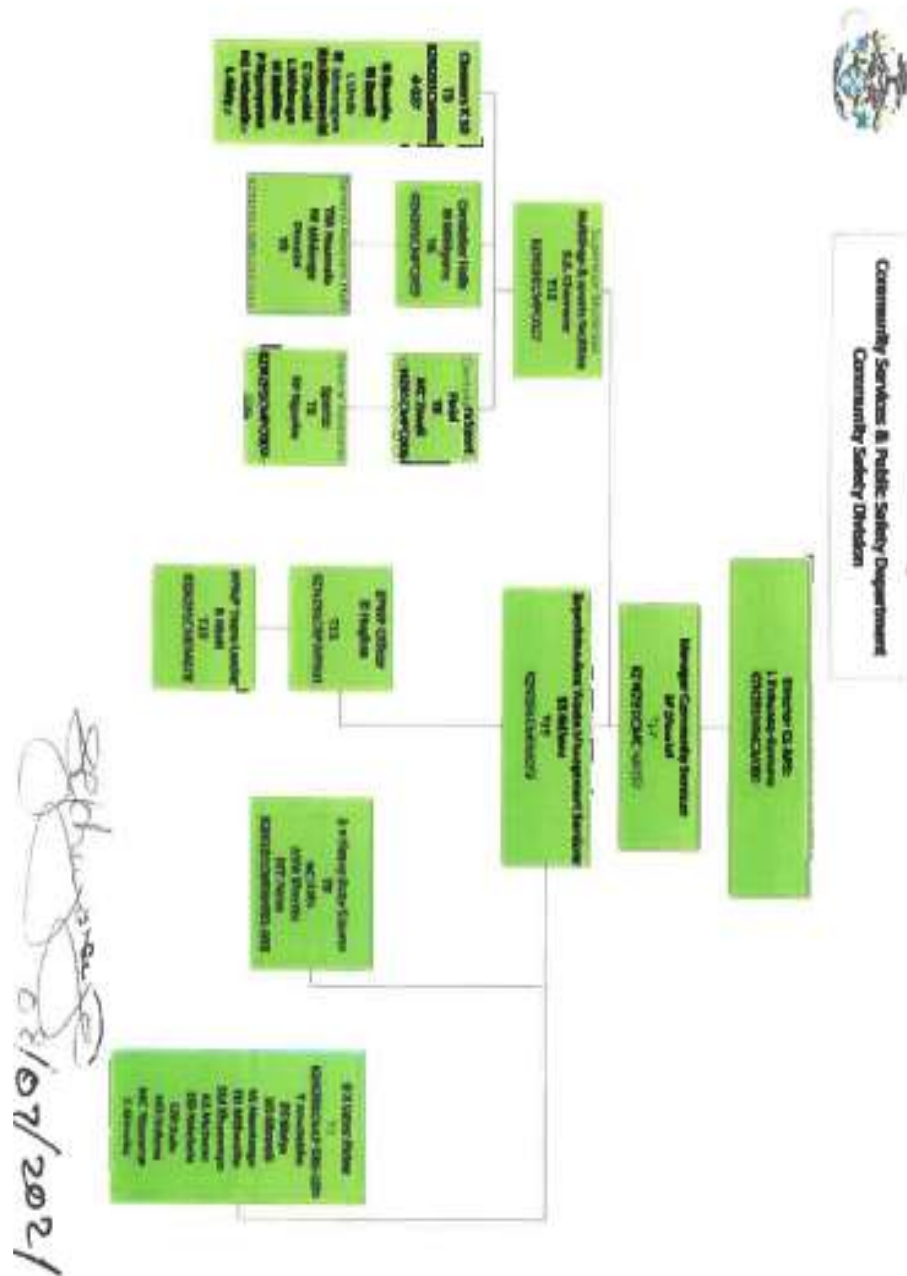


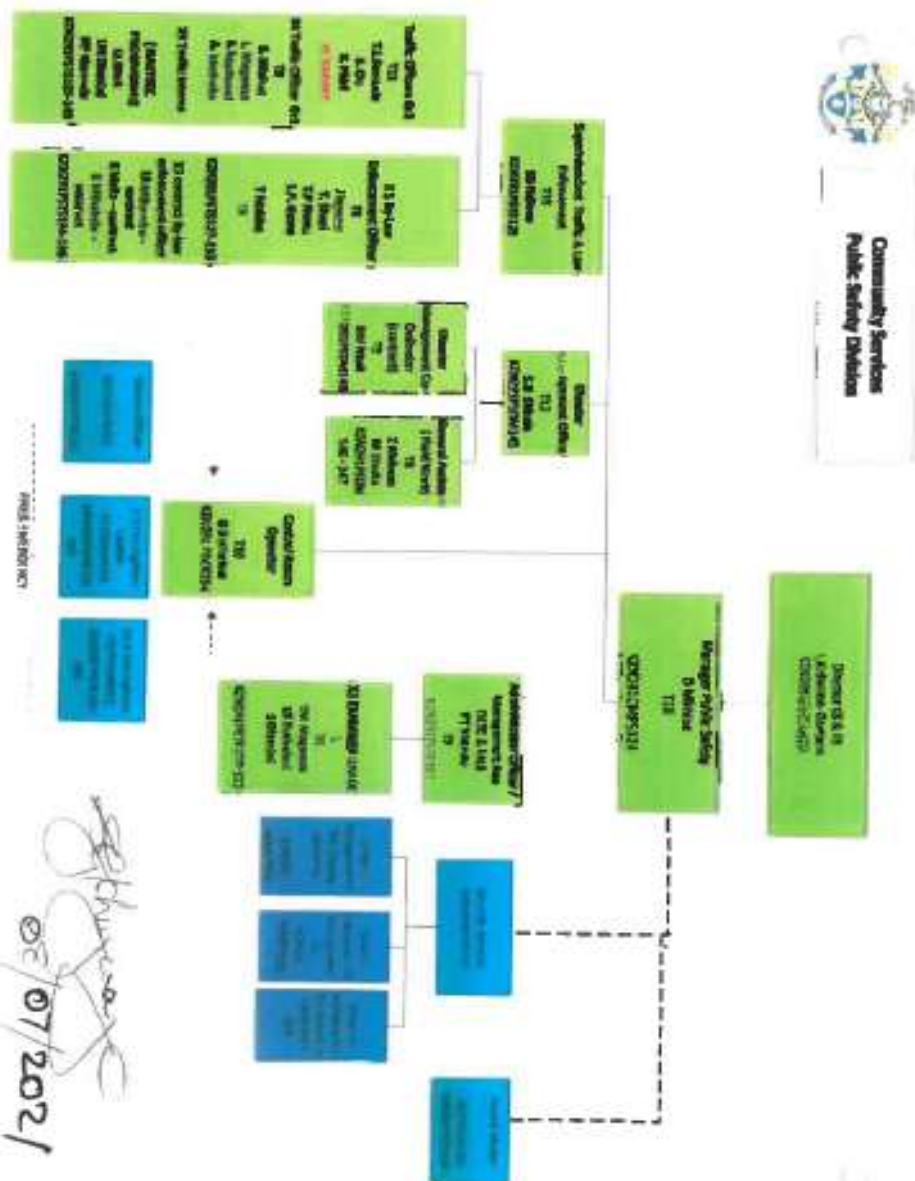
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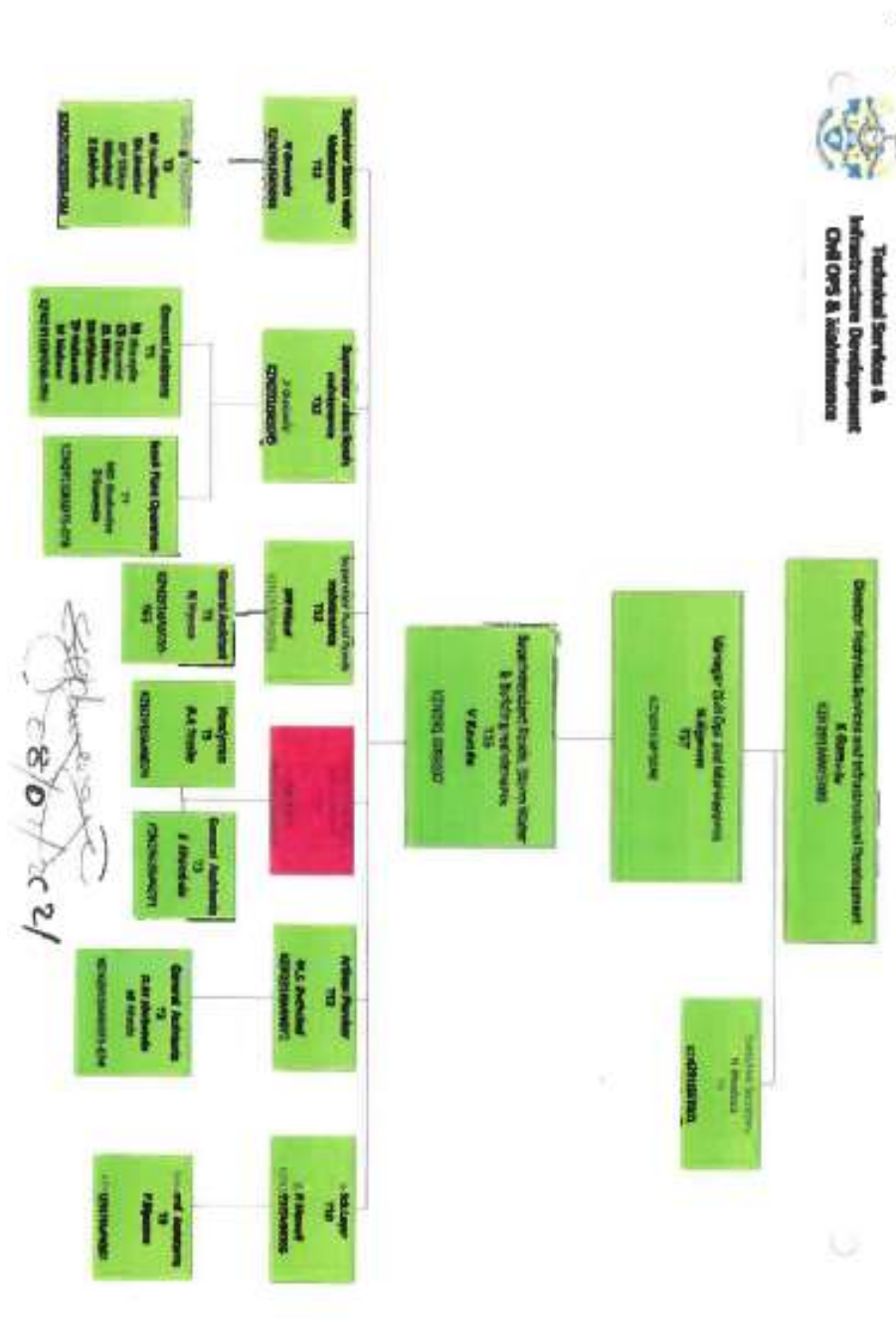


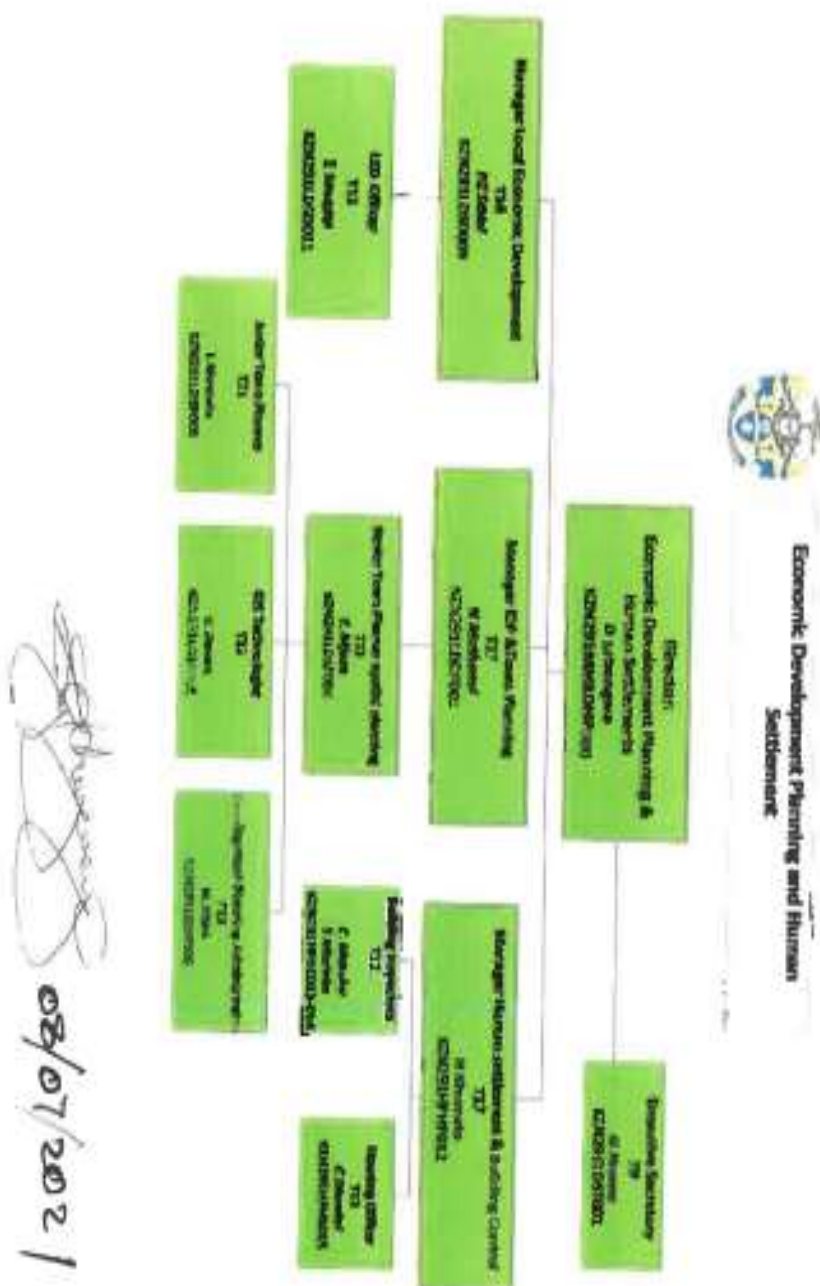












APPENDIX E

Mandeni Municipality Powers and Functions

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.

VOLUME II

ANNUAL FINANCIAL

STATEMENTS



**Mandeni Municipality Annual Financial Statements
for the year ended 30 June 2021**

Mandeni Municipality

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	Cllr TP Mdlalose
Deputy Mayor	Cllr PM Sishi
Speaker	Cllr BL Magwaza

Members of the Executive Committee	Cllr RL Mdletshe
Cllr MS Mdunge	Cllr NF Ntuli
Cllr M Shelembe	Cllr ST Magwaza

Other councillors

Cllr MT Cele

Cllr N Dlamini Cllr AM Gwala Cllr EK Dube Cllr SB Zulu
Cllr SJ Mathonsi Cllr SZ Mdletshe Cllr MV Mhlongo Cllr MC Mkhali Cllr MM Mngadi Cllr N Msimango Cllr CL Mthembu Cllr BW Mthethwa Cllr K Naidoo
Cllr M Ngubane Cllr S Nkwanyana Cllr N Nomvete Cllr NT Shandu Cllr TP Shandu Cllr NR Sibiya Cllr DM Sithole Cllr NR Tembe Cllr AA Zungu Cllr GN Zungu Cllr TP Zungu
Cllr BA Khumalo Cllr BA Mchunu

Mandeni Municipality

General Information

Senior management	S G 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
WD Mbongwa - Director: Economic Development, Planning	and Human Settlement
Auditors	Auditor-General South Africa
Bankers	First National Bank
Nedbank Standard Bank	
Registered office	Mandeni Municipal Office
2 Kingfisher Road Mandeni	
4490	
Business address	2 Kingfisher Road
Mandeni 4490	
Postal address	P O Box 144
Mandeni 4490	
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 of 6 2004)
Division of Revenue Act (Act 1 of 2007)	

Mandeni Municipality

Index

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
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

Mandeni Municipality

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.

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 2021 and were signed on its behalf by:

**SG Khuzwayo Accounting
Officer**

**Mandeni
31 August 2021**

Mandeni Municipality

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2021.

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.

Mandeni Municipality

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
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
		213,113,096	152,879,688
Non-Current Assets			
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
		540,731,779	506,993,518
Total Assets		753,844,875	659,873,206
Liabilities			
Current Liabilities			
Finance lease obligation	12	896,351	870,146
Operating lease liability	13	-	6,217
Payables from exchange transactions	14	32,052,152	18,196,674
Consumer deposits	15	290,048	380,067
Unspent conditional grants and receipts	16	30,079,407	26,216,907
		63,317,958	45,670,011
Non-Current Liabilities			
Finance lease obligation	12	13,719	893,490
Employee benefit obligation	17	23,593,831	19,465,119
		23,607,550	20,358,609
Total Liabilities		86,925,508	66,028,620
Net Assets		666,919,367	593,844,586
Reserves			
Housing Development fund		1,826,842	1,782,255
Accumulated surplus	18	665,092,525	592,062,331
Total Net Assets		666,919,367	593,844,586

* See Note 58

Mandeni Municipality

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	43,822,143	38,443,301
Rental of facilities and equipment	21	332,926	459,707
Licences and permits	22	800,166	762,217
Other income	23	1,010,655	1,070,098
Interest received - investment	24	6,453,515	6,818,965
Total revenue from exchange transactions		52,419,405	47,554,288
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	50,869,922	46,605,701
Property rates - penalties imposed	25	4,084,279	11,829,907
Transfer revenue			
Government grants & subsidies	26	251,779,560	191,364,625
Fines, penalties and forfeits	27	281,183	131,134
Donated assets income		-	2,159,258
Total revenue from non-exchange transactions		307,014,944	252,090,625
Total revenue	19	359,434,349	299,644,913
Expenditure			
Employee related costs	28	(106,575,663)	(99,138,300)
Remuneration of councillors	29	(13,527,997)	(13,248,529)
Depreciation and amortisation	30	(29,401,625)	(28,966,987)
Finance costs	35	(2,841,194)	(2,806,129)
Lease rentals	34	(1,695,414)	(2,289,115)
Debt impairment	33	(34,245,358)	(48,223,914)
Bulk purchases	31	(28,815,906)	(26,098,068)
Contracted services	36	(50,018,395)	(35,355,246)
Transfers and subsidies	37	(1,556,694)	(1,498,873)
General expenses	38	(29,028,437)	(27,886,307)
Total expenditure		(297,706,683)	(285,511,468)
Operating surplus		61,727,666	14,133,445
Loss on disposal of assets and liabilities	39	(1,500,925)	(740,108)
Fair value adjustments	40	15,961,000	12,239,295
Actuarial gains/losses	17	(710,761)	1,324,881
Impairment loss	32	(2,446,786)	(1,330,530)
		11,302,528	11,493,538
Surplus for the year		73,030,194	25,626,983

* See Note 58

Mandeni Municipality

Statement of Changes in Net Assets

Figures in Rand	Other NDR	Accumulated surplus	Total net assets
Opening balance as previously reported	1,696,453	566,708,742	568,405,195
Adjustments			
Prior year adjustments (Note 58)	-	(273,393)	(273,393)
Balance at 01 July 2019 as restated*	1,696,453	566,435,349	568,131,802
Changes in net assets			
Surplus for the year	-	25,626,982	25,626,982
Interest on reserves	85,802	-	85,802
Total changes	85,802	25,626,982	25,712,784
Restated* Balance at 01 July 2020	1,782,255	592,062,331	593,844,586
Changes in net assets			
Surplus for the year	-	73,030,194	73,030,194
Interest on reserves	44,587	-	44,587
Total changes	44,587	73,030,194	73,074,781
Balance at 30 June 2021	1,826,842	665,092,525	666,919,367

* See Note 58

Mandeni Municipality

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
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
		380,854,830	286,780,027
Payments			
Employee costs		(116,286,116)	(108,260,392)
Suppliers		(141,467,584)	(104,748,556)
Other payments		(331,943)	(919,129)
		(258,085,643)	(213,928,077)
Net cash flows from operating activities	42	122,769,187	72,851,950
Cash flows from investing activities			
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)
Net cash flows used in investing activities		(51,126,596)	(21,458,334)
Cash flows from financing activities			
Finance lease payments		(853,566)	(940,039)
Interest on reserves capitalised		44,587	85,802
Net cash flows used in financing activities		(808,979)	(854,237)
Net increase in cash and cash equivalents		70,833,612	50,539,379
Cash and cash equivalents at the beginning of the year		111,146,077	60,606,698
Cash and cash equivalents at the end of the year	8	181,979,689	111,146,077

* See Note 58

Mandeni Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	43,802,597	-	43,802,597	43,822,143	19,546	
Rental of facilities and equipment	280,161	(100,000)	180,161	332,926	152,765	
Licences and permits	1,380,720	-	1,380,720	800,166	(580,554)	
Other income	689,493	-	689,493	1,010,655	321,162	
Interest received - investment	3,500,000	650,000	4,150,000	6,453,515	2,303,515	
Total revenue from exchange transactions	49,652,971	550,000	50,202,971	52,419,405	2,216,434	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	52,479,263	-	52,479,263	50,869,922	(1,609,341)	
Property rates - penalties imposed	18,135,607	(12,000,000)	6,135,607	4,084,279	(2,051,328)	
Transfer revenue						
Government grants & subsidies	225,553,000	48,549,116	274,102,116	251,779,560	(22,322,556)	
Fines, Penalties and Forfeits	449,140	-	449,140	281,183	(167,957)	
Total revenue from non-exchange transactions	296,617,010	36,549,116	333,166,126	307,014,944	(26,151,182)	
Total revenue	346,269,981	37,099,116	383,369,097	359,434,349	(23,934,748)	
Expenditure						
Personnel	(110,037,011)	-	(110,037,011)	(109,084,914)	952,097	
Remuneration of councillors	(14,087,242)	-	(14,087,242)	(13,527,997)	559,245	
Depreciation and amortisation	(30,187,878)	-	(30,187,878)	(29,401,625)	786,253	
Impairment loss	-	-	-	(2,446,786)	(2,446,786)	
Finance costs	(650,000)	-	(650,000)	(331,943)	318,057	
Lease rentals on operating lease	(1,600,000)	-	(1,600,000)	(1,695,414)	(95,414)	
Debt Impairment	(32,708,230)	-	(32,708,230)	(34,245,358)	(1,537,128)	
Bulk purchases	(29,200,773)	(1,200,000)	(30,400,773)	(28,815,906)	1,584,867	
Contracted Services	(49,861,000)	(6,643,000)	(56,504,000)	(50,018,395)	6,485,605	
Transfers and Subsidies	(1,622,229)	-	(1,622,229)	(1,556,694)	65,535	
General Expenses	(39,071,973)	(3,797,737)	(42,869,710)	(29,028,437)	13,841,273	
Total expenditure	(309,026,336)	(11,640,737)	(320,667,073)	(300,153,469)	20,513,604	
Operating surplus	37,243,645	25,458,379	62,702,024	59,280,880	(3,421,144)	
Loss on disposal of assets	-	-	-	(1,500,925)	(1,500,925)	
Fair value adjustments	-	-	-	15,961,000	15,961,000	
Actuarial gains/losses	-	-	-	(710,761)	(710,761)	
	-	-	-	13,749,314	13,749,314	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	37,243,645	25,458,379	62,702,024	73,030,194	10,328,170	

Mandeni Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
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Figures in Rand

Material budget differences are disclosed in note 52 - budget variances.

Mandeni Municipality

Annual Financial Statements for the year ended 30

June 2021

Figures in Rand

	Original budget	Budget adjustments	Final adjustments	Shifting of funds (i.t.o.	Virement (i.t.o. council	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome	Actual outcome
(i.t.o. s28 and budgets31 of the MFMA)				s31 of theMFMA) approved policy)			as % of final budget				as % of original budget
2021											
Financial Performance											
Property rates	52,479,263	-	52,479,263	-		52,479,263	54,954,201		2,474,938	105 %	105 %
Service charges	43,802,597	-	43,802,597	-		43,802,597	43,822,143		19,546	100 %	100 %
Investment revenue	3,500,000	650,000	4,150,000	-		4,150,000	6,453,515		2,303,515	156 %	184 %
Transfers - recognised - operational	191,345,500	38,389,884	229,735,384	-		229,735,384	210,314,719		(19,420,665)	92 %	110 %
Other own revenue	20,935,121	(12,100,000)	8,835,121	-		8,835,121	18,385,930		9,550,809	208 %	88 %
Total revenue (excluding capital transfers and contributions)	312,062,481	26,939,884	339,002,365	-		339,002,365	333,930,508		(5,071,857)	99 %	107 %
Employee costs	(110,037,011)	-	(110,037,011)	-		(110,037,011)	(109,084,914)	-	952,097	99 %	99 %
Remuneration of councillors	(14,087,242)	-	(14,087,242)	-		(14,087,242)	(13,527,997)	-	559,245	96 %	96 %
Debt impairment	(32,708,230)	-	(32,708,230)	-		(32,708,230)	(34,245,358)	-	(1,537,128)	105 %	105 %
Depreciation and asset impairment	(30,187,878)	-	(30,187,878)	-		(30,187,878)	(31,848,411)	-	(1,660,533)	106 %	106 %
Finance charges	(650,000)	-	(650,000)	-		(650,000)	(331,943)	-	318,057	51 %	51 %
Materials and bulk purchases	(29,200,773)	(1,200,000)	(30,400,773)	-		(30,400,773)	(28,815,906)	-	1,584,867	95 %	99 %
Transfers and grants	(1,622,229)	-	(1,622,229)	-		(1,622,229)	(1,556,694)	-	65,535	96 %	96 %
Other expenditure	(90,532,973)	(10,441,098)	(100,974,071)	-		(100,974,071)	(82,953,932)	-	18,020,139	82 %	92 %
Total expenditure	(309,026,336)	(11,641,098)	(320,667,434)	-		(320,667,434)	(302,365,155)	-	18,302,279	94 %	98 %
Surplus/(Deficit)	3,036,145	15,298,786	18,334,931	-		18,334,931	31,565,353		13,230,422	172 %	1,040 %

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Figures in Rand

	Original	Budget	Final	Shifting of	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	budget adjustments		adjustments	funds (i.t.o.	(i.t.o. council	outcome		expenditure	outcome	outcome	
	(i.t.o. s28 and budgets31 of the MFMA)		s31 of the MFMA)	MFMA) approved policy)						as % of final budget	as % of original budget
Transfers recognised - capital	34,207,500	10,159,232	44,366,732	-		44,366,732	41,464,841		(2,901,891)	93 %	121 %
Surplus (Deficit) after capital transfers and contributions	37,243,645	25,458,018	62,701,663	-		62,701,663	73,030,194		10,328,531	116 %	196 %
Surplus/(Deficit) for the year	37,243,645	25,458,018	62,701,663	-		62,701,663	73,030,194		10,328,531	116 %	196 %
Capital expenditure and funds sources											
Total capital expenditure	(59,005,493)	(34,186,944)	(93,192,437)	-		92,437)	(51,275,442)		916,995	55 %	87 %
Sources of capital funds											
Transfers recognised - capital	(34,949,385)	(12,163,259)	(47,112,644)	-		(47,112,644)	(43,899,425)		3,213,219	93 %	126 %
Internally generated funds	(24,056,108)	(22,023,685)	(46,079,793)	-		(46,079,793)	(7,376,017)		38,703,776	16 %	31 %
Total sources of capital funds	(59,005,493)	(34,186,944)	(93,192,437)	-		(93,192,437)	(51,275,442)		41,916,995	55 %	87 %

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Figures in Rand

	Original	Budget	Final	Shifting of	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	budget adjustments		adjustments	funds (i.t.o.	(i.t.o. council	outcome		expenditure	outcome	outcome	
(i.t.o. s28 and budgets31 of the MFMA)				s31 of theMFMA) approved policy)			as % of	final budget			as % of original budget
Cash flows											
Net cash from (used) operating	61,913,559	37,381,406	99,294,965	-		99,294,965	122,769,187		23,474,222	124 %	198 %
Net cash from (used) investing	(59,005,493)	(30,018,456)	(89,023,949)	-		(89,023,949)	(51,126,596)		37,897,353	57 %	87 %
Net cash from (used) financing	(1,527,828)	-	(1,527,828)	-		(1,527,828)	(808,979)		718,849	53 %	53 %
Net increase/ (decrease) in cash and cash equivalents	1,380,238	7,362,950	8,743,188	-		8,743,188	70,833,612		62,090,424	810 %	5,132 %
Cash and cash equivalents at the beginning of the year	57,378,729	53,767,348	111,146,077	-		111,146,077	111,146,077		-	100 %	194 %
Cash and cash equivalents at yearend	58,758,967	61,130,298	119,889,265	-		119,889,265	181,979,689		(62,090,424)	152 %	310 %

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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of 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 unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

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 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 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.

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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.

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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.

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.

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.

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1.4 Property, plant and equipment (continued)

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.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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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
Computer software	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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1.5 Intangible assets (continued)

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	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non- exchange transactions	Financial asset measured at amortised cost
Other receivables	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	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

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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 IAS 39.

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 IAS 39.64 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.

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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 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.

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1.8 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.

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.

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.

1.9 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 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.

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1.9 Impairment of cash-generating assets (continued) 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.

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.

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1.9 Impairment of cash-generating assets (continued)

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.

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.

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1.10 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.

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1.10 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 thereporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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1.10 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.

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1.10 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.

Mandeni Municipality

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1.10 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.

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1.10 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.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

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.

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1.11 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 1.9.

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.

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1.11 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.

1.12 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.

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1.12 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.

1.13 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.

Mandeni Municipality

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1.13 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.

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1.13 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.

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1.14 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).

1.15 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.

1.16 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 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.

1.17 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.

1.18 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.

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1.19 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.

Mandeni Municipality

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1.19 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.

1.20 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 an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

The annual financial statements and the budget are on the same basis of accounting.

1.21 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.

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1.21 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.

1.22 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.

1.23 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.

1.24 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.

1.25 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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1.26 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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1.27 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.

1.28 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.

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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	Effective date:	Expected impact:
<ul style="list-style-type: none"> IGRAP 20: Adjustments to revenue 	01 April 2021	The impact of the Standard is not material.
<ul style="list-style-type: none"> GRAP 18: Segment reporting 	01 April 2021	The adoption of this Standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements.
<ul style="list-style-type: none"> GRAP 110 (as amended 2016): Living and Non-living Resources 	01 April 2021 is not material.	The impact of the Standard

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 April 2021 or later periods:

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
<ul style="list-style-type: none"> GRAP 104 (amended): Financial Instruments 	No effective date yet	Unlikely there will be a material impact
<ul style="list-style-type: none"> Guideline: Guideline on Accounting for Landfill Sites 	No effective date yet	Unlikely there will be a material impact
<ul style="list-style-type: none"> Directive 7 (revised): The Application of Deemed Cost 	01 April 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> GRAP 20: Related parties 	01 April 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> GRAP 32: Service Concession Arrangements: Grantor 	01 April 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> GRAP 108: Statutory Receivables 	01 April 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> GRAP 109: Accounting by Principals and Agents 	01 April 2021	Unlikely there will be a material impact

Mandeni Municipality

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3. Inventories		
Consumable stores	665,866	770,383
Maintenance materials	197,895	209,286
	863,761	979,669
Consumable stores		
Opening balance	770,383	401,754
Additions	728,815	1,078,367
Issued/(expensed)	(833,332)	(709,738)
	665,866	770,383
Maintenance materials		
Opening balance	209,286	106,658
Additions	71,027	290,086
Issued/(expensed)	(82,418)	(187,458)
	197,895	209,286
4. Receivables from exchange transactions		
Gross balances		
Electricity	6,418,976	7,147,967
Refuse	46,545,827	42,657,021
	52,964,803	49,804,988
Less: Allowance for impairment		
Electricity	(3,366,199)	(3,878,353)
Refuse	(40,539,601)	(37,873,214)
	(43,905,800)	(41,751,567)
Net balance		
Electricity	3,052,777	3,269,614
Refuse	6,006,226	4,783,807
	9,059,003	8,053,421
Electricity		
Current (0 -30 days)	3,115,417	1,678,379
31 - 60 days	(2,514)	735,122
61 - 90 days	179,924	363,571
91 - 120 days	103,694	353,847
121 - 365 days	768,759	1,899,256
> 365 days	2,253,695	2,117,792
	(3,366,198)	(3,878,353)
	3,052,777	3,269,614
Refuse		
Current (0 -30 days)	1,542,851	818,876
31 - 60 days	(21,696)	676,409
61 - 90 days	650,706	650,494
91 - 120 days	639,032	629,469
121 - 365 days	5,303,824	4,584,455
> 365 days	38,431,110	35,297,318
	(40,539,601)	(37,873,214)
	6,006,226	4,783,807

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5. Receivables from non-exchange transactions		
Gross balances		
Rates	78,793,108	134,047,543
Interest	33,862,837	50,150,258
Other receivables from non-exchange transactions (not aged)	1,560,718	4,401,848
	114,216,663	188,599,649
Other receivables from non-exchange transactions (not aged) comprises of:		
Fines	920,837	666,022
Other receivables	394,311	3,490,256
Postage deposit	10,000	10,000
Rental deposits	235,570	235,570
	1,560,718	4,401,848
Less: Non-exchange transactions impairment		
Rates	(64,220,085)	(115,982,229)
Interest	(30,599,085)	(41,420,946)
Other	(1,088,450)	(979,555)
	(95,907,620)	(158,382,730)
Net balances		
Rates	14,573,023	18,065,314
Interest	3,263,752	8,729,312
Other	472,268	3,422,293
	18,309,043	30,216,919
Rates		
Current (0 -30 days)	2,633,681	(24,812)
31 - 60 days	34,586	5,647,893
61 - 90 days	976,789	2,810,300
91 - 120 days	958,363	2,743,161
121 - 365 days	14,986,451	16,629,610
> 365 days	59,203,238	106,241,392
Less: Impairment	(64,220,085)	(115,982,229)
	14,573,023	18,065,315
Interest		
Current (0 -30 days)	402,712	(115,647)
31 - 60 days	261,034	-
61 - 90 days	588,271	4,796
91 - 120 days	754,117	1,769,411
121 - 365 days	2,459,230	11,833,421
> 365 days	29,397,473	36,658,276
Less: Impairment	(30,599,085)	(41,420,946)
	3,263,752	8,729,311
Other		
Receivables not aged	1,560,718	4,401,848
Less: Impairment	(1,088,450)	(979,555)
	472,268	3,422,293

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	202	202
5. Receivables from non-exchange transactions (continued)		
Total		
Current (0 -30 days)	4,597,111	4,261,389
31 - 60 days	295,619	5,647,893
61 - 90 days	1,565,059	2,815,096
91 - 120 days	1,712,480	4,512,572
121 - 365 days	17,445,681	28,463,031
> 365 days	88,600,711	142,899,668
	114,216,661	188,599,649
Less: Impairment	(95,907,619)	(158,382,730)
	18,309,042	30,216,919
Households		
Current (0 -30 days)	3,450,841	1,081,479
31 - 60 days	232,249	1,951,638
61 - 90 days	1,785,471	1,864,764
91 - 120 days	1,890,679	2,763,601
121 - 365 days	11,090,752	18,710,355
> 365 days	104,071,697	97,205,036
Less: Impairment	(110,533,445)	(106,435,180)
	11,988,244	17,141,693
Industrial/Commercial		
Current (0 -30 days)	4,361,333	1,942,500
31 - 60 days	12,358	2,287,130
61 - 90 days	342,085	1,891,847
91 - 120 days	274,915	2,594,114
121 - 365 days	6,899,797	14,974,845
> 365 days	14,404,907	75,921,323
Less: Impairment	(16,783,005)	(84,212,976)
	9,512,390	15,398,783
National/Provincial Government		
Current (0 -30 days)	(117,513)	(667,184)
31 - 60 days	26,801	2,820,655
61 - 90 days	268,133	72,550
91 - 120 days	289,612	138,172
121 - 365 days	5,527,715	1,261,541
> 365 days	10,808,914	7,188,419
Less: Impairment	(11,408,519)	(8,506,587)
	5,395,143	2,307,566
Provision for Impairment		
Current (0 -30 days)	(3,156,759)	(1,853,594)
31 - 60 days	(86,439)	(2,470,798)
61 - 90 days	(720,145)	(1,340,206)
91 - 120 days	(745,682)	(1,923,561)
121 - 365 days	(5,818,875)	(12,231,360)
> 365 days	(129,285,518)	(180,314,778)
	(139,813,418)	(200,134,297)

Mandeni Municipality

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	202	202
5. Receivables from non-exchange transactions (continued)		
Reconciliation of allowance for impairment for receivables		
Opening balance	(200,134,297)	(156,347,334)
Contribution for bad debt	60,320,879	(43,786,963)
	(139,813,418)	(200,134,297)
Total		
Current (0 -30 days)	5,843,805	1,482,757
31 - 60 days	184,970	4,588,625
61 - 90 days	1,675,544	2,488,955
91 - 120 days	1,709,524	3,572,327
121 - 365 days	17,699,389	22,715,382
	27,113,232	34,848,046
6. VAT receivable		
VAT	2,901,600	2,483,602

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7. Call and investments deposits		
Call investment deposits consist of deposits maturing within a year and conditional grants that are ringfenced to be cashbacked.		
Nedbank - Mandeni branch - Call investment deposits Account number - 23581136/9998		
Cash book balance	1,892,394	1,827,603
Bank statement balance	1,892,394	1,827,603
Standard Bank -Mandeni branch - Call investment Account number -068637527002		
Cash book balance	-	69
Bank statement balance	-	69
First National Bank - Mandeni branch - Call investment deposits Account number - C061294217372		
Cash book balance	36,146,884	49,882,184
Bank statement balance	37,646,884	50,385,943
First National Bank - Mandeni branch - Call investment deposits Account number - C062028673219		
Cash book balance	1,825,991	1,781,404
Bank statement balance	1,825,991	1,781,404
First National Bank - Mandeni branch - Call investment deposits Account number - C062812286400		
Cash book balance	1,713,928	15,836,675
Bank statement balance	2,239,306	21,307,887
First National Bank - Mandeni branch - Call investment deposits Account number - C062252919471		
Cash book balance	615	607
Bank statement balance	615	287,832
First National Bank - Mandeni branch - Call investment deposits Account number - C062113325882		
Cash book balance	247,915	205,510
Bank statement balance	247,915	205,511
Standard Bank - Mandeni branch - Call investment deposits Account number - 068637527003		
Cash book balance	1,717,624	1,661,670
Bank statement balance	1,717,624	1,661,670
First National Bank - Mandeni branch - Call investment deposits Account number - C062527527462		
Cash book balance	1,978,787	3,580,553
Bank statement balance	1,499,861	7,815,909

Mandeni Municipality

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7. Call and investments deposits (continued)		
First National Bank - Mandeni branch - Call investment deposits Account number - C062538203449		
Cash book balance	4,116,775	103,996
Bank statement balance	4,116,775	103,996
Standard Bank Mandeni Call investment deposits Mandeni Branch-036971847		
Cash book balance	-	4,320
Bank statement balance	-	4,320
First National Bank - Mandeni branch Call investment deposits - Account number - C062812286963		
Cash book balance	6,432,922	3,349,055
Bank statement balance	6,432,923	1,265,250
Standard Bank - Mandeni branch - Call investment deposits Account number - 068637527005		
Cash book balance	65,000,000	30,000,000
Bank statement balance	65,000,000	30,000,000
Nedbank - Mandeni branch - Call Investment depositAccount number - 037881155450 029		
Cash book balance	30,000,000	-
Bank statement balance	30,000,000	-
Nedbank - Mandeni branch - Call Investment depositAccount number - 037881155450 450		
Cash book balance	30,000,000	-
Bank statement balance	30,000,000	-
Cash book balance	181,073,835	108,233,646

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7. 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 029.
- Nedbank - Mandeni branch - Call investment deposits
Account number - 037881155450 450.

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.

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	2021	2020
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3,739	1,220
Bank balances	902,115	2,911,211
	905,854	2,912,431

9. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	84,587,000	-	84,587,000	70,116,000	-	70,116,000

Reconciliation of investment property - 2021

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Investment property	70,116,000	-	-	(1,490,000)	15,961,000	84,587,000

Reconciliation of investment property - 2020

	Openingbalance	Additions	Disposals	Transfers	Fair value adjustments	Total
Investment property	57,876,705	-	-	-	12,239,295	70,116,000

Pledged as security

No items of investment property have been pledged as security.

Mandeni Municipality

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9. Investment property (continued)

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	20,000
Lot 56 of Padianager	58,000	55,000
Lot 1203 of Mandeni - Aloe Road	47,000	45,000
Lot 571 of Mandeni - Anderson Road	240,000	230,000
Lot 504 of Mandeni - Matthews Road	1,670,000	1,600,000
Lot 327 of Mandeni - Greig Road	600,000	550,000
Lot 1466 of Mandeni - Aloe Road	290,000	280,000
Portion 4 of Farm Lot 13 Tugela No. 13862	750,000	710,000
The Farm Lot 5 Ca No. 8440	1,400,000	900,000
Remainder of Farm Lot 30 Inyoni No. 13890	53,000,000	39,000,000
Lot 1340 of Mandeni	42,000	40,000
Lot 1018 of Mandeni	210,000	200,000
Lot 175 of Padianager	135,000	130,000
Lot 48 Tugela mouth	270,000	260,000
Portion 6 Lot 9901 Newark no. 2621	1,270,000	1,200,000
Various lots Padianagar	3,949,000	3,797,000
Various lots Tugela	442,000	425,000
Various lots Tugela Ext 3	1,505,000	1,435,000
Various lots Tugela Ext 7	320,000	300,000
Various lots Mandeni Ext 8	18,359,000	18,939,000
	84,587,000	70,116,000

Investment properties transferred

The following investment properties were transferred by the municipality:

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	-
	1,490,000	-

Mandeni Municipality

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				2022		2021	
10. 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	18,400,000	-	18,400,000	
Buildings	29,568,940	(2,732,173)	26,836,767	26,663,639	(2,235,141)	24,428,498	
Infrastructure	487,894,373	(174,563,277)	313,331,096	461,564,066	(152,476,096)	309,087,970	
Community	89,001,169	(22,470,631)	66,530,538	81,559,429	(19,463,865)	62,095,564	
Other property, plant and equipment	48,937,207	(20,054,954)	28,882,253	40,484,474	(18,398,799)	22,085,675	
Total	675,291,689	(219,821,035)	455,470,654	628,671,608	(192,573,901)	436,097,707	

Mandeni Municipality

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions transferred	WIP	Disposals received	Transfers	Depreciation	Impairment loss	Total
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
	436,097,707	83,135,100	(31,859,658)	(1,649,769)	1,490,000	(29,295,941)	(2,446,785)	455,470,654

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	WIP transferred	Disposals	Depreciation	Impairment loss	Total
Land	18,400,000	-	-	-	-	-	18,400,000
Buildings	22,909,157	5,790,305	(3,571,137)	(18,004)	(681,823)	-	24,428,498
Infrastructure	318,538,099	19,466,883	(6,255,565)	-	(21,574,854)	(1,086,593)	309,087,970
Community	62,607,991	2,748,033	-	-	(3,016,523)	(243,937)	62,095,564
Other property, plant and equipment	21,006,453	5,344,307	-	(717,776)	(3,547,309)	-	22,085,675
	443,461,700	33,349,528	(9,826,702)	(735,780)	(28,820,509)	(1,330,530)	436,097,707

Mandeni Municipality

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10. 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		
Ward 13 Community Hall The project was put on hold due to land legal issues.	-	1,768,227
Re-alignment of Thokoza Road to P415 - Street lighting The project was put on hold until the question of land acquisition from the school, the church and other homeowners is resolved.	2,160,034	2,160,034
Nyoni Phase 4 Taxi Routes The project is currently on hold due to delays with the approval of the WULA.	-	3,732,084
Hlomendlini Taxi Route - Sidewalks Due to financial constraints municipal counter funding for premix surfacing to the sidewalks was not possible.	-	485,282
	2,160,034	8,145,627

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)
	33,426,458	10,634,701	5,227,270	49,288,429

Reconciliation of Work-in-Progress 2020

Included within	Included within	Included within		Total
	Infrastructure	Community	Other PPE	
Opening balance	30,498,645	3,080,751	3,973,688	37,553,084
Additions/capital expenditure	13,211,318	1,173,732	2,208,937	16,593,987
Transferred to completed items	(6,255,565)	-	(3,571,137)	(9,826,702)
	37,454,398	4,254,483	2,611,488	44,320,369

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	-	344,419
Infrastructure	4,052,614	3,421,591
Community	5,747,808	25,800
Other property, plant and equipment	632,064	3,580,243
	10,432,486	7,372,053

Mandeni Municipality

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	2020	2021
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11. Intangible assets

2021	2020					
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value Valuation	Cost /	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software	1,765,338	(1,091,213)	674,125	1,765,338	(985,527)	779,811

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	779,811	(105,686)	674,125

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	835,853	142,000	(51,564)	(146,478)	779,811

Pledged as security

No items of intangible assets were pledged as security.

12. Finance lease obligation

Minimum lease payments due

- within one year	55,880	163,577
- in second to fifth year inclusive	236	54,089

Present value of minimum lease payments

56,116	217,666
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Present value of minimum lease payments due

- Present value of minimum lease payments due		
- within one year	896,351	870,146
- in second to fifth year inclusive	13,719	893,490
	910,070	1,763,636

Non-current liabilities

13,719	893,490
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Current liabilities

896,351	870,146
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910,070	1,763,636
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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 ends 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. In March 2019 one of the two additional vehicle was set alight by protesters and was written-off by the insurance, the settlement only took place during 2019/20 financial year. It is for that reason that the non-current portion of the finance lease liability accounts for a relatively smaller amount.

Mandeni Municipality

Annual Financial Statements for the year ended 30 June
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13. Operating lease liability

Current liabilities	-	6,217
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The minimum operating lease commitments are disclosed in note 43 - Commitments.

14. Payables from exchange transactions

Trade payables	8,585,553	1,006,983
Retention	4,979,623	1,997,864
Other payables	1,190,062	874,591
Unallocated deposits	1,958,519	1,878,955
Leave accrual	12,237,779	10,349,902
Bonus accrual	3,140,477	2,119,510
	32,092,013	18,227,805
Cashier's collections	(39,861)	(31,131)
	32,052,152	18,196,674

15. Consumer deposits

Electricity	290,048	380,067
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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:

Finance Management grant	-	445,779
Library KZNPA grant	119	2,190,232
Sport and recreation grant	57,961	57,961
MIG	1,717,107	15,785,947
Housing Title Deed grant	6,206,810	3,307,892
GIS Pertinent	43,035	490,914
INEP grant	2,039,230	3,544,991
Municipal Disaster Relief grant	-	393,191
Equitable share - COVID-19 grant	20,015,145	-
	30,079,407	26,216,907

Movement during the year

Balance at the beginning of the year	26,216,907	9,874,503
Additions during the year	51,192,741	40,224,029
Income recognition during the year	(47,330,241)	(23,881,625)
	30,079,407	26,216,907

See note 26 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 7 for additional information.

Mandeni Municipality

Annual Financial Statements for the year ended 30 June
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	2021	2020
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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 2021 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	(23,593,831)	(19,465,119)
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	15,826,554	14,015,000
Net expense recognised in the statement of financial performance	2,870,218	1,811,554
	18,696,772	15,826,554

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17. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	1,026,308	1,169,000
Interest cost	2,180,939	1,485,000
Benefits paid	(362,732)	(255,000)
Actuarial (gains) losses	25,703	(587,446)
	2,870,218	1,811,554

Key assumptions used

Assumptions used at the reporting date:

Expected retirement age	63	63
Discount rates used	8.65 %	9.23 %
Medical cost trend rates	8.74 %	10.17 %
Consumer price inflation	5.45 %	4.57 %
Net effective discount rate	2.07 %	3.47 %

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 2021 is 8.65% 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 8.09% 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 2021.

The next contribution increase was assumed to occur with effect from 1 January 2021.

Mandeni Municipality

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17. Employee benefit obligations (continued)

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	8.65 %	9.23 %
General salary inflation (long term)	6.45 %	5.57 %
Net effective discount rate	2.07 %	3.47 %

Examples of mortality rates used were as follows:

Average retirement age	63	63
Mortality during employment	SA 85-90	

Members resigned from service

	Per 1,000 members	Per 1,000 members
Age 20-24	16	16
Age 30-34		92
Age 40-44		58
Age 50-54		40
Age 55-59		8

Membership summary

Number of members	261	241
Average age of members (years)	41.1	41.1
Average past service (years)	8.5	8.9
Average salary (annual)	300,547	271,27

Benefit Structure

Service years	Award (Number of days) 5	Award (Number of days)
5		-
10		10
15		20
20		30
25		30
30		30
35		30
40		30
45		30

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17. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	3,638,565	3,749,000
Current service cost	408,225	479,000
Interest cost	328,312	402,000
Expected benefit payments	(163,101)	(254,000)
Recognised actuarial (gains) / losses	685,058	(737,435)
Balance at end of year	4,897,059	3,638,565

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	408,225	479,000
Interest cost	328,312	402,000
Benefit payment	(163,101)	(254,000)
Actuarial (gains) / loss	685,058	(737,435)
	1,258,494	(110,435)

In conclusion:

Statement of Financial Position obligation for

Long service award liability	4,897,059	3,638,565
Retirement benefit liability	18,696,772	15,826,554
	23,593,831	19,465,119

Statement of Financial Performance obligation for

Long service award expense	(1,258,494)	(110,435)
Retirement benefit expense	(2,870,218)	(1,811,554)
	(4,128,712)	(1,921,989)

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.

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18. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
Balance at 01 July 2019	151,731,208	50,941,129	365,459,465	568,131,802
Surplus for the year	-	-	25,626,982	25,626,982
Reserves	-	-	85,802	85,802
Balance at 01 July 2020	151,731,208	50,941,129	391,172,249	593,844,586
Surplus for the year	-	-	73,030,194	73,030,194
Reserves	-	-	44,587	44,587
Balance at 30 June 2021	151,731,208	50,941,129	464,247,030	666,919,367

19. Revenue

Service charges	43,822,143	38,443,301
Rental of facilities and equipment	332,926	459,706
Licences and permits	800,166	762,217
Other income	1,010,655	1,070,098
Interest received - external investments	6,453,515	6,818,965
Property rates	50,869,922	46,605,701
Property rates - penalties imposed	4,084,279	11,829,907
Government grants and subsidies	251,779,560	191,364,625
Fines	281,183	131,134
Donated assets income	-	2,159,258
	359,434,349	299,644,912

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

Service charges	43,822,143	38,443,301
Rental of facilities and equipment	332,926	459,706
Licences and permits	800,166	762,217
Other income	1,010,655	1,070,098
Interest received - external investment	6,453,515	6,818,965
	52,419,405	47,554,287

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

Taxation revenue		
Property rates	50,869,922	46,605,701
Property rates - penalties imposed	4,084,279	11,829,907
Transfer revenue		
Government grants and subsidies	251,779,560	191,364,625
Fines	281,183	131,134
Donated assets income	-	2,159,258
	307,014,944	252,090,625

Mandeni Municipality

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20. Service charges		
Sale of electricity	34,671,837	29,908,983
Refuse removal	9,150,306	8,534,318
	43,822,143	38,443,301
21. Rental of facilities and equipment		
Premises		
Hall hire	62,570	120,303
Municipal properties	232,322	255,588
Stalls rental	38,035	83,816
	332,927	459,707
22. Licences and permits		
Drivers licences	12,000	8,085
Business licences	22,166	19,740
Learners licences	766,000	734,392
	800,166	762,217
23. Other income		
Building plan fees	62,316	82,015
Sundry income	741,983	688,182
Connection fees	95,126	74,016
Photocopier charges	26,557	64,786
Rates clearance certificates	20,956	12,977
Town planning fees	34,858	23,405
Escort fees	28,859	124,717
	1,010,655	1,070,098
24. Investment revenue		
Interest revenue		
Bank and call deposits	6,453,515	6,818,965

Mandeni Municipality

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25. Property rates		
Rates received		
Residential	15,732,982	14,575,786
Commercial	25,714,310	23,076,892
State	17,618,437	16,671,903
Less: Rebates	(8,195,807)	(7,718,880)
	50,869,922	46,605,701
Property rates - penalties imposed	4,084,279	11,829,907
	54,954,201	58,435,608
Valuations		
Residential	1,183,907,000	1,179,627,000
Commercial	342,426,000	342,426,000
Industrial	122,137,000	122,137,000
Industrial Estate Special	853,972,000	853,972,000
Mining properties	2,100,000	2,100,000
Agricultural	420,060,000	420,060,000
Municipal	137,961,000	138,231,000
Public Services Infrastructure	11,040,000	11,040,000
Public Benefit Organisation	47,734,000	47,734,000
Vacant land	43,964,800	44,324,800
State Trust Land	428,800,000	446,500,000
Public Service Purposes	439,500,000	439,500,000
Place of Worship	25,669,000	25,669,000
	4,059,270,800	4,073,320,800

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	0.0140	0.0132
Commercial	0.0238	0.0225
Industrial	0.0238	0.0225
Industrial Estate Special	0.0238	0.0225
Mining	0.0238	0.0225
Agriculture	0.0035	0.0033
Public Service Infrastructure	0.0035	0.0033
State	0.0223	0.0210
State Trust land	0.0177	0.0167
Vacant land	0.0223	0.0210

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.

Mandeni Municipality

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26. Government grants and subsidies		
Operating grants		
Equitable share	181,342,000	167,483,000
Finance Management Grant	2,345,779	1,454,221
Equitable share - COVID-19	17,044,855	-
GIS Pertinent Grant	447,880	259,089
Sports and Recreation Grant	-	24,750
Library grant	6,219,113	2,828,712
Municipal Disaster Relief Grant	393,191	351,809
EPWP Grant	2,387,000	2,234,000
LGSETA	134,901	449,941
	210,314,719	175,085,522
Capital grants		
Municipal Infrastructure Grant	41,464,841	10,483,053
Neighbourhood Development Programme Grant	-	5,796,050
	41,464,841	16,279,103
	251,779,560	191,364,625
EPWP Grant		
Current-year receipts	2,387,000	2,234,000
Conditions met - transferred to revenue	(2,387,000)	(2,234,000)
	-	-
Poverty alleviation programme.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	15,785,947	-
Current-year receipts	34,719,000	26,269,000
Conditions met - transferred to revenue	(41,464,840)	(10,483,053)
Rollover funds withheld by National Treasury	(7,323,000)	-
	1,717,107	15,785,947
This grant is used to construct roads infrastructure and related community projects.		
Sports and Recreation Grant		
Balance unspent at beginning of year	57,961	82,711
Conditions met - transferred to revenue	-	(24,750)
	57,961	57,961
Conditions still to be met - remain liabilities (see note 16).		
To pay salaries and facility refurbishment.		

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26. Government grants and subsidies (continued)		
Neighbourhood Development Programme Grant		
Balance unspent at beginning of year	-	5,796,050
Conditions met - transferred to revenue	-	(5,796,050)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
To finalise inner town road resurfacing.		
GIS Pertinent		
Balance unspent at beginning of year	490,914	3
Current-year receipts	-	750,000
Conditions met - transferred to revenue	(447,879)	(259,089)
	43,035	490,914
Software for improving building plans.		
Finance Management Grant		
Balance unspent at beginning of year	445,779	-
Current-year receipts	1,900,000	1,900,000
Conditions met - transferred to revenue	(2,345,779)	(1,454,221)
	-	445,779
Capacity building for the Budget and Treasury Office.		
LGSETA		
Current-year receipts	134,901	449,941
Conditions met - transferred to revenue	(134,901)	(449,941)
	-	-
Capacity building for the municipality.		
Library Grant		
Balance unspent at beginning of year	2,190,232	1,150,944
Current-year receipts	4,029,000	3,868,000
Conditions met - transferred to revenue	(6,219,113)	(2,828,712)
	119	2,190,232
Conditions still to be met - remain liabilities (see note 16).		
To build modular library.		

Mandeni Municipality

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26. Government grants and subsidies (continued)

INEP

Balance unspent at beginning of year	3,544,991	616,087
Current-year receipts	5,000,000	9,500,000
Conditions met	(6,505,761)	(6,571,096)
	2,039,230	3,544,991

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

Electrification of households. The municipality acts as an agent for Department of Energy and Eskom.

Housing Title Deed grant

Balance unspent at beginning of year	3,307,892	2,228,708
Current-year receipts	3,157,741	2,143,157
Conditions met	(258,823)	(1,063,973)
	6,206,810	3,307,892

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

This grant is for housing title deeds. The municipality acts as an agent for Kwa-Zulu Natal Department of Human Settlements.

Municipal Disaster Relief Grant

Balance unspent at beginning of year	393,191	-745,000
Current-year receipts	-	-
Conditions met - transferred to revenue	(393,191)	(351,809)
	-	393,191

The grant is for disaster relief relating to COVID-19.

Equitable share - COVID-19

Current-year receipts	37,060,000	-
Conditions met - transferred to revenue	(17,044,855)	-
	20,015,145	-

The grant is for disaster relief and support relating to COVID-19.

27. Fines

Library fines	983	6,919
Traffic fines	280,200	124,215
	281,183	131,134

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28. Employee related costs		
Basic	66,668,325	64,144,073
Bonus	5,801,019	4,090,114
Medical aid - company contributions	5,721,544	5,193,816
UIF	412,125	398,621
WCA	53,837	53,236
Leave pay accrual	2,927,070	3,134,733
Defined contribution plans	10,269,617	9,472,115
Overtime payments	1,436,842	1,341,303
Car allowance	3,717,554	3,662,072
Housing benefits and allowances	1,270,365	280,324
Cellphone allowance	469,257	449,035
Bonus - Former Directors	366,552	-
Long service awards	622,739	698,407
	99,736,846	92,917,849
Remuneration of Municipal Manager		
Annual Remuneration	1,112,976	1,143,406
Car Allowance	188,307	189,943
Performance Bonuses	70,517	-
Contributions to UIF, Medical and Pension Funds	28	1,636
	1,371,828	1,334,985
Remuneration of Chief Finance Officer		
Annual Remuneration	808,461	732,050
Car Allowance	260,082	212,397
Contributions to UIF, Medical and Pension Funds	28	1,785
	1,068,571	946,232
Remuneration of Director Corporate Services		
Annual Remuneration	1,068,542	944,596
Contributions to UIF, Medical and Pension Funds	28	1,636
	1,068,570	946,232
Remuneration of Director Community Services		
Annual Remuneration	924,288	676,993
Car Allowance	144,255	121,551
Contributions to UIF, Medical and Pension Funds	28	1,339
	1,068,571	799,883

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28. Employee related costs (continued)		
Remuneration of Director Technical Services		
Annual Remuneration	842,328	867,070
Car Allowance	226,213	227,851
Performance Bonuses	66,205	-
Contributions to UIF, Medical and Pension Funds	28	1,636
	1,134,774	1,096,557
Remuneration of Director EDPHS		
Annual Remuneration	890,328	915,070
Car Allowance	178,213	179,851
Performance Bonuses	57,929	-
Contributions to UIF, Medical and Pension Funds	28	1,636
	1,126,498	1,096,557
	106,575,663	99,138,300

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29. Remuneration of councillors		
Mayor	901,659	727,685
Deputy Mayor	729,488	729,488
Mayoral Committee Members	2,575,871	2,398,382
Speaker	729,488	584,748
Councillors	5,765,830	5,887,558
Councillors allowances	2,825,661	2,920,668
	13,527,997	13,248,529

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

1 municipal vehicle purchased and 1 Leased Vehicle

Tools of trade as Gazette 42134: 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 leased vehicle.

Tools of trade as Gazette 42134: Determination of upper limit on Office bearers

The 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 leased vehicle.

Tools of trade as Gazette 42134: Determination of Upper Limit of Office Bearers.

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30. Depreciation and amortisation		
Property, plant and equipment	29,295,939	28,820,509
Intangible assets	105,686	146,478
	29,401,625	28,966,987
31. Bulk purchases		
Electricity - Eskom	28,815,906	26,098,068
32. Impairment of assets		
Impairments		
Property, plant and equipment	2,446,786	1,330,530
Impairment loss is in respect of rural gravel roads which were rehabilitated in Ward 12 where new gravel and concrete surface were layed. Government Precinct Roads could not be constructed due to unavailability of funding. Further to that Ward 13 Hall project was halted due to land legal issues and it is due to be constructed in the new site therefore the expenditure of R1,768,227 was impaired.		
33. Debt impairment		
Contributions to debt impairment provision	34,245,358	48,223,914
34. Lease rentals on operating lease		
Motor vehicles		
Contractual amounts	122,510	455,359
Equipment		
Contractual amounts	1,572,904	1,833,756
	1,695,414	2,289,115
35. Finance costs		
Trade and other payables	166,750	17,706
Finance leases	165,193	258,672
Retirement benefit obligation	2,509,251	1,887,000
Other interest paid	-	642,751
	2,841,194	2,806,129

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36. Contracted services		
Consultants and Professional Services		
Business and advisory	2,095,467	1,656,974
Legal cost	2,592,302	1,496,735
Audit committee fees	214,300	134,923
Shared services	564,460	239,980
Contractors		
Fire services	3,311,068	3,626,407
Maintenance of buildings and facilities	24,696,314	11,333,822
Prepaid electricity vendors	475,772	750,178
Sports and recreation	-	50,000
Graphic designers	157,330	19,690
Outsourced Services		
Internal auditors	556,957	159,834
Transport services	60,500	452,321
Security services	10,119,833	9,748,879
Catering services	454,681	914,184
Refuse removal	4,008,697	4,138,316
Cleaning services	302,696	398,703
Valuers	408,018	234,300
	50,018,395	35,355,246
37. Grants and subsidies paid		
Other subsidies		
Free basic electricity	1,556,694	1,498,873
38. General expenses		
Advertising	1,284,873	933,145
Auditors remuneration	1,744,887	2,366,563
Bank charges	487,259	397,440
Cleaning	12,000	3,500
Electricity - internal	1,082,670	1,173,550
Fuel and oil	3,299,813	3,595,696
Hire charges	324,337	2,241,584
LED Vuthela (SECO)	600,000	600,000
IT expenses	11,783	9,111
Insurance	1,757,567	771,135
Levies	772,195	676,661
Licences	3,163,745	2,736,175
Hygiene and disinfecting services	483,065	317,420
Pauper / Indigent burial	245,364	191,800
Postage and courier	111,084	145,503
Printing and stationery	896,292	1,249,124
Staff welfare	105,543	143,952
Subscriptions and membership fees	494,905	716,781
Subsistence and travelling	633,909	1,059,197
Telephone and fax	3,270,421	3,288,493
Training	2,142,163	1,179,277
Uniforms	947,665	777,787
Ward committees	2,079,000	2,077,800
Water	689,878	655,026
Workmens compensation	900,000	-
Youth programs	1,488,019	579,587
	29,028,437	27,886,307

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39. Loss on disposal of assets		
Assets at cost	(3,653,080)	(2,548,597)
Accumulated depreciation	2,003,309	1,761,255
Carrying amount	(1,649,771)	(787,342)
Proceeds from sale of assets	148,846	47,234
Loss on disposal of assets	(1,500,925)	(740,108)
40. Fair value adjustments		
Investment property (Fair value model)	15,961,000	12,239,295
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	1,744,887	2,366,563
42. Cash generated from operations		
Surplus	73,030,194	25,626,982
Adjustments for:		
Depreciation and amortisation	29,401,625	28,966,987
Gain on sale of assets	1,500,925	740,108
Fair value adjustments	(15,961,000)	(12,239,295)
Impairment loss	2,446,786	1,330,530
Debt impairment	34,245,358	48,223,914
Movements in operating lease assets and accruals	(6,217)	(31,770)
Movements in retirement benefit assets and liabilities	4,128,712	1,701,119
Donated assets income (non cash)	-	(2,159,258)
Changes in working capital:		
Inventories	115,908	(471,257)
Receivables from exchange transactions	(3,159,815)	(2,553,394)
Receivables from non-exchange transactions	(20,183,249)	(34,670,619)
Payables from exchange transactions	13,855,477	380,214
VAT	(417,998)	1,727,261
Unspent conditional grants and receipts	3,862,500	16,342,404
Consumer deposits	(90,019)	(61,976)
	122,769,187	72,851,950

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43. Commitments		
Authorised capital expenditure		
Total capital commitments		
Already contracted for but not provided for	17,258,075	12,404,756
Finance leases - as lessee (expense)		
Minimum lease payments due		
- within one year	893,490	870,146
- in second to fifth year inclusive	-	893,490
- later than five years	-	-
	893,490	1,763,636
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	526,640	571,830
- in second to fifth year inclusive	351,093	877,733
	877,733	1,449,563

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.

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44. Contingencies

Contingent assets

Name of entity 2021	Attorney	Rand value 2021	Rand value 2020	Reference
RM Heslop	Matthew Francis Inc.	-	125,159	44.1
JD Biyela		30,000	102,000	44.2
		30,000	227,159	

Contingent liabilities

The following entities were identified as contingent liabilities stemming from the interaction with our municipal lawyers.

Name of entity	Attorney	Rand value 2021	Rand value 2020	Reference
Independent Ethiopian Church of SA	TKN Incorporated	800,000	3,500,000	44.3
The Rate payers Association of Tugela Mouth	TKN Incorporated	124,818	2,000,000	44.4
Gert Golide Mthiyane and The Zion Combination Paradise Church	TKN Incorporated	-	256,021	44.5
Inyoni Trust (Renasa insurance)	Matthew Francis Inc.	-	100,000	44.6
Total client services	Matthew Francis Inc.	-	50,000	
B A Mchunu	Matthew Francis Inc.	100,000	100,000	44.7
R M Heslop	Matthew Francis Inc.	-	10,000	44.8
LQ Mtshali	Matthew Francis Inc.	100,000	100,000	44.9
CM Thabede	Matthew Francis Inc.	-	15,000	44.10
BS Mthembu	Matthew Francis Inc.	50,000	-	44.11
MA Mthembu	Ngubane & Associates	1,615,205	1,615,205	44.12
Boss Directories	TPA Legal Inc.	-	902,469	44.13
TD Nxumalo	TKN Incorporated	71,532	-	44.14
S.B Dlamini	TKN Incorporated	471,532	-	44.15
S Khoza	TKN Incorporated	600,000	-	44.16
ZR Gumede	TKN Incorporated	40,253	-	44.17
MEC Transport	TKN Incorporated	234,217	-	44.18
A Biyela	TKN Incorporated	1,082,278	-	44.19
Hiomendlini Traditional Council and Inkosi Ngcobo	TKN Incorporated	387,707	-	44.20
Mazibuko/Transnet	TKN Incorporated	500,000	-	44.21
IMATU obo T.L Samuels	Ngubane & Associate	100,000	-	44.22
		6,277,542	8,648,695	

- 44.1 The Municipality (along with the Commissioner who upheld the dismissal ruling) were taken to the Labour Court by a formerly dismissed employee. After years of court proceedings the employee/applicant withdrew the matter and the Municipality claimed for costs lost in defending the matter.
- 44.2 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.
- 44.3 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.
- 44.4 Pleadings closed and the parties await trial dates to be allocated. Trial could last at least 7 days in Court.
- 44.5 The case has been closed. No contingent liability exists at year end.
- 44.6 Instructed to sue Renasa Insurance for damages due to the repudiation of a claim. Pleading in matter have

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	2021	2020
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44. Contingencies (continued)

- 44.7 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 however we still stand in defense as the respondent party.
- 44.8 The Municipality (along with the Commissioner who upheld the dismissal ruling) was taken to the Labour Court by a formerly dismissed employee. After years of court proceedings the employee/applicant withdrew the matter and the Municipality claimed for costs lost in defending the matter.
- 44.9 We were instructed to oppose a Labour Court review application. The applicant has been dilatory in setting the review down for hearing. We are thus in the process of preparing an application to have the review application dismissed.
- 44.10 Former Superintendent Public Safety referred Unfair Labour Practice Dispute to the Labour Court alleging that the employer did not pay him acting allowance for a particular period. Based on the delay from the applicant the employer has applied to the Labour Court for the matter to be dismissed.
- 44.11 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 however we still stand in defense as the respondent party.
- 44.12 Former Manager Special Programme referred the matter to the SALGBC alleging unfair dismissal. The matter is still on arbitration level being heard by the Commissioner.
- 44.13 Boss Directories is claiming payment for service rendered for the municipality. The municipality has no records of the ordered issued no supporting documents in respect of the funds being claimed.
- 44.14 The case has been adjourned to a date subsequent to year end.

45. Related parties

The key management remuneration is disclosed in note 28 - Employee related costs and note - 29 Remuneration of councillors.

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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 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	32,052,152	-	-	-
Consumer deposits	290,048	-	-	-
At 30 June 2020				
Trade and other payables	18,196,674	2 years	5 years	-
Consumer deposits	380,067	-	-	-

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	181,073,835	108,233,646
Cash and cash equivalents	905,854	2,912,431
	181,979,689	111,146,077

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	9,059,003	8,053,421
VAT receivable	2,901,600	2,483,602
	11,960,603	10,537,023

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47. Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	516,244
Fruitless and wasteful expenditure current year	166,750	17,706
Condoned or written off by Council	(166,750)	(516,244)
Written off by Council - relating to current year	-	(17,706)
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting approval for write off	-	-
Fruitless and wasteful expenditure for current year comprises of:		
Interest on overdue accounts	166,750	17,706
Fruitless and wasteful expenditure written off by Council comprises of:		
Interest on overdue accounts	166,750	17,706
Prior year licence fees paid to activate current year licence	-	88,741
Deposit forfeited due to cancellation of event	-	427,503
	166,750	533,950
48. Irregular expenditure		
Opening balance as previously reported	5,955,275	29,107,291
Prior period error	-	-
Opening balance as restated	5,955,275	29,107,291
Add: Irregular Expenditure - current	10,342,370	15,542,874
Less: Amount written off - current	(10,192,370)	(9,587,599)
Less: Amount written off - prior period	(5,955,275)	(29,107,291)
Closing balance	150,000	5,955,275
49. Unauthorised expenditure		
Opening balance as previously reported	3,757,348	28,022,764
Opening balance as restated	3,757,348	28,022,764
Add: Expenditure identified - current	-	3,757,348
Less: Approved/condoned/authorised by council	(3,757,348)	(28,022,764)
Closing balance	-	3,757,348
The Council has authorised the unauthorised expenditure for 2019/20 to the amount of R3,757,348. No unauthorised expenditure was incurred by the municipality in the current year.		
Unauthorised expenditure comprises of:		
Debt impairment	-	3,515,684
Bulk purchases	-	241,664
	-	3,757,348

The unauthorised expenditure is due to the overspending of the budget for various expenses. The overall budget of municipality, however, has not been exceeded.

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	202	202
50. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1,249,844	1,169,306
Amount paid - current year	(1,249,844)	(1,169,306)
Balance unpaid (included in payables)	-	-
Material losses through electricity distribution		
Current year subscription / fee	1,366,032	1,564,312
Audit fees		
Opening balance	-	-
Current year subscription / fee	1,744,887	2,366,563
Amount paid - current year	(1,744,887)	(2,366,563)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
PAYE and UIF		
Opening balance	-	-
Current year subscription / fee	17,723,632	16,252,974
Amount paid - current year	(17,723,632)	(16,252,974)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
Pension and Medical Aid Deductions		
Opening balance	-	-
Current year subscription / fee	15,326,278	14,120,584
Amount paid - current year	(15,326,278)	(14,120,584)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
VAT		
VAT receivable	2,901,600	2,483,602

51. Deviation from supply chain management regulations

Contract awards made in terms of Section 36(1) of the SCM policy amounted to R647,578. 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)	14	78	554,289	83
Services are available from a single provider	36(1)(a)(ii)	1	5	19,424	6
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	3	17	73,865	11
		18	100	647,578	100

Mandeni Municipality

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	52,479,263	54,954,201	2,474,938	5 %	
Service charges	43,802,597	43,822,143	19,546	- %	
Investment revenue	4,150,000	6,453,515	2,303,515	56 %	52.1
Transfers recognised - operational	229,735,384	210,314,719	(19,420,665)	(8)%	
Transfers recognised - capital	44,366,732	41,464,841	(2,901,891)	(7)%	
Other own revenue	8,835,121	18,385,930	9,550,809	108 %	52.2
	383,369,097	375,395,349	(7,973,748)		
Employee related costs	(110,037,011)	(109,084,914)	952,097	(1)%	
Remuneration of councillors	(14,087,242)	(13,527,997)	559,245	(4)%	
Debt impairment	(32,708,230)	(34,245,358)	(1,537,128)	5 %	
Depreciation and asset impairment	(30,187,878)	(31,848,411)	(1,660,533)	6 %	
Finance charges	(650,000)	(331,943)	318,057	(49)%	52.3
Materials and bulk purchases	(30,400,773)	(28,815,906)	1,584,867	(5)%	
Transfers and grants	(1,622,229)	(1,556,694)	65,535	(4)%	
Other expenditure	(100,973,710)	(82,953,932)	18,019,778	(18)%	52.4
	62,702,024	73,030,194	10,328,170		

- 52.1 The reason for a positive variance is due to the cash reserves of the municipality that increased in the current year. The municipality also had grant funds that were invested and were unspent.
- 52.2 The actual other own revenue was more than budgeted. The main reason for the actual income to be more than budget is due to fair value gains on the investment property.
- 52.3 The actual finance charges are less than the budgeted amount. This is due to less interest being incurred in the current financial year in respect of finance leases.
- 52.4 The actual general expenses are less than budgeted for. The main reason for this can be attributed to cost-cutting measures implemented by the municipality, as well as less subsistence and travel costs. Other costs such as audit fees also decreased.

53. MFMA disclosure on SCM Regulation 45

Supplier name	Employee name	Employee capacity	2021	2020
Aquacube	NT Sibiya	Public Participation and OSS Officer	-	18,500
Sodube Sotobe	NT Sibiya	Public Participation and OSS Officer	69,500	80,400
Fana Manufacturing	N Reddy	Prosecutor - Verulam Magistrate Court	751,350	-
			820,850	98,900

Mandeni Municipality

Notes to the Annual Financial Statements

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 2021 have been prepared under the going concern assumption.

The information below indicates the total COVID-19 expenditure for the 2021 and 2020 financial years:

National: Municipal Disaster Relief Grant	393,191	351,809
National: Equitable share - COVID-19 grant	17,044,855	-
Total funding for COVID-19 expenditure	17,438,046	351,809

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	-
Community Services	1,016,232	-
Waste Management	900,000	-
Public Safety	574,460	-

National: Municipal Disaster Relief Grant

Community Services	393,191	351,809
	17,438,046	351,809

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Notes to the Annual Financial Statements

56. 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.

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	3,544,991	616,087
Current-year receipts	5,000,000	9,500,000
Conditions met	(6,505,761)	(6,571,096)
Unspent grant at year end	2,039,230	3,544,991

Housing Title Deed grant

Balance unspent at beginning of year	3,307,892	2,228,708
Current-year receipts	3,157,741	2,143,157
Conditions met	(258,823)	(1,063,973)
Unspent grant at year end	6,206,810	3,307,892

Mandeni Municipality

Notes to the Annual Financial Statements

57. 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.

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57. Segment information (continued)

Segment surplus or deficit

2021

	Executive & Finance & Council Administration	Planning & Development	Roads & Infrastructure	Community & Social Services	Energy Sources	Waste Management	Public Safety	Total
Revenue from exchange transactions								
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	-	6,453,515	-	-	-	-	-	6,453,515
Other non-operating gains								
Fair value adjustments	-	15,961,000	-	-	-	-	-	15,961,000
Revenue from non exchange transactions								
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
Municipality's revenue	45,336,000	233,663,190	567,220	41,502,876	8,928,544	34,766,963	9,150,306	375,395,349

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	Executive & Finance & Council Administration	Planning & Development	Roads & Infrastructure	Community & Social Services	Energy Sources	Waste Management	Public Safety	Total
57. Segment information (continued)								
Expenditure								
Employee costs	(10,878,017)	(29,339,445)	(9,259,170)	(17,506,982)	(20,789,187)	(2,988,562)	(5,526,550)	(106,575,663)
Remuneration of councillors	(13,527,997)	-	-	-	-	-	-	(13,527,997)
Depreciation and amortisation	-	(29,401,625)	-	-	-	-	-	(29,401,625)
Impairment losses	-	(2,446,786)	-	-	-	-	-	(2,446,786)
Finance costs	-	(2,841,194)	-	-	-	-	-	(2,841,194)
Lease rentals	-	(1,695,414)	-	-	-	-	-	(1,695,414)
Debt impairment	-	(34,245,358)	-	-	-	-	-	(34,245,358)
Contracted services	(7,466,968)	(8,628,611)	(2,200,763)	(10,696,655)	(4,985,773)	(1,911,095)	(4,008,697)	(50,018,395)
Transfers and subsidies	-	-	-	-	-	(1,556,694)	-	(1,556,694)
Operational costs	(9,580,323)	(15,837,994)	(662,602)	(783,695)	(767,136)	(1,105,306)	(41,893)	(29,028,437)
Bulk purchases	-	-	-	-	-	(28,815,906)	-	(28,815,906)
Loss on disposal of assets	-	(1,500,925)	-	-	-	-	-	(1,500,925)
Fair value adjustments	-	(710,761)	-	-	-	-	-	(710,761)
Total segment expenditure	(41,453,305)	(126,648,113)	(12,122,535)	(28,987,332)	(26,542,096)	(36,377,563)	(9,577,140)	(302,365,155)
Total segmental surplus/(deficit)	3,882,695	107,015,077	(11,555,315)	12,515,544	(17,613,552)	(1,610,600)	(426,834)	73,030,194

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Notes to the Annual Financial Statements

57. Segment information (continued)2020

	Executive & Finance & Council Administration		Planning & Development	Roads & Infrastructure	Community & Social Services	Energy Sources	Waste Management	Public Safety	Total
Revenue from exchange transactions									
Service charges	-	-	-	-	-	29,908,983	8,534,318	-	38,443,301
Rental of facilities and equipment	-	-	83,816	-	375,891	-	-	-	459,707
Interest earned on outstanding debtors	-	11,829,907	-	-	-	-	-	-	11,829,907
Licences and permits	-	-	19,740	-	-	-	-	742,477	762,217
Other income	-	701,159	105,420	-	64,786	74,016	-	124,717	1,070,098
Interest received	-	6,818,965	-	-	-	-	-	-	6,818,965
Other non-operating gains									
Actuarial gains	-	1,324,881	-	-	-	-	-	-	1,324,881
Fair value adjustments	-	12,239,295	-	-	-	-	-	-	12,239,295
Revenue from non exchange transactions									
Property rates	-	46,605,701	-	-	-	-	-	-	46,605,701
Government grants and subsidies	41,870,000	127,517,162	259,089	16,279,103	5,087,462	-	-	351,809	191,364,625
Donations received	-	-	-	-	2,159,258	-	-	-	2,159,258
Fines	-	-	-	-	6,919	-	-	124,215	131,134
Municipality's revenue	41,870,000	207,037,070	468,065	16,279,103	7,694,316	29,982,999	8,534,318	1,343,218	313,209,089

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	Executive & Finance &		Planning &	Roads &	Community &	Energy	Waste		
	Council Administration		Development	Infrastructure	Social Services	Sources	Management	Public Safety	Total
57. Segment information (continued)									
Expenditure									
Employee costs	(9,153,421)	(29,211,872)	(9,219,382)	(16,492,105)	(22,096,177)	(3,005,563)	(4,509,831)	(5,449,949)	(99,138,300)
Remuneration of councillors	(13,248,529)	-	-	-	-	-	-	-	(13,248,529)
Depreciation and amortisation	-	(28,966,987)	-	-	-	-	-	-	(28,966,987)
Impairment losses	-	(1,330,530)	-	-	-	-	-	-	(1,330,530)
Finance costs	-	(2,806,129)	-	-	-	-	-	-	(2,806,129)
Lease rentals	-	(2,298,415)	-	-	-	-	-	-	(2,298,415)
Debt impairment	-	(48,223,914)	-	-	-	-	-	-	(48,223,914)
Contracted services	(3,461,669)	(2,032,023)	(1,711,063)	(6,459,604)	(5,895,063)	(1,908,629)	(4,138,316)	(9,748,879)	(35,355,246)
Transfers and subsidies	-	-	-	-	-	(1,498,873)	-	-	(1,498,873)
Operational costs	(6,617,547)	(16,073,405)	(426,267)	(717,854)	(1,128,292)	(2,686,128)	(20,058)	(207,456)	(27,877,007)
Bulk purchases	-	-	-	-	-	(26,098,068)	-	-	(26,098,068)
Loss on disposal of assets	-	(740,108)	-	-	-	-	-	-	(740,108)
Total segment expenditure	(32,481,166)	(131,683,383)	(11,356,712)	(23,669,563)	(29,119,532)	(35,197,261)	(8,668,205)	(15,406,284)	(287,582,106)
Total segmental surplus/(deficit)	9,388,834	75,353,687	(10,888,647)	(7,390,460)	(21,425,216)	(5,214,262)	(133,887)	(14,063,066)	25,626,983

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Figures in Rand	2021	2020
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58. Prior period errors

Payables from exchange transactions and rental of facilities and equipment

During the 2019/2020 financial year, the President announced the national lockdown which meant amongst other things the suspension of gatherings. Unfortunately, there were planned events for that particular period which have already been paid for by the consumers in the previous year. These amounts were recognised as revenue in the 2018/2019 financial year. This resulted in revenue in the 2018/2019 financial year being overstated (and opening accumulated surplus in 2019/2020 financial year being overstated) by R273,393 and payables from exchange transactions being understated by the same amount. The error has been corrected retrospectively.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase in payables from exchange transactions

- (273,393)

Effect on opening accumulated surplus

- (273,393)

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