



NQUTHU MUNICIPALITY

2019/20 ANNUAL REPORT

Vision

“Seeking to build a people centered and developmental municipality that is financially stable, responsive, and efficient and is capable of meeting people’s needs and aspirations and, ultimately; deliver on the NDP vision”

Mission

We are a municipality committed to service delivery and working for the development and economic empowerment of all our people.

Core values

We subscribe to the value system inspired by and premised on the principles of Batho Pele, which are:

- Accountability;
- Responsiveness;
- Customer focus;
- Innovation;
- Efficiency;
- Transparency;
- Self-help and self-reliance;
- Integrity, and
- Ubuntu.

Spatial Vision

“By 2040 the Nquthu Municipality will have changed its spatial and socio-economic landscape through innovative spatial planning principles of justice, sustainability, efficiency, resilience and good administration that will position the municipality as a destination of choice for tourism and investment”.

Spatial development principles

The development principles for Nquthu Municipality are informed by the SPLUMA principles as set out in the Act and apply to all stakeholders (government and private sector) responsible for the implementation of legislation regulating the use and development of land. The following table illustrates. These principles are detailed in the following page.

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The coat of arms of Nquthu Local Municipality features a central shield with a stylized eye. Above the shield is a traditional Zulu feathered headdress. To the left is a spear and to the right is a knobkerrie. Below the shield are three banners with the motto: 'PHAMBILI' (green), 'ENQUTHU' (blue), and 'NGENTUTHUKO' (red).

PART ONE: 2019/20 NARRATIVE

FOREWORD BY THE MAYOR



His Worship the Mayor: Cllr IL Shabalala

Vision

Nquthu Municipality's vision says-

“Seeking to build a people centred and developmental municipality that is financially stable, responsive, and efficient and is capable of meeting people's needs and aspirations and, ultimately; deliver on the NDP vision”.

The municipality always strives to attain this vision. In the 2019/20 financial year, the municipality made some strides working tirelessly in pursuit of realizing its vision as set out above.

Key Policy Developments

After the adoption of the National Development Plan (NDP) at a national level, provinces and district municipalities were then required to develop their own plans to give effect to NDP. The municipality's role in this regard is to align their Integrated Development Plans (IDP) with these plans and our municipality no exception. Our IDP is also geared, at least in the broader sense, towards realizing the ideals of the NDP as also expressed in the Provincial Growth and Development Strategy (PGDS) and the District Growth and Development Plan (DGDP). Government has also introduced the District Development Model (DDM) in order to further enhance the efficiency and effectiveness of intergovernmental relations in local government.

Key Service Delivery Improvements

The primary objective of the municipality is to deliver services to the people of Nquthu. In terms of service delivery, the municipality did make serious progress in the following areas:

- **Road construction and maintenance:** 96.5Km of untarred roads were maintained which is mainly blading. Ntabenebomvu Road (2.5km) was completed and Nquthu Southern Road (6.5km), which is located in Nquthu Town/location, was 85% complete as at 30 June 2020.
- **Housing:** The municipality is dependent on the Department of Human Settlement to address the housing backlog in Nquthu. Two housing projects are still at a planning phase while two projects have completed planning phase and await approval for funding/construction.

- **Electricity:** Nquthu has made serious progress in terms of connecting households to the grid to an extent that achieving a universal electricity status (excluding infills) in the next council term has become a possibility. Free basic electricity is provided to over 4000 households.
- **Waste management:** The municipality continues to improve its waste management section with the help of funding from its partners and other government departments. However, illegal dumping remains a serious challenge and the municipality is trying to address this matter through awareness's and improving on its bylaws.
- **Community facilities:** Quite a number of public facilities (including community halls and crèches) were being constructed in 2019/20 with the aim of addressing the prevalent public facility backlog. The Traffic Department offices and Fire Station were supposed to have been completed before the end of the financial year but were delayed due slow construction progress.

Public Participation

Public participation is one of the most critical aspects of good governance and accountability. The municipality conducted training to ward committees to ensure that they function effectively. There is a variety of platforms that the municipality utilizes for purposes of public participation, including; IDP roadshows, invitation of public comments, SOD turnings, project hand-overs, Facebook page, community meetings, etc. The municipality continues to receive good assessment outcomes from KZN COGTA as far as public participation functionality are concerned.

Future Actions

While the municipality is making progress in service delivery, we strongly believe that it has not reached its true potential and there is ample room for improvement. In this regard, we will be implementing the following measures, among others, to ensure that the municipality's service delivery potential is realized:

- Take full advantage of the District Development Model to ensure that we derive all the benefits that accrue from a well coordinate, complementary and an integrated development processes;
- Continue to improve our IDP credibility rating and use friendliness by, among other things; developing a summary version of the IDP and translate it into Sotho and Zulu which are the most spoken languages in Nquthu;
- Invest more in maintenance to ensure that municipal assets and infrastructure are kept in a good and usable condition;
- Fill all the vacancies to ensure that all municipal department function optimally and deliver of its mandate;
- Strive to improve our governance and financial management with the aim of attaining a better audit outcome, and
- Continue to implement all necessary measures to deal with COVID 19 both in our municipality and in communities that we serve and service as the municipality.

Partnerships

The municipality is in long standing partnership with Bornem Municipality of Belgium which has produced very good results in the areas of waste management and early childhood development. The delegation from Belgium visits Nquthu and at the same time a delegation from Nquthu visits Belgium with a goal of sharing information and best practices. The municipality also has a working relationship with Assupol which has constructed and renovated a number of early childhood development centers in Nquthu and continues to do so. The Gift of the Givers has also proved to be a reliable partner through different interventions that it does in Nquthu in support of the development objectives of the municipality.

Challenges

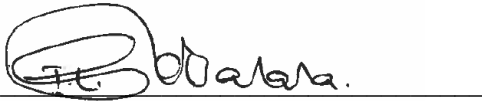
There are challenges that curtail our ability as the municipality to deliver as we would like to do which include, among others, insufficient financial resources due to low revenue base and low collection rate and insufficient internal capacity in terms of equipment and skills.

Moreover, COVID 19 had a serious disrupting on the last quarter of the year which resulted in the municipality not being able to meet all its set delivery targets and even forced that some financial and human resources be diverted to deal with this pandemic. Many families were affected and many lives were lost and our condolences goes out to all those who lost their family members, friends, colleagues and loved ones. The municipality did make an effort to make intervention with limited resources it has. Awareness campaigns were conducted, sanitizing of public places, distribution of sanitizers and food-packs to those in abject poverty. COVID 19 remains with us and continues to threaten our lives and we appeal to all our communities to take all possible precautionary measures in order to prevent the continued spread on this invisible enemy of our people.

Conclusion

On behalf of the municipality, including political leadership (council), management and all employees; I wish to express our continued commitment to the development of the people of Nquthu and do so in the most accountable manner. The people of Nquthu shall always come first in whatever we do and request that they continue to trust us and support us in executing and carrying forward the mandate that they have given us.

THANK YOU



Il Shabalala.

CLLR IL SHABALALA

NQUTHU LOCAL MUNICIPALITY

FOREWORD BY THE ACTING MUNICIPAL MANAGER

I wish to thank Council for their sterling strength during 2019/2020 financial year. The year has been subsequent despite the fact of change in new political leadership and pandemic COVID- 19 that affected the continuation of service delivery.

In a very short space of time, we managed to prepare our 2020/21 Integrated Development Plan and Budget, and also reviewed a number of policies to strengthen our governance system.

We wish to extend our sincere appreciation to Ward Committee members, who are always available to assist our Ward Councillors in performing their duties. To our Councillors, I always believe that they have strength and capacity to deal with issues of service delivery in order to achieve our goals and strategic objectives as the municipality.


We are hoping for the best audit opinion this year since we have tried by all means to address previous year's audit findings. The implementation of MSCOA system has improved as a result of management and staff commitment as well as good team spirit. We took it upon ourselves to reduce unnecessary expenditure and this forms part of our cost cutting measures especially on the fixed costs.

The municipality focused on drawing up project designs to be implemented next financial year and the construction of some of these projects have been initiated in order to accelerate service delivery of our community. This financial year the technical assessment for electricity infrastructure was conducted in order to address electricity losses and to improve revenue.

Our positive relationship with our partners from Bornem Municipality in Belgium still continues to prevail.

Critical positions for Senior Managers as well as middle managers were greatly maintained. We commit ourselves on working hard as a collective team which would take this municipality forward and for setting service standards for our community as we always put them first.

THANK YOU



SB MTHEMBU

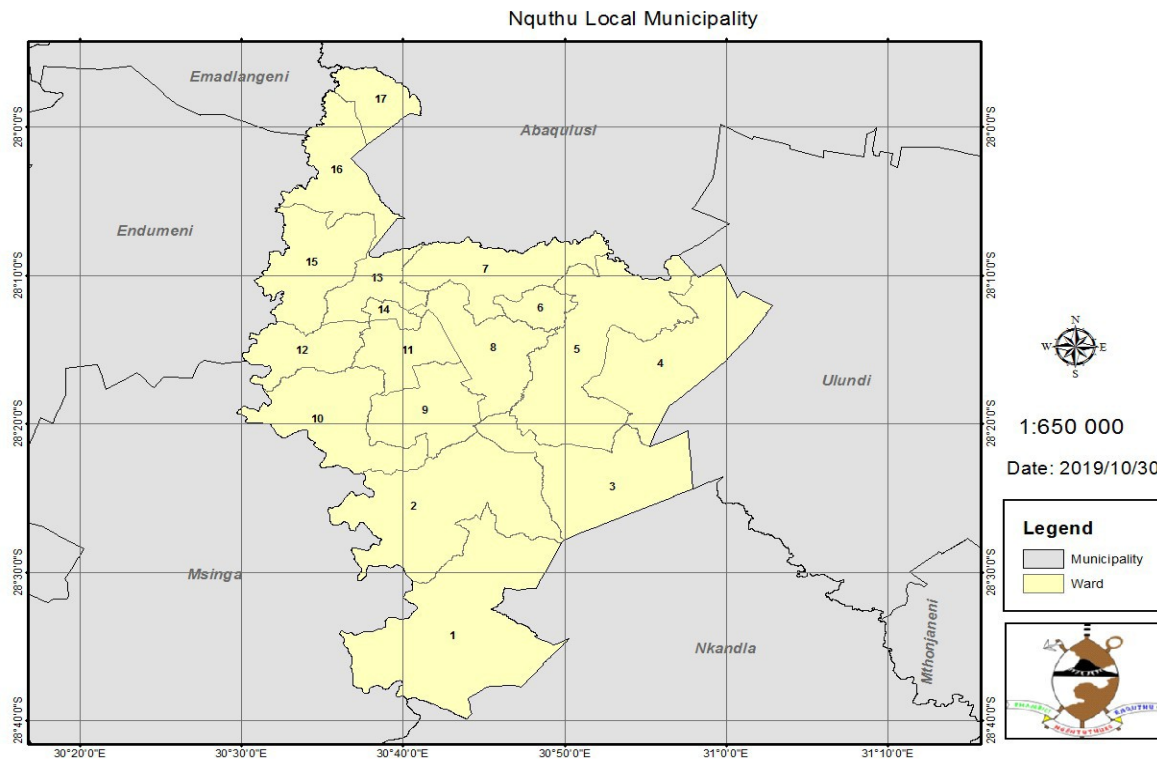
ACTING MUNICIPAL MANAGER: NQUTHU LOCAL MUNICIPALITY

1.1. MUNICIPAL POWERS AND FUNCTIONS

In terms of the Municipal Structures Act, Nquthu Local Municipality has designated powers and functions, other powers and functions in terms of service delivery are the competency of the Umzinyathi District Municipality, the provincial government of KwaZulu-Natal and the national government of the Republic of South Africa. Water and sanitation, for example; are the competency of the district municipality under which Nquthu falls. Nquthu has and exercises its powers on the following functions:

- Access roads and storm water construction and maintenance;
- Billboards and outdoor advertising regulation;
- Street cleaning;
- Local amenities;
- Local tourism;
- Public facilities and spaces;
- Municipal planning and building regulations, and
- Local economic development.

1.2. NQUTHU LOCALITY



Map 1: Nquthu locality

Nquthu LM is located north east of the province of the Province of KwaZulu-Natal and seats at the north eastern boundary of Umzinyathi DM and share borders with the following local municipalities:

- eMadlangeni and Abaqulusi local municipalities on the North. Abaqulusi LM is located within Zululand DM while eMadlangeni is located within Uthukela DM;
- Ulundi LM on the East which is also located within Zululand DM;
- Nkandla LM on the South which is located within King Cetshwayo DM; and
- Msinga LM and Endumeni LM to the West both of which are located within Umzinyathi DM and are sister municipalities of Nquthu LM.

The **Figure 1** above shows the location of Nquthu within Umzinyathi District Municipality as well as its position in relation to neighboring municipalities.

1.3. WARD INFORMATION

The municipality is currently demarcated into 17 wards after the Demarcation Board increased them from 15 wards in May 2011 before local government elections. From 2021 the municipality will have 19 wards and the MDB is busy with the necessary preparations to that effect. (**NB:** Cllr Zulu passed away before the end of 2019/20 financial year)

Ward	Size (Ha)	Councillor	Gender	Party
1	35028	Z Sithole	Female	Inkatha Freedom Party
2	16608	RS Langa	Male	Inkatha Freedom Party
3	22822	EM Mkhwanazi	Male	Inkatha Freedom Party
4	16727	ME Mnguni	Male	Inkatha Freedom Party
5	15413	IL Shabalala	Male	Inkatha Freedom Party
6	2080	MSK Gumbi	Male	African National Congress
7	11798	NM Buthelezi	Male	Inkatha Freedom Party
8	9890	SM Buthelezi	Male	Inkatha Freedom Party
9	9044	SP Mathe	Male	Inkatha Freedom Party
10	12931	FA Hlatshwayo	Male	Inkatha Freedom Party
11	6040	SM Kunene	Male	Inkatha Freedom Party
12	4988	JN Khoza	Male	Inkatha Freedom Party
13	6336	JZ Ndimba	Female	Inkatha Freedom Party
14	1453	SD Masimula	Male	Inkatha Freedom Party
15	11227	AS Zulu(Deceased)	Male	Inkatha Freedom Party
16	9107	GF Molefe	Male	African National Congress
17	4729	SMC Zikode	Male	African National Congress

Table 1: Wards information

1.4. DEMOGRAPHICS

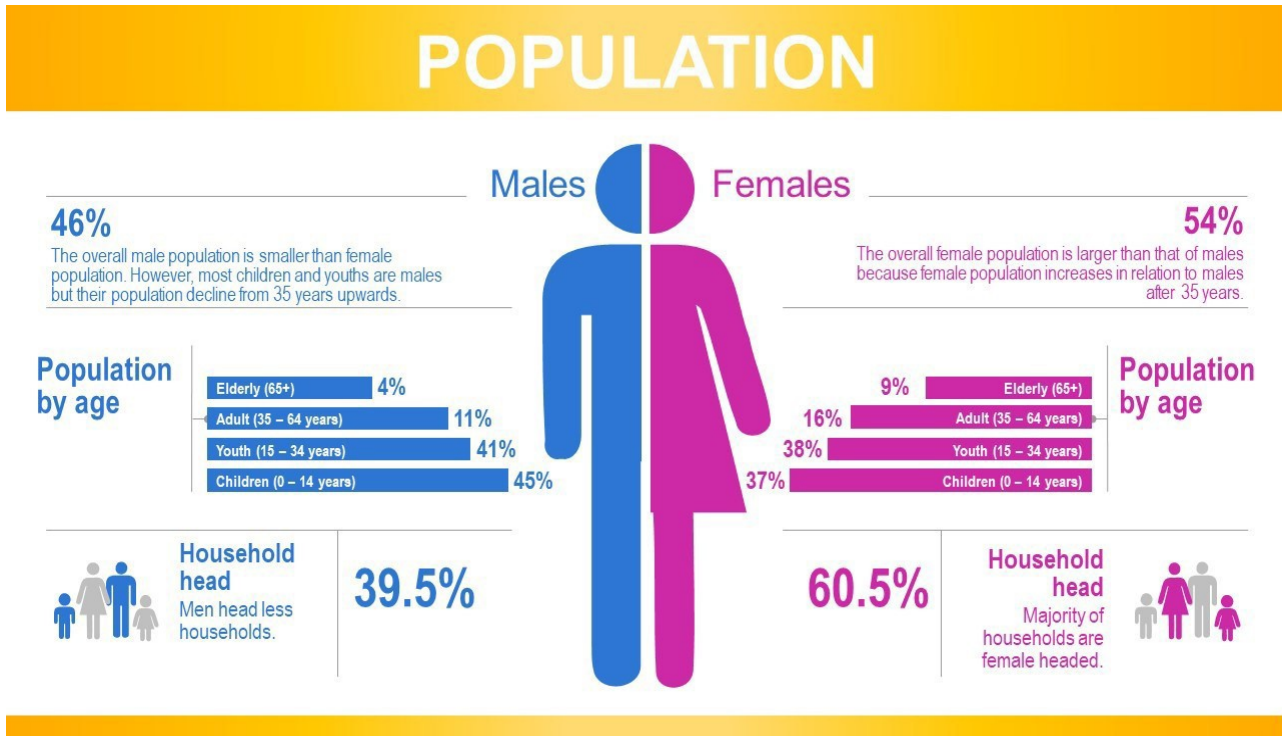


Figure 1: Population infographic

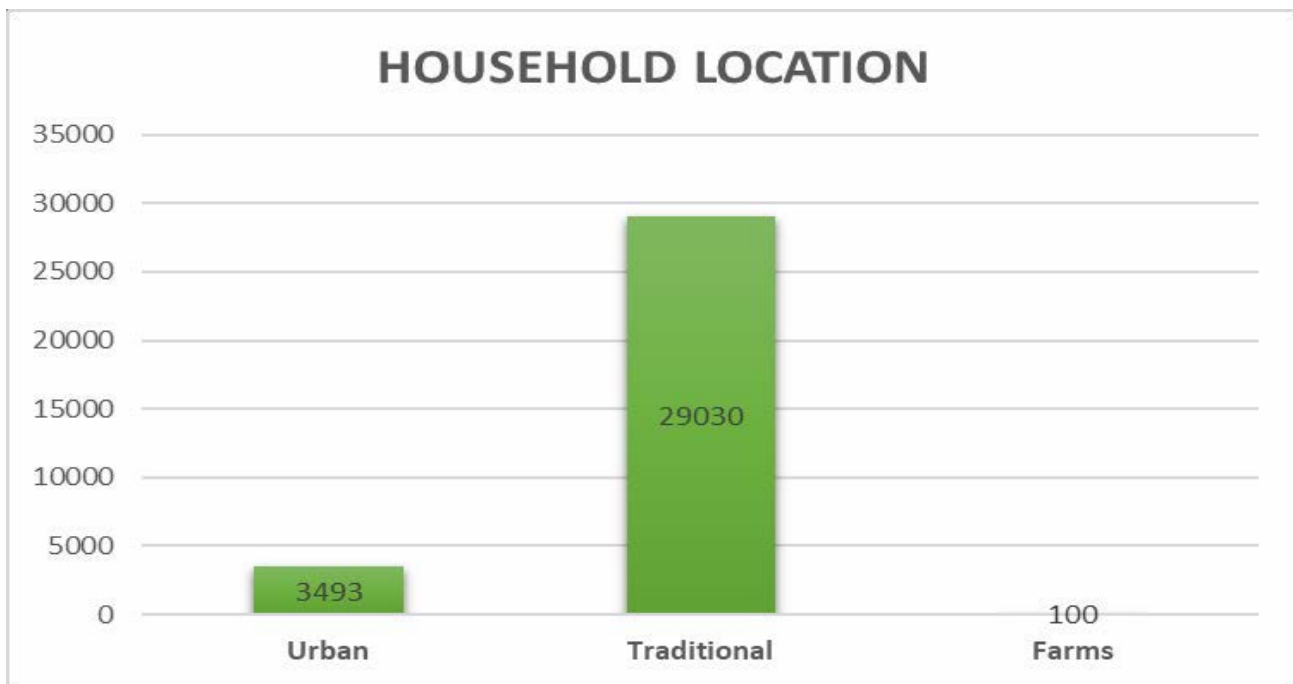


Figure 2: Households

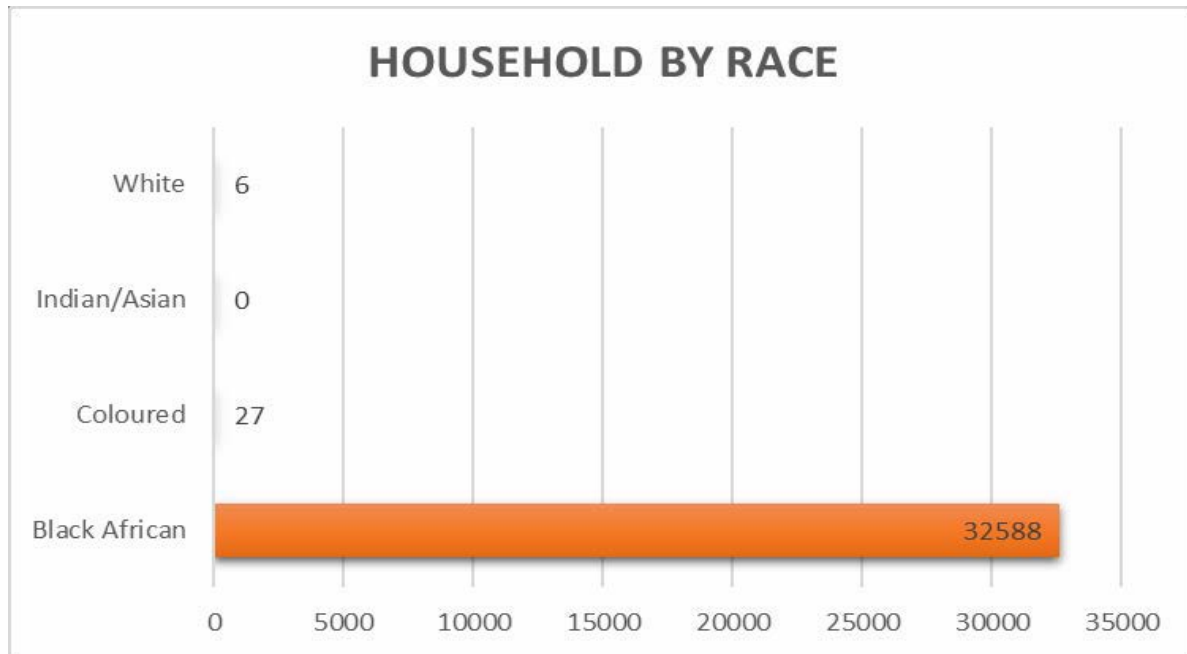


Figure 3: Household by race

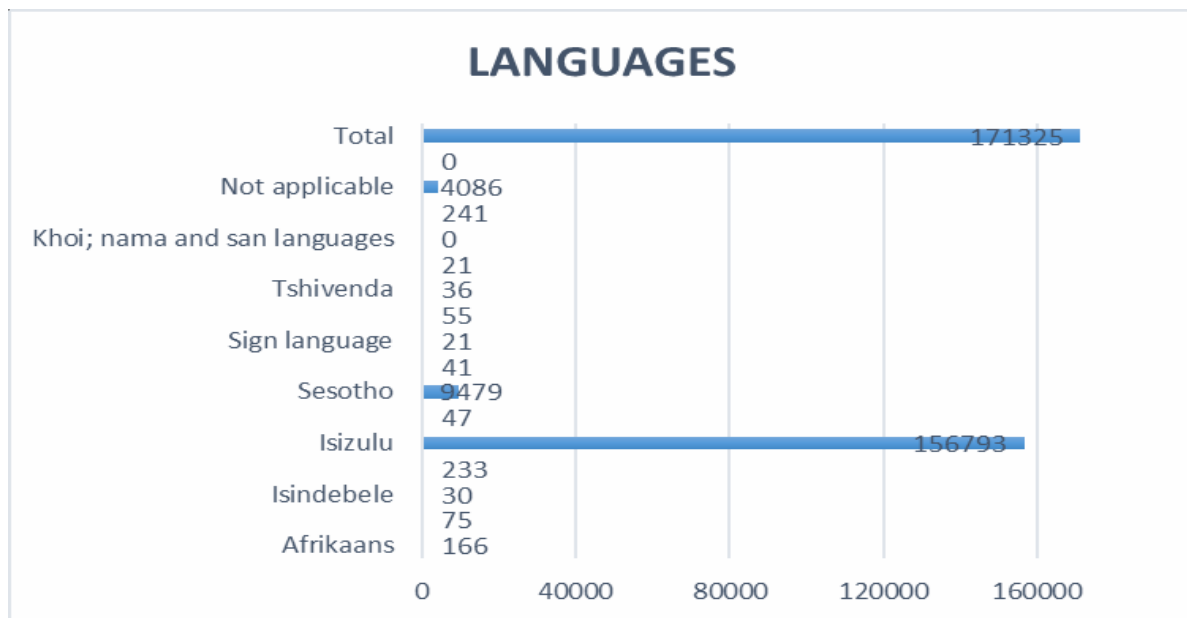


Figure 4: Spoken languages

Nquthu is a largely rural municipality with African population group overwhelmingly in majority. In terms of CS 2016 figures, our population stands at 171 325, although we know that there has been a sizeable amount of growth since these

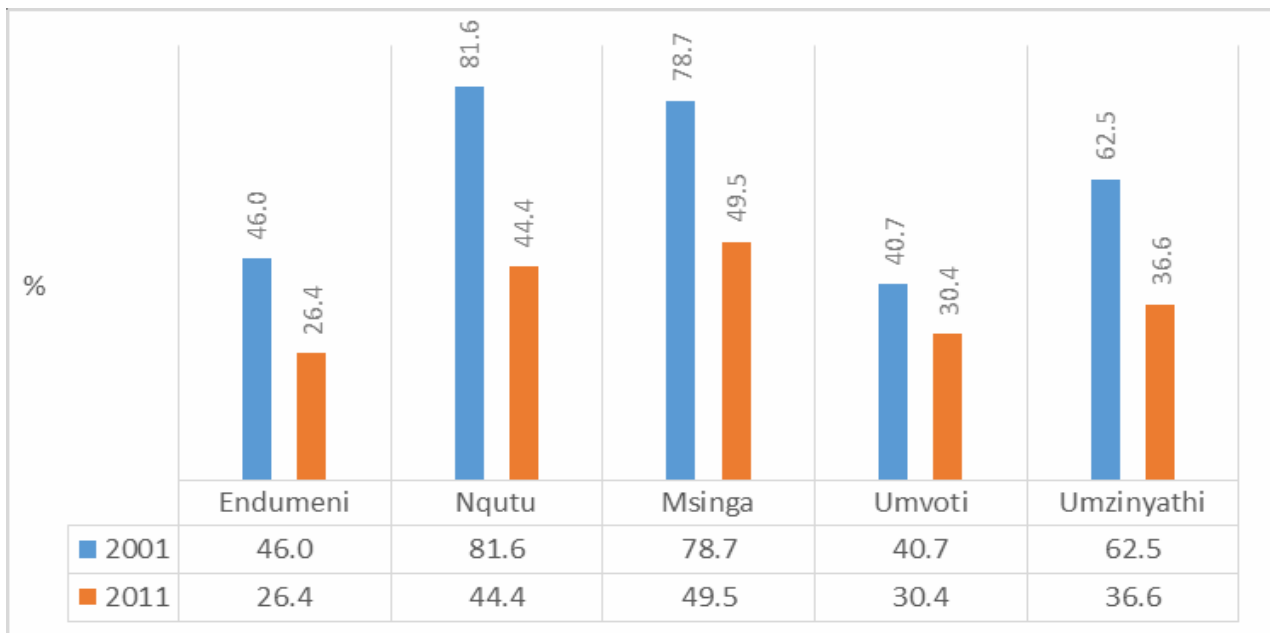
figures were released in 2016. The development implications of the overall demographic outlook of Nquthu can be summarized as follows:

- The municipality is an overwhelmingly rural municipality with 89% of households located in rural areas which are underdeveloped in the main;
- Almost 100% of the households and/or population is African due to the traditional character of the area;
- Females constitute 54% of the population while males are at 46% and similarly, 60.5% of households are female-headed, this means that in order to make a development impact, women development and emancipation should be prioritized;
- Nquthu is a youthful place with an overwhelming 79% of the population consisting of persons from 0 to 34 years which makes the youth an important population category in terms of development, and
- Males are the largest group in terms of births, but their population declines dramatically after 35 years onwards which may be due to either migration or mortality rate.

1.5. SOCIO-ECONOMIC CONDITIONS

This section deals with all social and economic conditions which constitute main indicators which are used to determine or assess the living conditions of communities.

1.5.1. UNEMPLOYMENT RATE



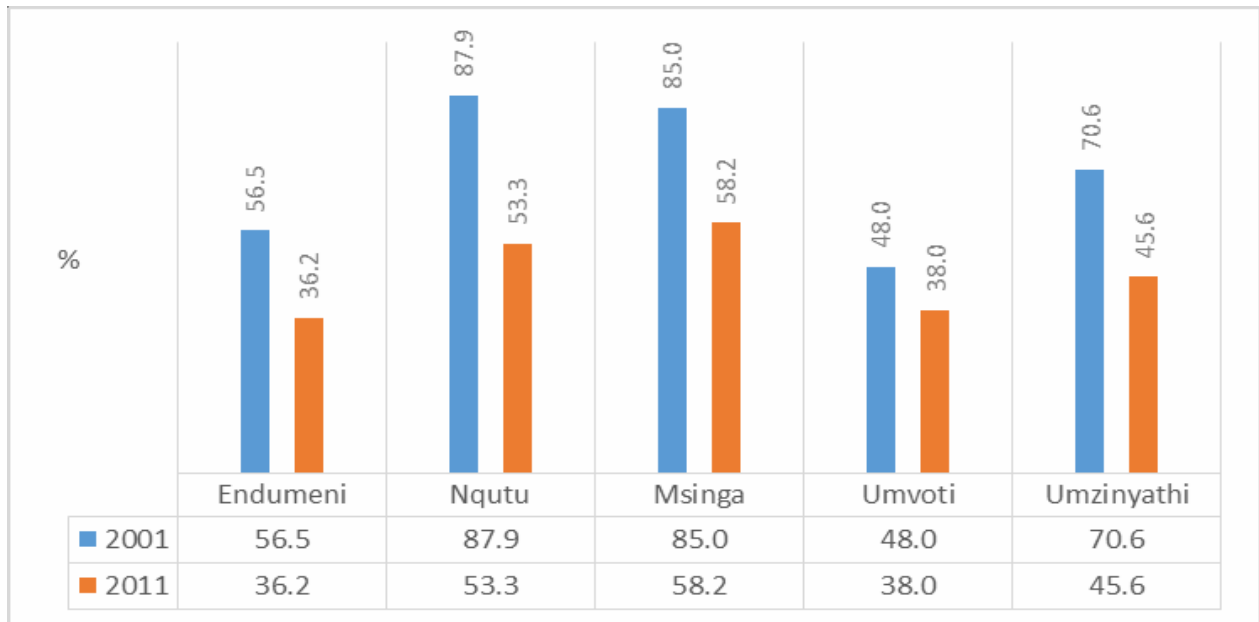
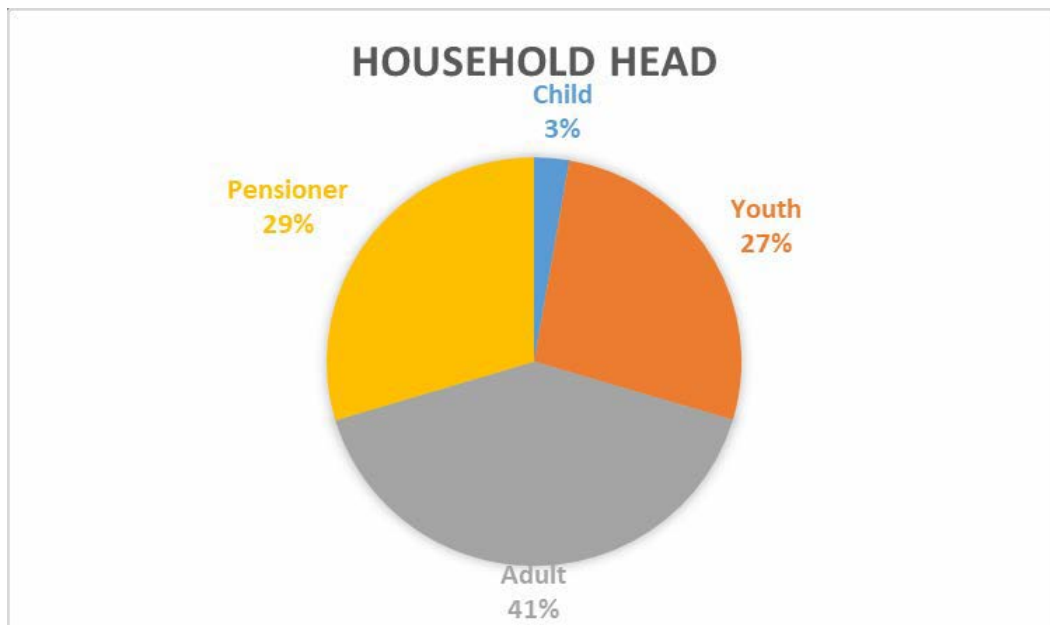


Figure 6: Youth unemployment rate

1.5.2. HOUSEHOLD HEADS



1.5.3. EDUCATION

1.5.3.1. Attendance

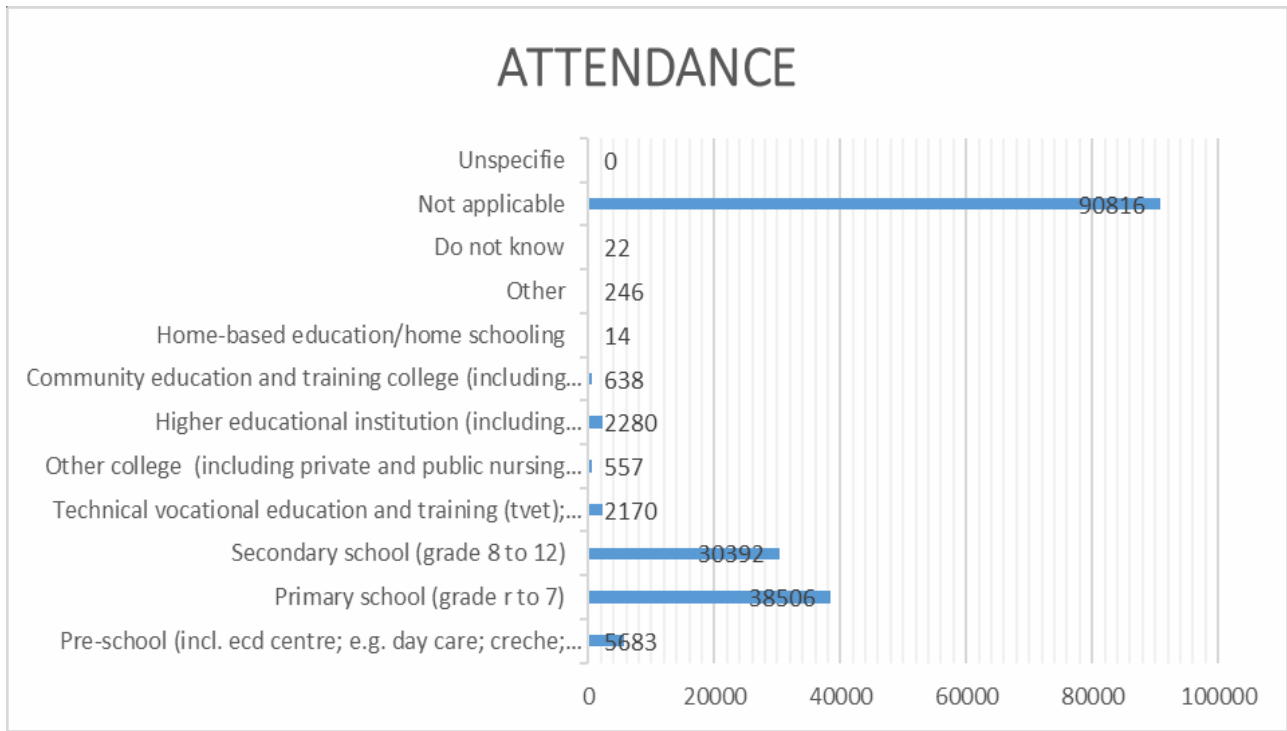


Figure 8: Attendance

1.5.3.2. Education levels

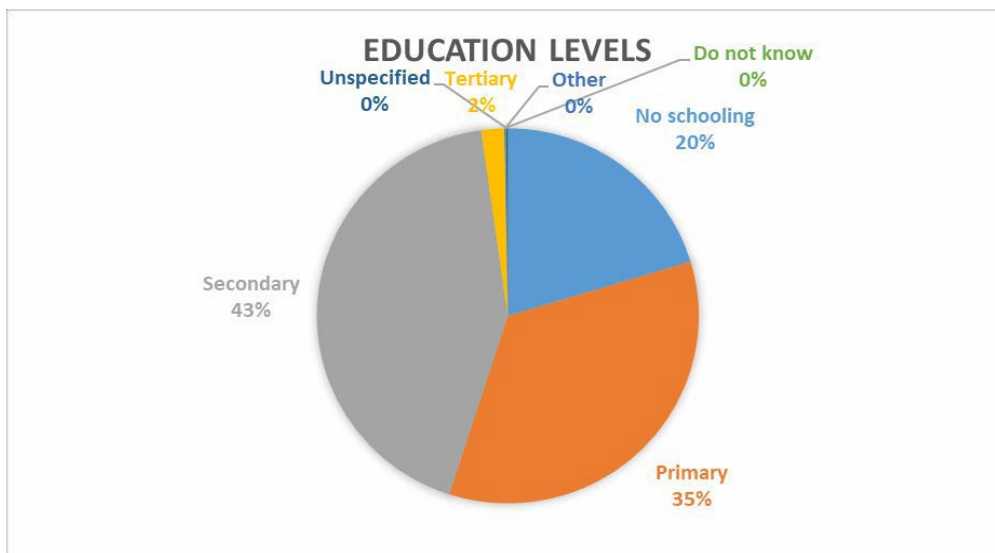


Figure 9: Education levels

1.5.4. ACCESS TO BASIC SERVICES

1.5.4.1. Water

Water provision is the function of UDM which is an official water service provider in terms of the law. There is a serious water challenge in Nquthu to a variety of factors that unfortunately falls outside the scope of the municipality. However, the municipality did invite UDM at its strategic planning session held in February 2019 to solicit explanations and plans that UDM has to address the water challenge. There have been further engagements regarding the water challenge involving KZN COGTA, Nquthu rate-payers’ association, Nquthu LM and UDM. The engagements are continuing but water continues to be a challenge. These are Stats SA official figures but must be read within the context of challenges discussed above.

1.5.4.2. Sanitation

Sanitation, similar to water provision, is also the function of UDM. There were sanitation projects that UDM within the municipality which resulting in a number of sanitation projects that inevitable resulted in some changes in the backlog.

1.5.4.3. Electricity

The municipality is doing extremely well when it comes to electricity provision, especially considering the fact that this municipality is 89% rural with some areas having quite scattered settlement patterns. Electrification figures are listed below consisting of official Stats SA figures, however; it is worth noting that these figures are around three years old and there has been changes since some electrification projects were implemented since that time.

1.5.4.4. Refuse removal

Refuse removal is the function of the municipality and there are currently three thousand four hundred and seventeen clients whom the municipality provides waste collection to. The municipality has a licensed Dump Site located in Nondweni area in Ward 5. The figures below provide official Stats SA figures regarding refuse removal as well show the municipal dump site. Additional refuse collection information relating to 2019/20 financial year are discussed in the latter sections of this report.

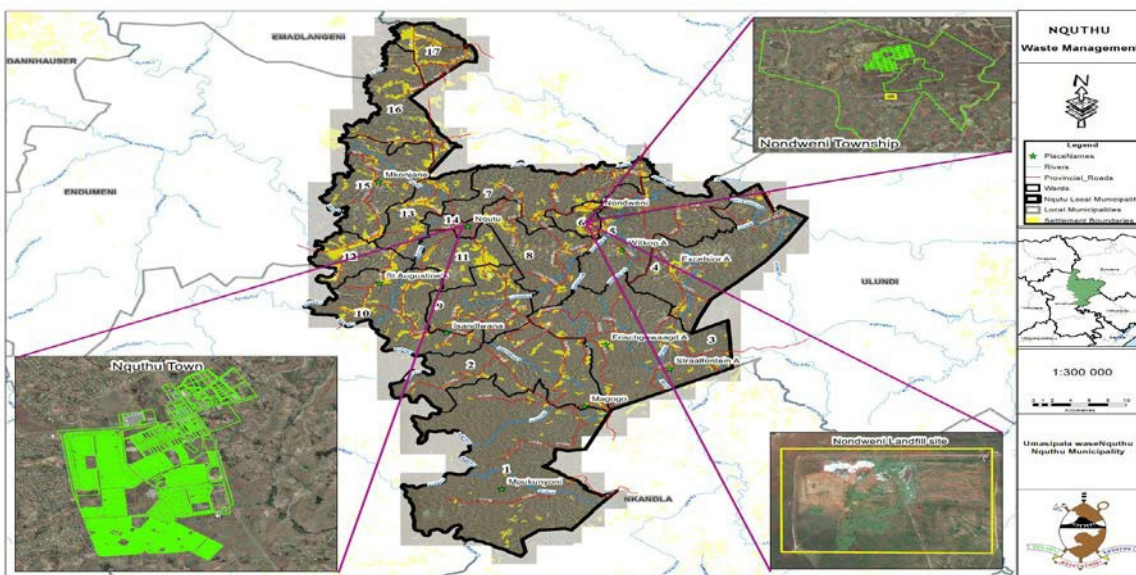


Figure 12: Waste collection areas

1.5.5. ACCESS TO PUBLIC FACILITIES AND SERVICES RENDERED

1.5.5.1. Education facilities

While there is a sizeable number of schools within the municipality, there are communities where learners have to travel a bit longer to reach schools which has necessitated that scholar transport be used. **Figure 13** in the following pages illustrates the location of schools within the municipality.

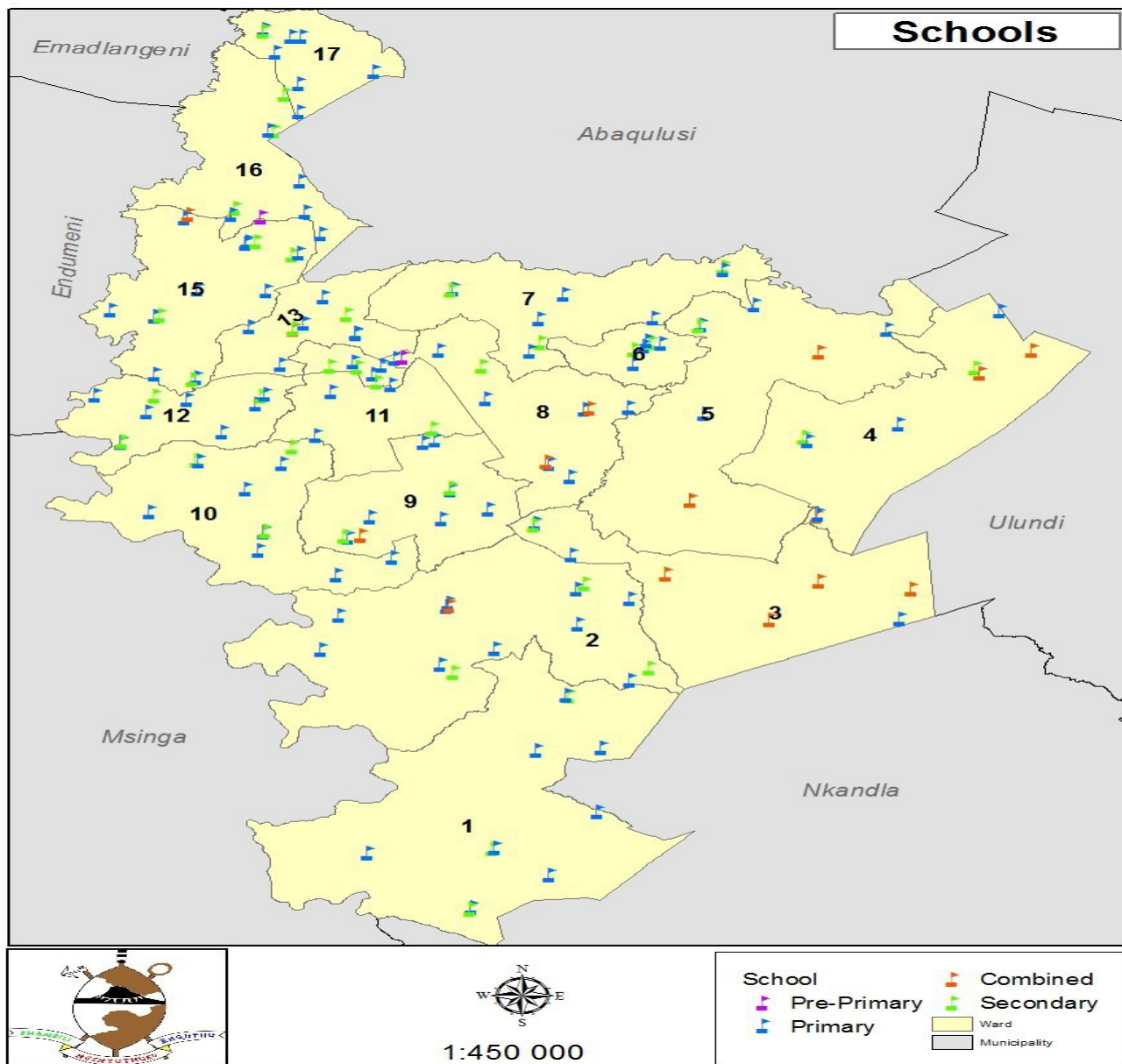


Figure 13: Education facilities

1.5.5.2. Health facilities

Nquthu has one hospital, fifteen clinics and four mobile clinics to attend to far flung areas. These health facilities are listed in the figure below listing all UDM health facilities.

Endumeni	Msinga	Nquthu	Umvoti
1. Dundee Gateway	1. COSH Gateway	1. CJM Gateway	1. Greytown Gateway
2. Empathe Clinic	2. Collessie Clinic	2. Clinic Felani Clinic	2. Amakhabela Clinic
3. Glenridge Clinic	3. Cwaka Clinic	3. Hlathi Dam Clinic	3. Amatimatolo Clinic
4. Sakhimpilo Clinic	4. Douglas Clinic	4. Isandlwana Clinic	4. Ehlanzeni Clinic
5. Siphimpilo Clinic	5. Elandskraal Clinic	5. KwaNyezi Clinic	5. Eshane Clinic
6. Wasbank Clinic	6. Ethembeni Clinic	6. Mangeni Clinic	6. Kranskop Clinic
	7. Gunjana Clinic	7. Manxili Clinic	7. KwaSenge Clinic
	8. Mandleni Clinic	8. Masotsheni Clinic	8. Muden Clinic
	9. Mawele Clinic	9. Mhlungwane	9. Ntembisweni Clinic
	10. Mazabeko Clinic	10. Mkhonjane Clinic	10. Pine St Clinic
	11. Mbangweni Clinic	11. Nkande Clinic	11. Sibuyane Clinic
	12. Mhlangana Clinic	12. Nondweni Clinic	12. Ukuthula Clinic
	13. Mumbe Clinic	13. Ntinini Clinic	
	14. Ngubevu Clinic	14. Thathezakhe Clinic	
	15. Ngabayena Clinic	15. Zamimpilo Clinic	
	16. Nocomboshe Clinic		
	17. Qinelani Clinic		
	18. Rorkes Drift Clinic		
	19. Mkhuphula Clinic (to be opened)		
	20. Msizini Clinic (to be opened)		

Figure 14: Health facilities

1.5.5.3. Halls

Halls are part of the instrument to ensure socially cohesive and vibrant society by providing suitable places of gathering hold meetings and events. The municipality has twenty-seven halls in total, excluding those under construction that are reported in the APR and basic services section of this report.

1.5.5.4. Libraries

The municipality has four main libraries which are Nquthu Public Library located in Nquthu Town (Ward 14), Nondweni Library located in Nondweni (Ward 6) semi-township area, Ngolokodo Library located in Ngolokodo area (Ward 17) and Patsoane Library located in Patsoane area (Ward 8). In addition to these main libraries, there are six satellite or outpost libraries consisting of two mobile libraries and four school based libraries, namely;

- Sandlwana mobile library located in Sandlwana area (Ward 9);
- Mhlungwane mobile library located in Mhlungwane area (Ward 7);
- Sicelimfundo Combined School library (Ward 3);
- Umsimbu High School library (Ward 2);
- Kwanyezi Primary School library (Ward 3), and
- Ntanyandlovu School library (Ward 9).

However, Ngolokodo Library is not yet functional due to a dispute with the councillor and/or interference by the councillor in municipal administration.

1.5.5.5. Sports-fields

There is one stadium in Nquthu Town which was out of use for the larger part of the previous year due to the upgrading that was taking place. This stadium was upgraded to improve lighting, the quality of the pitch and also include other sports facilities including the tennis court, etc. The stadium is now open and in full use.

1.5.5.6. Service centres

Service centres are made up of Tutsong Centre, libraries (which are specifically discussed in this report) and municipal offices where some services are provided. There is one Tutsong centres located in Ward 16 and it currently not functioning according to its capacity.

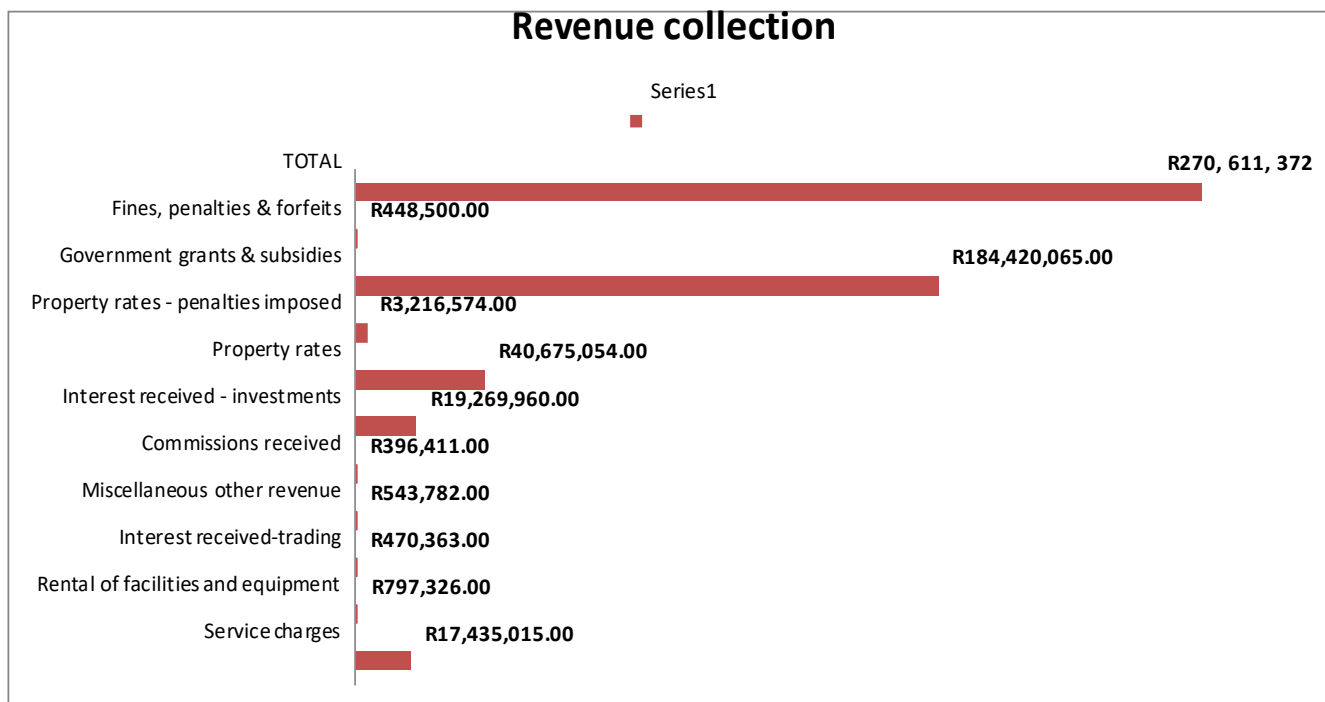
1.5.6. FINANCIAL HEALTH

1.5.6.1. Budget and treasury department

The budget and treasury department have a full-time Chief Financial Officer and all units in the department have permanent heads. The only positions that were vacant were at clerk level but the municipality had five interns which mitigated the impact of these vacancies. As part of municipal succession planning in this department and these interns were eventually absorbed into full-time positions in which they will hit the ground running because of their prior experience in the municipality as interns.

1.5.6.2. Revenue

Revenue collected



Areas

An amount of R 74, 616, 615. 04 was owed to the municipality and interest amounting to R 9, 040, 806. 85 was charged for all accounts in areas.

Budgeted revenue and revenue collected

Projected revenue in terms of the approved annual budget and adjustment budget are detailed in page 9 of the Annual Financial Statements. In overall, the budgeted revenue initially stood at R 271,570,650 and was adjusted upwards by R 12,804,402 to R 284,375,052 during the adjustment budget, however; the actual was R 268,646,623 resulting in different of R 15,728,429. In other words, the municipality could not receive its projected revenue which is, partly, a product of the COVID 19 pandemic which severely curtailed the municipality's revenue collecting ability.

1.5.6.3. Budget

The municipality's budget was fully funded and credible. Of course, there are pressures with regard to insufficient financial resources and competing development priorities but the municipality managed to produce a good and balanced budget that the community supported during public participation processes. The actual figures are outlined and analyzed in the AFS part of this report.

1.5.6.4. Expenditure

The municipality aims to incur all expenditure should be made in line with the budget. However, during the audit, unauthorized expenditure that had not been authorized through an adjustment budget was uncovered and, going forward, the municipality should address this through an AG Action Plan to recurrence of such.

1.5.6.5. Collection rate

The overall collection rate stood at 89% which is 6% behind the set collection rate norm. The municipality has a serious challenge of a high number of poor households which makes it very difficult to make adequate collection, but the municipality is doing everything within its power to improve collection. Levels of collection by the source are shown in the figure below.

1.5.6.6. Irregular expenditure

The municipality is doing its best to prevent irregular expenditure and in cases where such expenditure did occur, it is disclosed accordingly in the AFS and applicable laws shall be applied in order to deal with such expenditure. Irregular expenditure of R 50 883 465 was incurred in 2019/20 and is mostly attributable to the composition of the Bid Adjudication Committee which has already been corrected by the municipality.

1.5.6.7. Sustainability

Despite its dependence on government grants, the municipality is financial stable and sustainable due to good leadership and effective and efficient management of its finances. The municipality has adequate cash reserves and have no borrowings thereby eliminating debt servicing costs.

1.5.7. ORGANIZATIONAL DEVELOPMENT

1.5.7.1. Critical posts

The municipality has five departments; all section 54 and 56 posts were filled with full-time incumbents for the whole of 2019/20 financial year.

1.5.7.2. Staff establishment

The municipal staff establishment is two hundred and seventy-nine. There was a staff compliment of two hundred and

twenty-two employees as at the end of the financial year. This excludes contract employees who are hired specifically to ensure uninterrupted provision of services during holidays, especially the festive season where most employees take leaves.

1.5.7.3. Policy review

In order to ensure compliance and a stable human resource administration, the municipality embarked on an exercise to review or update its human resource policies in order to establish a conducive environment for effective management of human capital. These policies are listed in the table below.

NO.	POLICY	REVIEW DATE
1	Recruitment, selection and appointment policy	29-Jun-20
2	Induction policy	29-Jun-20
3	Placement policy	29-Jun-20
4	Promotion, transfer and secondment policy	29-Jun-20
5	Relocation policy	29-Jun-20
6	Acting allowance policy	29-Jun-20
7	Job evaluation policy	29-Jun-20
8	Termination of service policy	29-Jun-20
9	Overtime, stand-by, shift and night work allowance policy	29-Jun-20
10	Leave policy	29-Jun-20
11	Training and skills development policy	29-Jun-20
12	Experiential training policy	29-Jun-20
13	Succession plan policy	29-Jun-20
14	Internal bursary policy	29-Jun-20
15	Disciplinary code and procedure	29-Jun-20
16	Grievance policy	29-Jun-20
17	Diversity management policy	29-Jun-20
18	Employment equity policy	29-Jun-20
19	HIV and AIDS policy	29-Jun-20
20	Occupational health policy	29-Jun-20
21	Sexual harassment policy	29-Jun-20
22	Smoking in the workplace policy	29-Jun-20
23	Employee assistance policy	29-Jun-20
24	Work attendance policy	29-Jun-20
25	Bereavement policy	29-Jun-20
26	Dress-code, uniform and protective clothing policy	29-Jun-20
27	Information and communication usage policy	29-Jun-20
28	Housing allowance policy	29-Jun-20
29	Remuneration policy	29-Jun-20
30	Payroll management and administration policy	29-Jun-20
31	Performance management policy	29-Jun-20
32	Human resource strategy	29-Jun-20

1.5.7.4. Vacancy rate

The municipality intend optimizing internal capacity through closing all vacancies. At the end of the financial year the vacancy rate was as detailed in table below:

	FILLED	VACAN- CIES	RATE
Office of the Municipal Manager	14	02	14.3%
Planning, LED, Housing and Tourism	10	04	40%
Corporate and Community Services	94	32	34.1%
Budget and Treasury	26	07	26.9%
Technical Services	78	12	15.4%
OVERALL VACANCY RATE	26.14%		

Table 3: Vacancy rate

1.5.7.5. Skills development

At the beginning of each financial year the municipality develop a workers' skills plan and set aside the budget to implement this plan. Skills development is one critical element in ensuring that the municipality attains the institutional capacity that allows it to deliver on its delivery mandate. The municipality did spend and exceed its WSP budget during the year.

1.5.7.6. Employment equity

The municipality is an equal opportunity employer and is committed to ensure a demographic balance of its workforce. The municipality has an employment equity plan in place but it has not reached its targets in full despite its efforts.

1.5.7.7. Injury on duty

The municipality has been fortunate enough not to experience serious fatalities by any worker on duty, especially for staff members doing hazardous work like fire-fighting, electricity maintenance and waste collection. For this financial year, the municipality was able to maintain optimum safety standards for its employees. There was no injury on duty.

1.5.7.8. Suspensions

There was no case warranting a suspension of any employee in the municipality since which is quite commendable.

1.5.7.9. Obituaries

Sadly and unfortunately, the municipality lost one staff member within the municipal workforce in the financial year. The municipality also mourned the passing of one of its councillors.

1.5.7.10. Employee wellness programme

The productivity of staff is dependent on a number of factors and one of them is their wellness either socially, economically, physically and emotionally. The municipality always strives to ensure that its employees' wellness is looked after by initiating a number of programmes aimed at supporting them. In this financial year an employee wellness event was held on 10 December 2019.

- Presentations were also made to employees by the following stakeholders:
- Natal Joint Municipal Pension Fund;
- SAMWUMED, and
- LA Health.

Aerobics sessions were also held at a neighboring CJM Hospital and Gateway (CJM) Clinic.

In addition to this, almost all employees underwent a medical examination which would also inform some of the interventions that the municipality may embark on in future.

1.5.7.11. LLF functionality

The municipality's LLF is well functioning considering the fact that it is able to hold meetings and also able to consider matters referred to it and engage on them robustly until productive outcomes are realized. However, there are challenges relating to applicable quorum requirements which delay the resolution of some of the matters that are meant to be discussed. Going forward the MM will write to all stakeholders to encourage them to make sure that they attend meetings as required.

1.5.7.12. Number and outcomes of matter referred to the bargaining council

There has been one labour dispute matter that has been referred to the bargaining council. The council found in favour of the municipality on this matter.

1.5.7.13. Job evaluation

The job evaluation was successfully implemented as per the municipality's policy and SALGA assessment outcomes. Outstanding issues that remain unresolved are being attended to using applicable processes.

1.5.7.14. Labour unrest/strikes

All labour related issues are discussed in the LLF and whenever employees have grievances they accordingly follow prescribed grievance procedures. As a result, there were no labour unrest or strikes in the year under review.

CHAPTER 02: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. POLITICAL GOVERNANCE

2.1.1. Political structure

The municipality’s highest decision making structure is Council which is presided over by the Speaker. The structure which looks into the day to day business of the municipality is the Executive Committee which is presided over by the Mayor and has subcommittees which are generally referred to as ‘portfolio committees’. All chairpersons of portfolio committees are EXCO members and report and/or make recommendations to EXCO which subsequently reports to Council through the Mayor. Portfolio committees are made up by all members of Council and cover all aspects of municipal functions by considering reports and making specific recommendations about specific matters. MPAC is the primary oversight arm of Council and play an oversight role over EXCO and also produce an oversight report on behalf of Council. MPAC reports directly to Council.

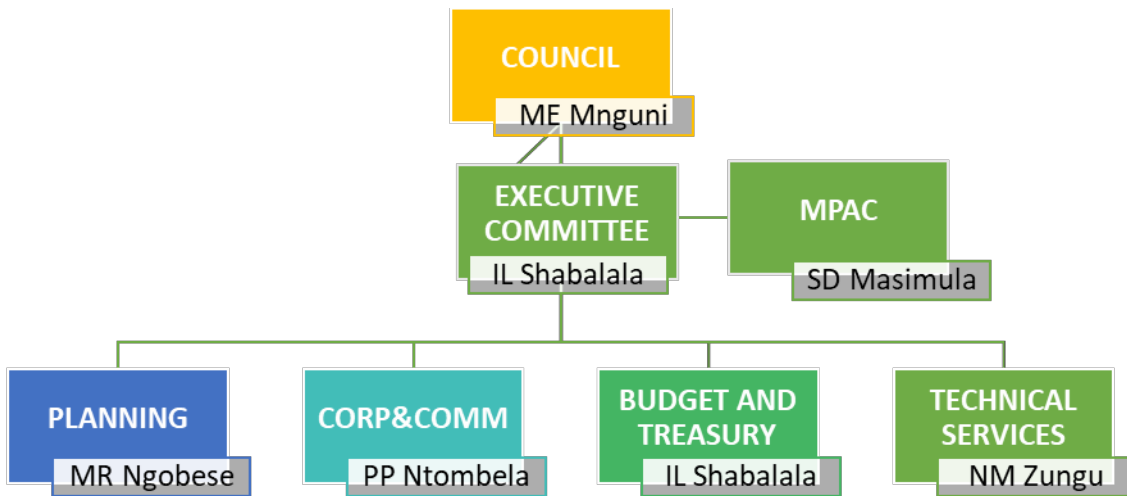


Figure 17: Political structure (including names of structures and chairpersons)

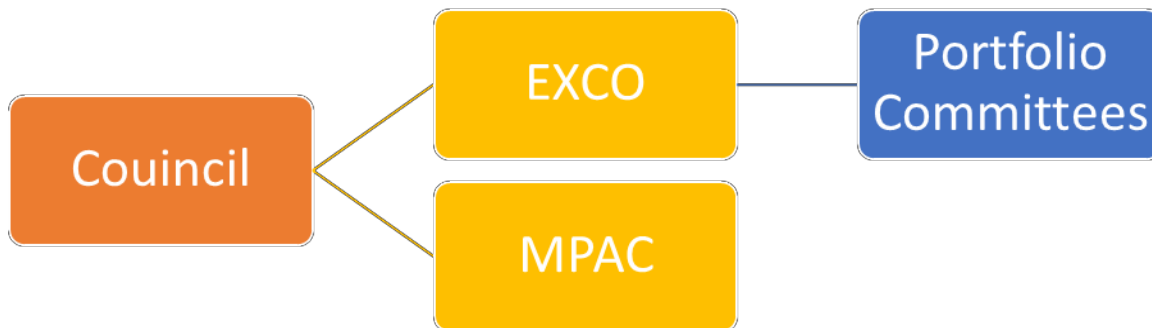


Figure 18: Relationship between council and its structures

2.1.2. Executive committee

Members of the Executive Committee of the municipality:



Figure 19: Members of the Executive Committee

2.1.3. Full time councillors

MAYOR	SPEAKER	DEPUTY MAYOR
<ul style="list-style-type: none"> • Cllr IL Shabalala • Ward 05 	<ul style="list-style-type: none"> • Cllr ME Mnguni • Ward 04 	<ul style="list-style-type: none"> • Cllr NM Zungu • PR Councillor

Figure 20: Full-time office bearers

2.1.4. Municipal Public Accounts Committee

MUNICIPAL PUBLIC ACCOUNTS (MPAC)			
COUNCILLORS NAME	DESIGNATION	GENDER	PARTY
1. Cllr. SD Masimula	Chairperson	Male	IFP
2. INkosi SK Sithole	Member	Male	N/A
3. Cllr. FA Hlatshwayo	Member	Male	IFP
4. Cllr. NG Mdlalose	Member	Female	IFP
5. Cllr. BI Zwane	Member	Male	DA
6. Cllr. ET Nhlebelo	Member	Female	NFP
7. Cllr. SG Kunene	Member	Female	ANC
8. Cllr. Z Sithole	Member	Female	IFP
9. Cllr. JN Khoza	Member	Male	IFP
10. Cllr. SP Mathe	Member	Male	IFP
11. Cllr. Shelembe	Member	Male	EFF

Table 4: Municipal Public Accounts Committee members.

2.1.5. Portfolio committees

FINANCIAL SERVICES PORTFOLIO COMMITTEE			
COUNCILLORS NAME	DESIGNATION	GENDER	PARTY
1. Cllr. IL SHabalala	Chairperson	Male	IFP
2. Inkosi ND Mncube	Member	Male	IFP
3. Cllr. IL Shabalala	Member	Male	IFP
4. Cllr. NM Buthelezi	Member	Male	IFP
5. Cllr. SP Mathe	Member	Male	IFP
6. Cllr. AS Zulu	Member	Male	IFP
7. Cllr. LS Hoffman	Member	Female	ANC
8. Cllr. NM Khanye	Member	Female	ANC
9. Cllr. NS Mkhize	Member	Female	ANC

Table 5: Financial Services Portfolio Committee (Finance Committee)

**CORPORATE & COMMUNITY SERVICES
PORTFOLIO COMMITTEE**

COUNCILLORS NAME	DESIGNA- TION	GENDER	PARTY
1. Cllr. PP Ntombela	Chairperson	Female	IFP
2. Inkosi PBN Molefe	Member	Male	N/A
3. Cllr. EM Mkhwanazi	Member	Male	IFP
4. Cllr. MSK Gumbi	Member	Male	ANC
5. Cllr. SP Mathe	Member	Male	IFP
6. Cllr. JN Khoza	Member	Male	IFP
7. Cllr. AS Zulu (deceased)	Member	Male	IFP
8. Cllr. GF Molefe	Member	Male	ANC
9. Cllr. RS Langa	Member	Male	IFP
10. Cllr. BI Zwane	Member	Male	DA

Table 6: Corporate and Community Services Portfolio Committe

TECHNICAL SERVICES PORTFOLIO COMMITTEE				
COUNCILLORS NAME	DESIGNATION	GENDER	PART	
1. Cllr. NM Zungu	Chairperson	Female	IFP	
2. Inkosi FP Hlatshwayo	Member	Male	N/A	
3. Cllr. FA Hlatshwayo	Member	Male	IFP	
4. Cllr. JZ Ndim	Member	Female	IFP	
5. Cllr. SMC Zikode	Member	Male	ANC	
6. Cllr. CN Xulu	Member	Female	ANC	
7. Cllr. LC Moloi	Member	Male	ANC	
8. Cllr. TA Dlamini	Member	Male	IFP	
9. Cllr. ET Nhlebel	Member	Female	NFP	
10. Cllr. JN Khoza	Member	Male	IFP	
11. Cllr. SM Buthelezi	Member	Male	IFP	

Table 7: Technical Services Portfolio Committee

**PLANNING, HOUSING AND LED PORTFOLIO
COMMITTEE**

COUNCILLORS NAME	DESIGNA- TION	GENDER	PARTY
1. Cllr. MR Ngobese	Chairperson	Female	IFP
2. Inkosi MPM Mazibuko	Member	Male	N/A
3. Cllr. Z Sithole	Member	Female	IFP
4. Cllr. RS Langa	Member	Male	IFP
5. Cllr. EM Mkhwanazi	Member	Male	IFP
6. Cllr. SM Buthelezi	Member	Male	IFP
7. Cllr. CT Buthelezi	Member	Female	ANC
8. Cllr. TJ Motloung	Member	Male	ANC
9. Cllr. XS Dlamini	Member		
10. Cllr. BI Zwane	Member	Male	DA
11. Cllr. TA Dlamini	Member	Male	IFP

Table 8: Planning, Housing and LED Portfolio Committee

2.1.6. Rapid Response Team (RRT)

This committee was conceptualised by COGTA to attend to and resolve pressing and urgent matters raised by communities in order to ensure that, in addition to existing channels of communication. This committee ensures that unnecessary strikes are prevented, especially those that are the direct product of miscommunication. This committee is fully functional and sits regularly and have prevented a number of strikes through the engagement of affected stakeholders. The composition of the committee is outlined in Table 9 contained in the following page. It must also be noted that the list provided include only municipal role-players, however; different stakeholders including security enforcement agencies and traditional leadership are often invited to make inputs and contribution when the committee deliberate on matters that have to be resolved.

RAPID RESPONSE TEAM

COUNCILLORS NAME	DESIGNATION	GENDER
1. Cllr. ME Mnguni	Chairperson (Speaker)	Male
2. Cllr. NM Zungu	Member (Deputy Mayor)	Female
3. Cllr. IL Shabalala	Member (Mayor)	Male
4. Cllr. PP Ntombela	Member (EXCO Member)	Female
5. Cllr. LS Hoffman	Member (EXCO Member)	Female
6. INkosi PBN Molefe	Member (Traditional Leadership representative)	Male
7. Mr BP Gumbi	Municipal Manager	Male
8. Mr WS Mpanza	Chief Financial Officer	Male
9. Mr MB Jiyane	Director planning and LED	Male
10. Mr OS Mnguni	Director Corporate & Community Services	Male

*Table 9: Rapid Response Team***2.1.7. Local Labour Forum**

The LLF is established as a committee that attend to all labour related matters and is a platform upon which all stakeholders, political leadership, management and labour engage to find solutions collectively. This committee sits as required and was instrumental in making the implementation of job evaluation a success. The committee is composed as outlined below, provided that labour representatives also sits on this committee.

LOCAL LABOUR FORUM

COUNCILLORS NAME	DESIGNATION	GENDER
1. Cllr. NM Buthelezi	Chairperson	Male
2. INkosi FP Hlatshwayo	Member	Male
3. Cllr. SP Mathe	Member	Male
4. Cllr. NM Khanye	Member	Female
5. Cllr. ME Mnguni	Ex-officio Member	Male
6. Mr MB Jiyane	Director Planning and LED	Male
7. Mr OS Mnguni	Director Corp & Community	Male

Table 10: Local Labour Forum

2.1.8. Functional analysis

All these structures mentioned above function optimally as they hold meetings as requires by law and/or the municipality's schedule of meetings. However, there isolated incidents where a quorum is not met due to work related commitments by councillors but that is rectified by deferring them to the next meeting if those matters are not of an urgent nature.

2.2. ADMINISTRATIVE GOVERNANCE

2.2.1. Administration structure

All the municipality's administrative powers are vested in the MM and duly delegated to all lower levels of administration which has different departments dealing with specific municipal functions and each headed its own HOD. The structure of municipal administration is structured as depicted below:

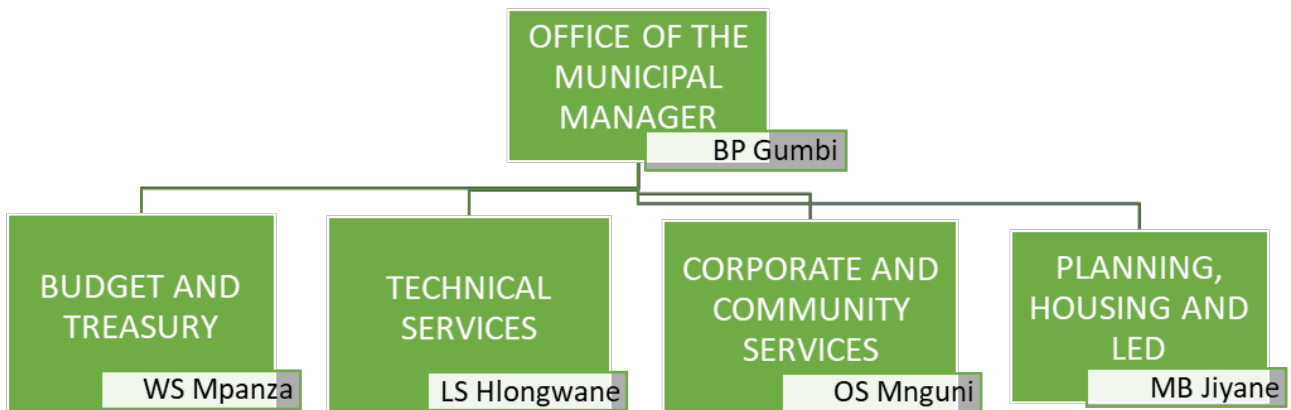


Figure 21: Structure of municipal administration

2.2.2. Management committee (MANCO)

MANCO is composed of the MM and HODs and sits regularly to attend to all administrative matters. This committee is fully functional and executes all its responsibility effectively.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. STRUCTURES

2.3.1. Umzinyathi intergovernmental structures

Some IGR structures are organised at a district level and the role of the municipality is limited to attending these forums when there are meetings called and has no direct control on the functionality or otherwise for these structures. These structures are the following:

- Mayor's Forum
- Speaker's Forum

- Municipal Manager's Forum
- Planning Forum
- Corporate Services Forum
- Infrastructure Forum [Technical]
- Disaster Management Forum
- Communicator's Forum
- General and Social Services Forum
- Chief Financial Officer's Forum
- District Task Team (OSS)

2.3.2. Operation Sukuma Sakhe structures

Operation Sukuma Sakhe is a multi-stakeholder coordination programme in which all government, private sector and civil society role-players are mobilized to tackle all service delivery, economic and social challenges. At a local level there are two coordinating structures, namely; Local Task Team and a ward based War Room.

Local Task Team

The LTT is functional and the municipality provides secretarial services to this committee. However, there are challenges with regard to the availability and/or consistent attendance by some stakeholders which may be due a variety of factors.

War Rooms

All seventeen (17) wards have War Rooms but they vary in terms of functionality. The table below gives an account of the different levels of functionality in all War Rooms.

War Room as per the ward	Functionality status
Ward 1 (a)	Functional
Ward 1(b)	Functional
Ward 2	Poor Functional
Ward 3	Functional
Ward 4	Functional
Ward 5	Functional
Ward 6	Functional
Ward 7	Poor Functional
Ward 8	None Functional
Ward 9	Functional
Ward 10	Functional
Ward 11	Fully Functional
Ward 12	Poor Functional
Ward 13	Functional
Ward 14	Fully Functional
Ward 15	Functional
Ward 16	Functional
Ward 17	Poor Functional

Table 11: War Room functionality per ward

2.3.3. IDP Stakeholder Representative Forum

Initially, the municipality utilised this forum to engage other stakeholders about the municipality's integrated development planning. However; due to the fact that the LTT has the same stakeholders as this forum, the municipality adopted the LTT as the platform to engage stakeholders on the IDP both to curtail costs and to avoid duplication. Going forward, the LTT is being consolidated and improved as the main forum for stakeholder engagement.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. WARD COMMITTEES

Ward committees are a critical component of the municipality established by the Municipal Structures Act to ensure that all corners of the municipality and also all sectors within different wards are adequately represented. Generally, ward committees were functional but there are challenges that need to be resolved to improve the functioning of all ward committees. COGTA takes the functioning of ward committees very seriously to an extent that it assesses on a regular basis. Overall functionality of ward committees as per the COGTA assessment stands at ????

2.5. SOCIAL SECTOR FORUMS

The municipality established and funds social sector forums which creates a platform for social groups to engage and mobilise support to address their common daily life challenges. These forums are listed below:

- Women's Forum
- Men's Forum
- Disability Forum
- Widowers Forum
- Elderly Forum
- Local Aids Council
- Youth Council

All these forums a fully functional and hold meetings regularly with the full logistical support of the municipality.

COMPONENT D: CORPORATE GOVERNANCE

2.6. RISK MANAGEMENT

Risk management unit

The risk management unit is located within the office of the municipal manager and consist of a dedicated risk management official.

Risk management committee

There is a risk management committee consisting of an independent chairperson (who reports to the audit committee), risk management officer, all HODs and risk champions representing all departments. This committee is fully functional.

Risk management forum

The risk management forum consists of risk champions representing all departments and also the risk management officer. This forum is responsible for coordinating the work of risk champions and preparing reports to the risk management committee where final decisions are taken. This committee is fully functional.

Capacity building

The municipality is rapidly improving its risk management capacity and has conducted training for all risk committee and risk forum members. Training for councillors was also conducted in order to ensure that their oversight capabilities are enhanced in this area.

Reviewed and/or approved policies

- ERM Framework;
- Anti-fraud and corruption strategy;

- Policy and strategy, and
- Terms of reference for risk committees.

Risk assessments

We conducted an operational risk assessment and a fraud risk assessment with the support of the Provincial Treasury.

Achievements

The municipality is performing quite spectacularly as far as risk management is concerned, especially considering the administrative capacity of the municipality. Some of the achievements of the municipality with regard to risk management are outlined below:

- Conducted our risk assessment as per our risk implementation plan;
- Saved R 1,5m towards acquiring a risk management system, and
- Our municipal candidate shortlisted to IRMSA awards for the up and coming risk manager of the year.

For the year under review, risk management indicator has been included for all municipal internal departments to ensure proper implementation and accountability.

Challenges

- Late submissions and delays in appointment of the Risk Manager.

2.7. ANTI-FRAUD AND CORRUPTION

Anti-fraud and corruption mitigation is incorporated as part of risk management. The municipality has develop an anti-fraud and corruption register with the assistance and support of the Provincial Treasury. As such, fraud and corruption is mitigated as part of risk management function.

2.8. SUPPLY CHAIN MANAGEMENT

There is the SCM located in the budget and treasury department having a staff compliment of a manager, a practitioner and four clerks. This unit manages the work of all bid committees and such committees are in place, function and its members are duly appointed and trained. The only matters that was raised by AG during the audit was the issue of the composition of the bid adjudication committee as prescribed by Section 29(2)(ii) of the SCM regulations, this matter will be addressed going forward.

These committees are functional and sit regularly to attend all procurement matters. There was not a single appeal about any decision or award of any tender which is an indication that bids are evaluated correctly.

2.9. BY-LAWS

The municipality has by-laws that regulates different aspects of municipal business especially as it relates to business administration, traffic management, pounding, land management, development planning, etc. These by-laws are attached to this report as Annexure A.

2.10. POLICIES

The municipality has a number of policies some of which regulated matters of internal operations while have implications for the public in general depending on purpose and scope of each policy. All policies are attached to this report as Annexure B.

2.11. BACK TO BASICS

The B2B programme was introduced as a catalyst to ensure that there is compliance and service delivery in municipalities. The most important municipal functions were selected as main areas of focus upon which all municipalities shall report about and their performance be assessed by COGTA on a quarterly basis. To ensure proper implementation of the B2B programme the municipality assigned a very senior official (i.e. Manager in the office of the MM) to coordinate it and report to COGTA as required.

The municipality has performed well in COGTA assessments for the duration of the financial year by consistently attaining a 'functional' rating which is good rating. However, there is still a big room for improvement in this regard and the municipality is committed to improve from the already good performance.

2.12. MUNICIPAL WEBSITE

The municipal website is a very important instrument communication tool of the municipality. There have been challenges with the functioning of the website but corrective measures and interventions are being undertaken to improve the functioning and quality of the municipal website.

2.13. PUBLIC SATISFACTION SURVEY

Public satisfaction survey is an important method to evaluate the levels of satisfaction or confidence that the public have about the ability of the municipality to deliver services, but such exercise is expensive and requires that it is conducted professionally to ensure the credibility of its outcomes. Fortunately, the municipality's public participation systems as well as complaint management system enables the municipality to solicit the views of the public on a continuous basis in order to get an idea of satisfaction levels. Further to that, the KZN Provincial Government do commission or partner with Stats SA to conduct public satisfaction survey in the province of KZN and municipality take advantage of that data.

2.14. INTERNAL AUDIT

The municipality has a permanent internal auditor but due to capacity constraints he is supported by a professional and reputable auditing company to ensure that the internal auditing function is performed effectively.

The scope of internal audit is wide to cover as many areas as possible to ensure that internal control deficiencies are identified early enough so that suitable intervention can be made. The internal audit unit conducted an audit and issued reports the following areas in the 2019/20 financial year:

- Contract and project management
- Revenue and debtors' management
- Supply chain management
- Fixed asset management
- Status of records and interim AFS

- Grants, banks and investments management
- Payroll and human resource management
- IT review
- External audit follow
- Internal audit follow
- Fleet management
- Performance management (x4)
- AFS review
- Expenditure management
- Inventory
- Compliance and governance
- Other operational review-
 - Waste Management
 - Disaster Management
 - Occupational Health and Safety

2.15. AUDIT COMMITTEE

All Audit Committee vacancies were filled with suitably qualified and adequately experienced individuals with different areas of specialization and expertise, namely; performance management, auditing, legal and accounting. The Audit Committee report for the year under review starts from the following page.

CHAPTER 03: SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

Water shortage is a serious challenge in Nquthu and the district as a whole. Water provision is UDM function and all water related matters are reported at a district level. The municipality will engage the reports of the district to fully familiarize itself with the actual water service provision actuals.

3.2. SANITATION

Sanitation, just like water provision, is the function of UDM but the municipality was consulted about some of the sanitation projects being undertaken in Nquthu.

3.3. WASTE MANAGEMENT

The last few years have seen South Africa taking significant steps towards improved waste management at a policy, legislation and planning level; most significantly with the promulgation of the National Environmental Management: Waste Act 59 of 2008 (hereafter Waste Act), the revised National Waste Management Strategy GN 344 of 2011 (NWMS) and a number of guidelines which have been published. In terms of Schedule 5B of the Constitution of South Africa, 1996 Constitution (Act 108 of 1996) (the Constitution) waste management is a local government competency that must be executed to protect human and environmental health. Hence it is largely at the local authority level where waste policies and plans are physically implemented and hence it is vital that waste planning at this level receives the attention it deserves.

3.3.1. Internal capacity

Funding

Waste management is funded mostly from equitable share grant. But in addition to own funding, the municipality has a partnership with a Belgian Bornem Municipality which funded the municipality of which a portion was used for the municipality's recycling programme.

Personnel

Waste management unit has a staff compliment of forty-four employees. Temporal employees are hired to accommodate the December rush.

Equipment

There are three waste collection trucks but is in poor condition and therefore not in a working order and is due for disposal. There is also one bakkie used for administrative purposes. The municipality procured a new refuse truck which was delivered in December 2018 with a capacity of 15 tons in order to further improve waste collection services.

3.3.2. Waste collection

Waste collection is divided into two categories, there is billed waste collection for Nquthu Town and also minimal waste collection at the out-flung rural areas which is performs in terms of the municipality's recycling project. The recycling project is being developed because its advantage is three fold; it provides income for waste pickers and waste ambassadors, extend waste collection of the municipality and also improve recycling. A total of 3 417 households in Nquthu Town, Nquthu Township and Nondweni area do have access to waste collection (Please refer to waste collection schedule below).

PLACE	MON.	TUES.	WED.	THURS.	FRI.	SAT.	SUN.
T O W N - S H I P		ONCE per day		O N C E per day	ONCE per day		
N O N - D W E N I		ONCE per day					
N Q U T H U T O W N	DAILY TWICE day	- DAILY per TWICE day	- D A I L Y per TWICE day	- DAILY per T W I C E per day	- DAILY TWICE day	- DAILY per TWICE day	- D A I L Y per TWICE per day

Table 12: Waste collection schedule

3.3.3. Recycling

The municipality has a functional Buy Back Centre that is dedicated to sorting, measuring, packaging and storing recyclable waste for selling in bulk big to recyclers. This facility is properly equipped and employs seven staff excluding fifty (50) waste ambassadors who are located in all seventeen municipal wards. At this facility, waste is collected sorted, and packaged for ease of measuring and transportation.

The municipality already has the following equipment for the Buy Back Centre to run its operations:

- Recyclable waste collection truck;
- Five (5) Ton forklift for moving around heavy loads at the centre;
- Bailing machine;
- Waste compacting machine, and
- Other recycling related equipment.

Recycling has a number of advantages to the municipality, the environment and the community in general which include, among others, the following:

- 147 tons of recyclable waste that otherwise would have been dumped at the site was diverted through the recycling programme which has an effect of extending the lifecycle of the municipal dumpsite which is a very critical and sensitive asset of the municipality, and
- Economic development spin-offs. The recycling programme has created a number of economic opportunities for the people who are directly employed as well as waste pickers. *(Refer to the picture below)*

3.3.4. Landfill site

The municipality has a licenced landfill site locates at Nondweni. This site is annually audited to ensure that all matters that need to be rectified are attended to.

3.3.5. By-laws and enforcement

The municipality is struggling with the challenge of illegal dumping and at the end of the 2019/20 financial year the updated by-laws related to waste management to enable the municipality to improve its enforcement were in the process of being gazetted. However, there has been an arrangement with the municipality's traffic unit to utilize its peace officers for purposes of enforcement of the municipal by-laws once they have been properly promulgated.

3.3.6. Awareness/clean-up campaigns

Littering and illegal dumping is partly due to a lack of waste management awareness campaigns. Public awareness on the issues of illegal dumping needs to be improved and the public needs to be informed of who to contact should they witness illegal dumping and what details should be recorded. The municipality normally conducts clean-ups and awareness campaigns at least once per quarter, but we need more in order to achieve positive results. The municipality have an intensive waste management related campaigns in order to inform communities about the role they can play to ensure a cleaner Nquthu.

The following campaigns were conducted in the 2019/20 financial year:

- Clean – up campaigns & environmental education was conducted on the 6th August 2019 at Cassino Primary School;
- Public awareness & environmental education was on the 7th August 2019 in Ward 06 Councillor and the CWP team was also involved;
- Clean – up drive was conducted on the 19th August 2019 in Luvisi Area, Ward 14;
- Clean – up campaigns & environmental educations were conducted around Nquthu CBD and also in neighbouring school; The five day Environmental Education & Awareness Training was conducted on the 16-22nd January 2020, whereby the Nquthu Donga Rehab Participants/ Beneficiaries were targeted;
- On the 05-06th February 2020 we conducted the waste classification & characterization training targeting the Good Green Deeds Participants & BBC Waste Ambassadors. It also incorporated the IWMP training;
- On the 21-24th February 2020 we conducted the Environmental Education & Awareness at Ekucabangeni Primary School, Esibanini Primary School and Luvisi Primary School;
- On the 11th March 2020 we identified new illegal dumping spots around Nquthu, namely Luvisi Area P54 Road; Mpumelweni Area Road 52 South and Luvisi Area near the Cemetery. On the 13th March another EE & Awareness was conducted at Luvisi Primary School, and
- On the 25th March 2020 we conducted an informal clearing of illegal dumping spots within the town, whereby 3 spots were cleared that day. In these campaigns we were involving the Good Green Deeds Participants as well as the Buy Back Centre Waste Ambassadors.

These campaigns form an important component of the municipality's waste management approach because they seek to promote appropriate waste management practices within the community in order to curtail waste accumulation. The picture in the following page shows the municipal team in action.



Figure 23: The municipality team in action in Ward 14.

3.3.7. Challenges

While the municipality is doing its best to improve waste management within Nquthu, there are still challenges that need to be addressed going forward, including:

- ✓ Lack of adequate environmental/waste management education especially in rural areas;
- ✓ Animals in town they contribute in polluting our city e.g. cattle's, pigs because they eat at the dustbin of which is not allowed;
- ✓ Street vendors are continuing with burning of waste in Nqutu CBD;
- ✓ Busting of water pipes and blocked storm water drains seems to be the problem in polluting the environment especially near the old bus rank/old market stalls (commonly referred to as 'ezindlini ezibomvu');
- ✓ Illegal dumping seems to be the problem especially along the river banks, and
- ✓ Insufficient capacity in terms of equipment and financial resources.

The municipality is utilizing the Development Compliance Committee which a municipality multidisciplinary committee that make recommendations and take collective actions to address challenges of this nature.

3.4. ELECTRICITY

While electricity provision is one of the functions of the municipality but it performs this function in conjunction with Eskom since a larger portion of national electrification grants allocated to Nquthu are channelled into Eskom in terms of DORA. The municipality is fully responsible for electricity reticulation and maintenance in the licenced municipal area which include Nquthu Town and Nquthu Township which is located in Ward 14. The rest of Nquthu is under the

control of Eskom but the municipality does implement electricity connection projects in Eskom areas and hand over those projects to Eskom after completion.

3.5. HOUSING

The municipality is a housing developer and has a full-time Housing Manager who ensure that the municipality plays its role optimally. However, due to capacity constraints, the municipality appoint implementing agents for purposes of planning, funding application and execution of all housing projects.

3.5.1. Housing unit activities

Type	Date
Housing Sector Plan Inception report meeting.	31 July 2019
Establishment of housing Sector Plan committee and development of the TOR for HSP.	30 September 2019
Housing Sector Plan Status Quo Report meeting.	06 November 2019
Housing Forum Meeting.	29 August 2019
Housing Forum Meeting.	05 December 2019
Housing Forum Meeting.	12 March 2020
12 Monthly Reports.	Monthly
Housing Awareness.	09 July 2019
Housing Awareness.	11 February 2020
Housing Projects Steering Committee meetings.	02 July 2019
PSC Meeting.	20 August 2019
Community Meeting.	04 September 2019
PSC Meeting.	28 October 2019
PSC Meeting.	04 December 2019
PSC Meeting.	04 March 2020
Housing Social Complains.	On daily basis

3.5.2. Housing projects status

Planning Stage Housing Projects

- Since we have four housing projects in Planning Stage, 2 projects have completed Planning Milestones (Qhudeni in ward 01 and Jama in ward 3,4,5),
- Jama housing project is awaiting approval from Ingonyama Trust to make application for Construction Stage, and
- Qhudeni housing project has applied for Construction Stage from the Department and waiting for approval.

Construction Stage Housing Projects

- Nquthu Phase2 housing project in ward 14 has completed 1218 houses built,
- The Contactor is busy with Township Establishment and
- Also busy with Transfers for Title Deeds
- In ward 06 Nondweni Housing project has completed 390 houses.

IDP/Proposed projects

We have four proposed housing projects approved by Council, each project consists of 1000 units, and those projects are:

- Masotsheni Housing project in ward 11,
- Mashesheleni and Mafihleni in ward 12/13
- Ndindindi / Nhlalakahle in ward 12/13 and
- Esikhaleni / Thokoza in ward 09.

3.6. FREE BASIC SERVICE AND INDIGENT SUPPORT

The municipality make provisions for qualifying households by providing FBE and rebates on rates and the municipality seeks to improve the management of its indigent programme going forward to ensure compliance with all applicable laws. Indigent information is detailed on the AFS.

COMPONENT B: ROAD TRANSPORT**3.7. ROADS**

There are different categories of roads in Nquthu, namely; provincial roads, district roads which are the responsibility of DOT and also access roads which are the responsibility of the municipality. Access roads are built and maintained by the municipality, three access roads were completed and two were partially complete at the end of the financial year, two of these are tarred roads in Nquthu town. Plans to improve roads maintenance are underway and the municipality will appoint a maintenance technician in 2019/20 so that maintenance work can be properly planned and executed.

3.8. TRANSPORT

The role of function of the municipality as far as transportation is concerned is currently limited to issuing of operating permits and approval of routes to taxi operators and also the maintenance of taxi ranks in terms of ablution facilities and refuse collection. However, plans are underway to develop the municipality's Integrated Local Transport Plan which is at a draft stage and will become a blueprint for transportation regulation within the municipality going forward.

3.9. STORMWATER

Water drainage system is a very critical in managing water flow especially during heavy rains to prevent uncontrolled flooding or dangerous accumulation of water on the road, especially in Nquthu Town. No stormwater was constructed by the service provider in the 2019/20 financial year except the stormwater that is installed at the Nquthu Residential project where the municipality has earmarked land that is being developed for residential purposes.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10. PLANNING

3.10.1. Integrated development planning

The IDP unit is located in the office of the MM and is two officials consisting of the manager and officer. In terms of MSA direct the municipality to undertake an integrated development planning which ultimately culminate into the adoption of the municipal IDP which becomes the primary development blueprint of the municipality. It is the IDP that provide a basis for or informs the municipality's budget and performance management.

IDP Process Plan

Section 29 of MSA directs the municipality to design a process to followed in developing the IDP and involve the public in that process. The process plan was duly developed in line with the provisions of MSA and it then became a guiding document in the development of the municipality's 2020/21 IDP.

Stakeholder management

The municipality initially used the IDP Stakeholder Representative Forum for purposes of stakeholder engagement but later adopted the LTT since it is the most convenient platform. This decision was based on the following grounds:

- Most sector departments are short staffed and officials have many commitments in their departments which makes attending many meetings to be an inconvenience that may negatively affect consistent service delivery;
- All targeted stakeholders for IDP engagements are part of the LTT which make creating another platform to be a duplication, and
- LTT allows for the IDP engagement to take place almost every month and therefore creates a conducive environment for a meaningful engagement by stakeholders.

Strategic planning

3.10.2. Spatial and development planning

Nquthu is one of the small but fast-growing municipalities within the uMzinyathi district. There are number of development challenges that are experienced by the municipalities especial if there is a recognizable growth and development. A balance is required to be struck between the various and often competing social, economic and environmental interests, and public and private interests, situated between and at national, provincial, regional and local level. The rights and responsibilities of owners and the protection of the public interest are through a well-defined process/ procedure which are developed and implemented by the development Planning unit within the municipality.

Planning in South Africa operates within a legal framework, which strives to ensure that municipalities deliver their developmentally-orientated planning objectives in terms of Section 152 and 153 of the South Africa Constitution, 1996 (Act No. 108 of 1996). Development Planning may be interpreted to mean the intentional arrangement or management

of the spatial environment with a view to produce order out of what would otherwise almost certainly be chaos. The way in which that order is obtained and the tools used in obtaining it constitute science or art of development planning.

The key performance areas of the unit as reflected in the department structure are as follows:

- ✓ Development control
- ✓ Development facilitation
- ✓ Land use management
- ✓ Transport planning
- ✓ Environmental planning

The above mentioned functions of this unit are very critical to ensure a well-planned development that would not yield unintended consequences in future.

3.10.2.1. Internal capacity

This unit is singularly driven by one town planning official which necessitates that some of the unit's projects be outsourced. However, this unit sometimes benefits from the municipality's in-service training programme which eased the burden from the planner.

3.10.2.2. Activities

DEVELOPMENT PLANNING OFFICE		
Development Compliance Enforcement Committee	12 August 2019	Training Room (Municipal Offices)
Development Compliance Enforcement Committee	09 September 2019	Training Room (Municipal Offices)
Development Compliance Enforcement Committee	14 October 2019	Office 55 (Municipal Offices)
Development Compliance Enforcement Committee	11 November 2019	Training Room (Municipal Offices)
Development Compliance Enforcement Committee	10 December 2019	Office 53 (Municipal Offices)
Development Compliance Enforcement Committee	09 March 2020	Training Room (Municipal Offices)
Development Compliance Enforcement Committee	12 October 2020	Council Chamber (Municipal Offices)
Development Compliance Enforcement Committee	09 November 2020	Office 53 (Municipal Offices)
Provincial SPLUMA Forum	23 August 2019	Onomo Hotel Durban
Provincial SPLUMA Forum	29 November 2019	TBC Durban
Planning and Development Forum	10 December 2019	Umzinyathi Offices
Planning and Development Forum	06 March 2020	Umzinyathi Offices

Figure 29: Spatial and development planning activities

3.10.2.3. Achievements

The status outlined in the table above represents some of the progress that the municipality has made with regard to regulatory policies for spatial planning and development planning to ensure that development is well planned going forward.

The achievements of the planning section can be summarized as follows:

- Managed to process in time all 5 received complete application
- Finalized and adopted a Single Land Use Scheme
- Completed a Spatial Development Framework
- Completed a Urban Design framework
- Functional Development Compliance Enforcement Committee is in place
- Functional Municipal Planning Tribunal is in place
- Managed to source securities from the security department to patrol and stop land invasion in town
- We are at a verge of completing the processes of registering the Nquthu Master Plan
- We have resumed the processes of formalizing Nondweni

3.11. GEOGRAPHICAL INFORMATION SYSTEMS (GIS)

The municipality has an in-house GIS unit which has a fulltime and suitably qualified GIS practitioner and also a plotter machine and all required software which the municipality is continuously upgrading. The GIS Steering Committee was also established and is fully functional. This unit is primarily responsible for gathering and managing all geographical and statistical data to ensure that the municipality has credible basis for planning and reporting. This unit also provides services to the community especially local learners and architects and also government departments by providing them with maps and printing services.

The GIS unit work or activities for 2019/20 financial year is summarized as follows:

Activity	Date	Place/venue
Meeting with KZN CoGTA to assess GIS	09 September 2019	Municipal offices
GIS Steering Committee meeting	17 September 2019	Municipal offices
South African Geomatics Council-approved GIS Day	13 November 2019	Municipal offices

Achievements

- Over 150 GIS requests attended to as form of maps, spatial data and services.

- On spatial data management conducted a spatial data needs assessment with all municipal departments, crafted a collection approach and facilitated the appointment of the service provider considering the municipal spatial data pressing needs.

3.12. LOCAL ECONOMIC DEVELOPMENT

3.12.1. Internal capacity

One of the biggest challenges facing Nquthu is low economic growth, economic participation by the majority and high unemployment rate, therefore; the primary function of this department is to spearhead and coordinate all programmes and projects aimed at dealing with this challenge. For this reason, it becomes very important that this department is well resource in order to be able to tackle these difficult challenges. The municipality's LED unit is located in the planning, housing and led portfolio committee and consists of four officials. In terms of budget, there is a serious shortage due to the low capacity nature of the municipality but every effort is made to make the best out of the meagre available financial resources.

COMPONENT D: COMMUNITY SERVICES

3.13. COMMUNITY FACILITIES

3.13.1. Library services

3.13.1.1. Staffing/personnel

There is a library manager, a librarian, computer assistants, general workers and volunteers placed at mobile libraries and school libraries which amount to eighteen fulltime library staff members and six volunteers who receive a monthly stipend. Four of these staff members were appointed during the 2019/20 financial year.

3.13.1.2. Services and programmes

In addition to standard library services, there are also a number of other services and/or activities that the library carries out the following highlights are reported for the 2019/20 financial year:

- **Basic Computer Skills training:** The municipality realizes the importance of computer literacy in the current digital environment. Our libraries provide a platform whereby communities are given basic computer skills as a form of skills development. These trainings have assisted a number of youth with computer basic skills. In this period, we trained about 400 people who successfully completed their training lessons.
- **Library Outreach Programme:** Our libraries conduct outreach programmes in order to alert the community about the services rendered in libraries. These outreach programmes are mostly done in local schools and community meetings. We conducted a total number of 32 outreach programmes in our section during this financial year.

3.13.2. Sports-fields

There is one stadium in Nquthu Town which was out of use for the larger part of 2019/20 due to the upgrading that is taking place. This stadium is being upgraded to improve lighting, the quality of the pitch and also include other sports facilities including the tennis court and other necessary upgrades and renovations.

3.13.3. Community halls

Community halls are available for utilization by members of the community and are booked through the municipality's facility management unit which was established to manage all municipal offices. All wards are covered by community halls except for ward five (5) whose community is planned for 2019/20 financial year.

3.13.4. Cemeteries

Cemeteries are divided into two categories consisting of municipal controlled cemeteries and those located in the Ingonyama Trust land controlled by AmaKhosi. The municipal cemetery located in Nquthu Town is the only municipal cemetery left. Community members pay a prescribed fee to bury on this cemetery and the municipality provide digging services. Burial space in this cemetery is quickly running out due to the fact that is a lot of rocky space that cannot be utilized unless specialized equipment is procured.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.14. POLLUTION CONTROL

The municipality lacks the capacity perform the pollution control both in terms of prevention and enforcement. However, the municipality does take the matter of pollution control very seriously and through its recycling project the municipality contribute in collecting and selling waste that would otherwise be primary sources of pollution.

3.15. BIODIVERSITY

Nquthu is very rich in terms of tourism due to its history and also its biodiversity, therefore; biodiversity is not only an environmental issue for the municipality, but is also an economic development issue because of the potential that tourism has in Nquthu.

The municipality has not yet designed specific programmes and projects dealing with matters of biodiversity due to capacity constraints, however; the municipality through its Spatial Development Framework identifies areas that need constant attention of the municipality so that the biodiversity nature and character of Nquthu as a whole and also to ensure that all developmental programmes and projects are geared promote biodiversity protection.

COMPONENT F: SAFETY AND SECURITY

3.16. TRAFFIC MANAGEMENT

The municipality's traffic management unit is responsible for traffic management within the area of jurisdiction of the municipality but focuses in Nquthu Town and its surroundings due to capacity constraints. This unit is responsible for all traffic management related functions which includes the following:

- ✓ Road traffic management or enforcement of traffic laws on road users;
- ✓ Livestock control through pounding of stray animals;
- ✓ Issuing of licences and permits, and
- ✓ Providing by-law enforcement services to the municipality.

The municipality's traffic management unit also works hand in hand with other national law enforcement agencies to promote and ensure law enforcement.

3.16.1. Internal capacity

The unit has a complement of seventeen employees, namely; eight traffic officers, two examiners, one licencing officers, two cashiers, one data captures and three general workers. This unit has dedicated offices and three vehicles. There are six vacancies within the department and processes to procure additional patrol vehicle were under way at the end of the financial year to further improve capacity.

3.16.2. Traffic management programmes and activities

Road blocks and speeding traps

DESCRIPTION	NO.
Road blocks conducted	78
Written notices issued (tickets)	729
Chargers against offenders	815
Suspension notices (un-roadworthy cars removed from the road)	09
Road obstructions attended to	98
Warrants executed	119
Incidents attended (accidents)	14

Table 16: Traffic work done

The municipality's traffic management unit conducts its own road block and speeding trap exercise but also conduct multidisciplinary road blocks with other law enforcement agencies like RTI and SAPS, especially during busy Easter holidays or festive season. The figure below shows the traffic management unit in conjunction with other law enforcement agencies at work, the relationship or cooperation between the municipality's own unit and other traffic management agencies is very good and the results are great.

Animal control/pounding

The municipality has an animal pound where it keeps stray animals after which the owners of such animals collect them after paying the charged fine. The animals are auctioned if the owner has not been successfully identified after the prescribed timeframe. A total of 224 stray animals were pounded in this financial year. If the animals are accompanied by a person that person is reprimanded to remove the animals from the road. There has been a challenge with regard to the collection of fines and penalties that has to be resolve with the service provider.

Licences and permits

The municipality has a licencing division in which provide drivers' licence, professional driving permits and learners licence services.

DESCRIPTION	NUMBER	TARIFF
Professional driving permit category D,G & P	744	R 150
Applications for learners licences	1 222	R 150
Issued learners licences	630	R 60
Issued duplicates learners licences	20	R 80
Issued Driving licences	630	R 250
Issued temporary Driving licences	680	R 90

Table 17: Licences and permits services rendered

In overall, a total of 3 926 community members received a licences and permits service from the traffic management unit.

3.16.3. Testing ground

The construction on the testing ground which will allow the traffic management unit to expand its scope provide vehicle testing and drivers' licence testing services is underway. Once completed, rendering of services will commence as soon as is practically possible.

3.17. DISASTER MANAGEMENT AND FIRE FIGHTING

Nquthu is a disaster prone place and one of the major contributors to disaster incidents is lightning strikes. The fire-fighting unit is integrated into the disaster management unit which is primarily responsible for mitigation and responding to disasters. The fire-fighting service is actually the backbone of disaster management because it is the provider of trained personnel and vehicles required to respond to any form of disaster.

3.17.1. Internal capacity

The department has a disaster manager heading the unit and a compliment of fifteen employees, including the aforementioned manager. In terms of equipment, there are two fire trucks (9000L and 3000L) and two heavy-duty all terrain bakkies (600L each). To further improve the municipality's internal capacity, the municipality has commissioned a fire-station worth over thirteen million rands that was supposed to be completed in the 2019/20 financial year but the completion date was moved forward due to slow progress.

3.17.2. Fire fighting

As mentioned above, fire incidents are a serious concern in Nquthu and the municipal fire-fighting unit's capacity is stretched to its limits especially when incident areas are in remote areas with terrible terrain making it even more difficult to respond as rapidly as possible. A total of one hundred and thirty-two fire incidents were attended in the financial year.

3.17.3. Disaster management awareness campaigns

As part of the municipality's disaster mitigation strategy, it has embarked on continuous awareness campaign drive to ensure that our public is informed and vigilant against any possible disaster situation so that they can respond rapidly and in an informed manner. These campaigns mostly target schools since school going learners constitute the most vulnerable groups as they are exposed to lightening and have to cross water flood paths on their way home when there are heavy rains. There is also an SMS service whereby communities are warned about coming or potential extreme weather situations which may have dire outcomes for communities, since almost all disasters are weather related.

3.17.4. Lightning conductors

Due to very high lightning strike incidents the municipality resolved to embark on a project of erecting lightning conductors in areas identified as more prone or vulnerable to lightning strikes. A total of one hundred and sixty-six lightning conductors were erected in the financial year and the municipality would like to increase this number if finances allow.

COMPONENT G: SPORTS AND RECREATION

3.18. SPORTS

Sports programmes were as follows:

Type	Date	Venue
Dundee July	20 July 2019	Dundee
Indigenous Games	16-18 Aug 2019	uThukela District
Golden Games	10-12 Sep 2019	Ugu District
SALGA Games	12-15 Dec 2019	eThekweni Municipality

3.19. TOURISM

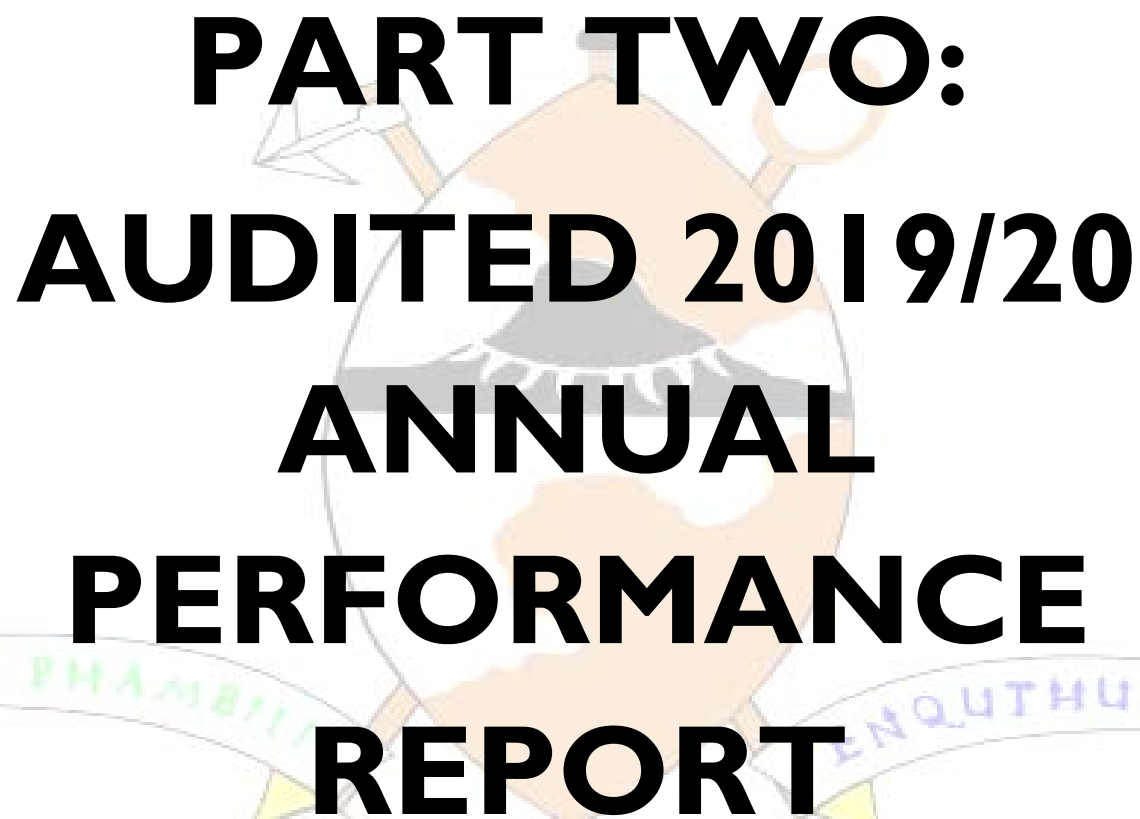
Nquthu has immense tourism potential mainly due to its rich history (i.e. the battlefields for the well documented battles of Ncome and Sandlwana are both located in Nquthu) and multicultural character (i.e. Nquthu has Zulu and Sotho traditional communities and they coexist in utmost peace). By virtue of this two factors Nquthu has a serious tourist attraction potential. The municipality is aware of this reality and is, together with the municipality funded Nquthu Tourism Organization (NCTO), working very hard to realize the potential that Nquthu has.

COMPONENT H: SOCIAL INTERVENTIONS

3.21. YOUTH DEVELOPMENT

The municipality has a dedicated youth development unit which is located in the office of the MM. This unit has a compliment of three employees consisting of a youth manager and two officers. There are a variety of youth development programmes that were implemented in the 2018/19 financial year. Some of youth development programmes and events that were undertaken are outlined below. There is also a Municipal Youth Council which is representative body for youth in all wards tasked with advocating for youth development within the municipality and also advises the municipality on youth matters. The Youth Council is functional and hold meetings as required.

Projects/ Program	Name of the Program/ Project	Date	Venue
	Youth Outreach		
	International Mandela Day	18/ 07/ 19	Scelimfundo Combined School
	Zazi Youth Camp	12/ 07/ 19	CJM Hospital, Nquthu Luvisi
	Luvisi Youth Awareness Dialogue	06/ 08/ 19	Community Hall Ngwebini
	Nquthu-Assupol ECD Awareness	12/ 09/ 19	(Ward 4) Mpumelweni
	Take a girl child to work	13/ 11/ 19	Community Hall Nquthu
	Youth Headed Households	05/ 12/ 19	Council Chamber Nquthu
	Unisa registration	22 /01/ 20	Library
	Department of Labour & Employment	11/ 03/ 20	Mpumelweni Community Hall
	Skills Development YES Skills Development	18/ 09/ 19	Nquthu Council Chamber
Events	Name of the Event		
	Local Science Exhibition	27/ 08/ 19	Mpumelweni Community Hall
	Grade 12 Examination Prayer	15/ 10/ 19	Mpumelweni Community Hall
Approved/reviewed Policies	None		
Achievements	The above mentioned programs were executed		
Challenges	Covid 19 Lockdown		

The coat of arms of Nquthu Local Municipality is centered in the background. It features a shield with a sunburst at the top, a central figure, and a banner at the bottom with the motto 'PHAMBILI NGENTUTHUKO ENQUTHU'.

**PART TWO:
AUDITED 2019/20
ANNUAL
PERFORMANCE
REPORT**

4. INTRODUCTION

Nquthu Local Municipality Annual Performance Report for 2019/20 financial year is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, (No 32 of 2000) and Chapter 12 for the Municipal Finance Management Act, (No 56 of 2003). The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting process.

5. LEGISLATIVE FRAMEWORK

Nquthu Local Municipality Annual Performance Report for 2019/20 financial year is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, (No 32 of 2000) and Chapter 12 for the Municipal Finance Management Act, (No 56 of 2003). The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting process. Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers. Senior managers are appointed in terms of 2014 Regulations on the Appointment of Municipal Managers and Managers Directly Reporting to the Municipal Manager. These Regulations set out the level of competency standards for senior managers and when their performance is set it set it must be ensured that those standards are met.

The Municipal Planning and Performance Management Regulations (2001) stipulates 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” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following:-

“Annual performance reports

46. (1) A municipality must prepare for each financial year a performance report reflecting–
- (a) the performance of the municipality and of each external service provider during that financial year;
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances 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.”

6. METHODOLOGY

According to the provisions of the Municipal Systems Act, (No 32 of 2000), municipalities must monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports, as required in terms of Chapter 6 of the Municipal Systems Act on performance management system. These quarterly and mid-year reports make up the municipalities' annual performance reports as required in terms of Section 46 of the Municipal Systems Act, which are then submitted to the Auditor-General, together with the Annual Financial Statements, for auditing purposes. After the adoption of the audited performance report by the municipal council (a component of the Annual Report), it must then be submitted to the Department of Cooperative Governance and Traditional Affairs, National and Provincial Treasury, Auditor General and relevant authorities.

The municipality obtained the unqualified audit opinion in the 2018/19 financial year. The Auditor-General raised the issue of key performance indicators for "electricity connection within 14 days after application has been approved" which has no clear and logical. Another indicator that raised a query was "number of kilometres of access roads maintained "which did not specify the wards, where the access roads in Nquthu would be maintained. These indicators were reviewed for the 2019/20 financial year in for target to be specific and attainable.

7. ANNUAL PERFORMANCE REPORT SUMMARY

In terms of the Section 46 of the Municipal Systems Act (No. 32 of 2000) as amended, requires a municipality to prepare an annual performance report for the year under review, which becomes a component of the Annual Report. For the 2019/20 financial year, the municipality had a total of One Hundred (100) key performance indicators, and they have been evaluated against the targets and the summary is indicated in **Table 07** below.

NATIONAL KEY PERFORMANCE AREAS	KEY PERFORMANCE INDICATORS	TARGETS ACHIEVED	TARGETS PARTIALLY ACHIEVED	TARGETS NOT ACHIEVED
Municipal Transformation and Institutional Development	8	1	1	6
Basic Services Delivery	35	26	2	7
Local Economic Development	7	4	1	2
Good Governance and Public Participation	11	10	0	1
Municipal Financial Viability and Management	14	6	2	6
Cross Cutting	25	13	8	4
TOTAL	100	60	14	26
STATUS (%)	100%	60%	14%	26%

Table 07: Performance summary

Each key performance indicator has set performance targets to ensure that IDP objectives under indicators fall are realized. As illustrated in the table above, **60%** of the targets were achieved for the key performance indicators which are on the organisational scorecard, **14%** were partially achieved and **26%** were not achieved.

Figure 07 below provides a performance comparison between the financial year under review and the past two financial years.

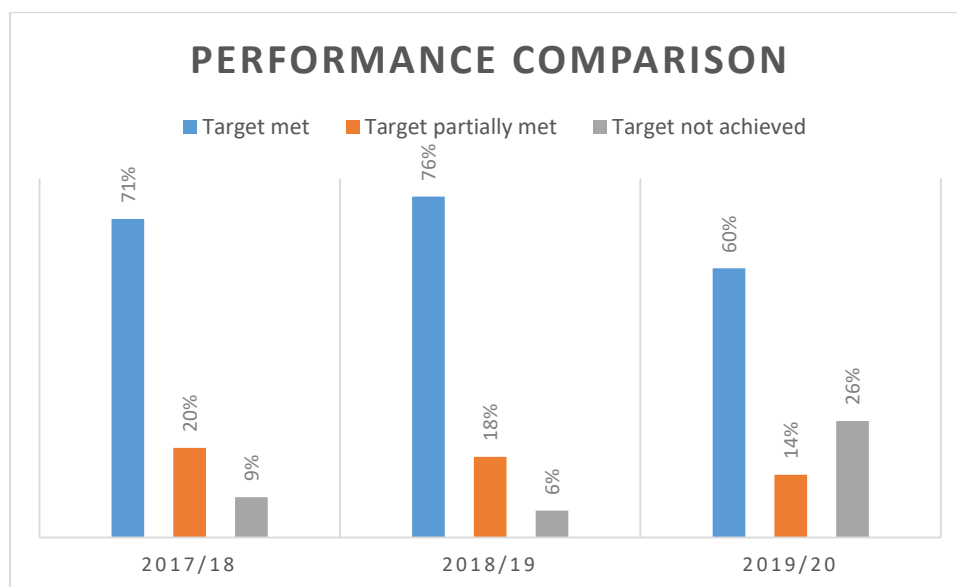


Figure 07: Multiyear performance comparison

Performance for 2019/20 is comparatively negative in relation to the last two financial years, however; there is still room for improvement and the municipality will strive to implement all measures to ensure that performance is further improved going forward.

The quick analysis for performance information for 2017/18 – 2019/20 has been conducted in order to reflect whether the performance of the municipality is improving or not.

Performance Comparison	2017/18	2018/19	2019/20
Target met	71%	76%	60%
Target partially met	20%	18%	14%
Target not achieved	9%	6%	26%

Figure 08: Performance Analysis

8. PERFORMANCE MANAGEMENT PROCESSES

The municipality has a Performance Management Policy Framework in place which sets out the process that must be followed by the organization in the formulation systems that designed to enable effective monitoring, management and evaluation of performance. To date the performance framework has been reviewed internally by the IDP/PMS Unit. The framework has been adopted by the Council with the final IDP review for 2020/21. The standard COGTA guidelines in conjunction with the framework have been used to execute all performance related matters within the municipality.

The performance management processes and other processes related to performance management are summarized below as follows:

- **IDP formulation:** when the IDP is being formulated, the public is consulted in order to determine the needs of the people. These needs become municipal development priorities and translate and they are translated into IDP objectives. When IDP objectives have been

determined, the municipality devise strategies that shall be employed to ensure the realization of those objectives.

- **Organizational performance scorecard:** National key performance areas and IDP objectives and strategies form the basis of the municipality's organizational scorecard. Key performance indicators for each objective are developed and target(s) are set for each indicator.
- **Municipal budget:** the budget is allocated and prioritized with the sole purpose of ensuring that the IDP objectives are realized. Therefore, the budget is aligned to the IDP.
After the IDP and budget have been approved, the Mayor approves the SDBIP which becomes an instrument to accurately link the IDP and the budget and form the basis upon which municipal performance shall be measured and also form the basis for performance agreements of senior managers.
- **Performance reporting:** in addition to operational or verbal report in different departments and units, MSA, the Regulations as well as municipal performance management policies prescribe a formal performance reporting processes and procedures. These processes and procedures are briefly outlined below-
 - Monthly operational reports are submitted to Portfolio Committees within one week after the end of a calendar month;
 - Quarterly Departmental OPMS reports are being submitted to the Municipal Manager on a quarterly basis and then to Council for approval;
 - When the OPMS reports are submitted to the Municipal Manager they are then submitted to Internal Audit for review as a requirement;
 - Internal Audited Report goes to the Audit Committee as Nquthu Municipality has a fully functional Audit Committee which oversees all the municipal performance;
 - The municipality then compile the Annual Performance Report based on the quarterly reports that were submitted throughout the financial year. The Annual Performance Report is then submitted to the Internal Audit and Audit Committee before it is submitted to the relevant stakeholders, especially to AG for auditing, and
 - After AG completes the audit and has issued the report, the annual performance report is incorporated into the annual report which is made public to account to the public about the governance, financial management and performance of the municipality.

9. PERFORMANCE AND SUPPORTING INFORMATION

The municipal scorecard (Annexure 01) approach unpacks the 6 Key Performance Area's and the municipal targets as well as achievements of the municipality. The municipality has identified the loopholes between the two years and this will assist in rectifying the issue in the present financial year. The municipal scorecard imitates the budget that was allocated for each programme as part of service delivery.

Nquthu IDP contains priorities and these priorities are cascaded to performance management and are measured by the progress made within the timeframes allocated. The priorities are agreed upon by the Municipal Council during the Strategic Planning Session and are measured by the quarterly reports of which are reviewed quarterly in the Council meetings.

The Annual Performance Report for the 2019/20 financial year has been completed and reflected in the Organisational Performance Scorecard in a table format (as prescribed by KZN CoGTA). This annual performance report will be presented to the Auditor General for auditing together with the Annual Financial Statements by 31 August 2020.

This Annual Performance Report (Tables) should be read in conjunction with the Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance Information for 2019/20.

In the 2019/20 financial year, the municipality did improve in two KPAs and regressed in four KPAs. Regression in performance is not a good thing and the municipality is determined to ensure that there will be no regression going forward. However, it is also noted that the regression in

performance is much greater than an improvement that has been made which resulted in the overall performance decreasing by 22%.

As has been stated before, there has been a performance regression in four KPAs but a huge improvement in two KPAs, the net effect of which resulted in an overall improvement in organizational performance. **Table 09** below clearly shows the KPAs that regressed and those that improved.

NATIONAL KEY PERFORMANCE AREAS	2017/18	2018/19	2019/20
Municipal transformation and institutional development	78%	73%	13%
Basic services delivery	31%	46%	74%
Local economic development	90%	78%	57%
Good governance and public participation	69%	82%	91%
Municipal financial viability and management	95%	91%	43%
Cross cutting	100%	89%	52%
Average Total	77%	77%	55%

Table 09: KPA performance comparison for 2017/18, 2018/19 and 2019/20

Tables 9A below focuses on the performance of each KPA and the municipality's corrective measures will focus on these KPAs to ensure that the overall organizational performance is further improved.

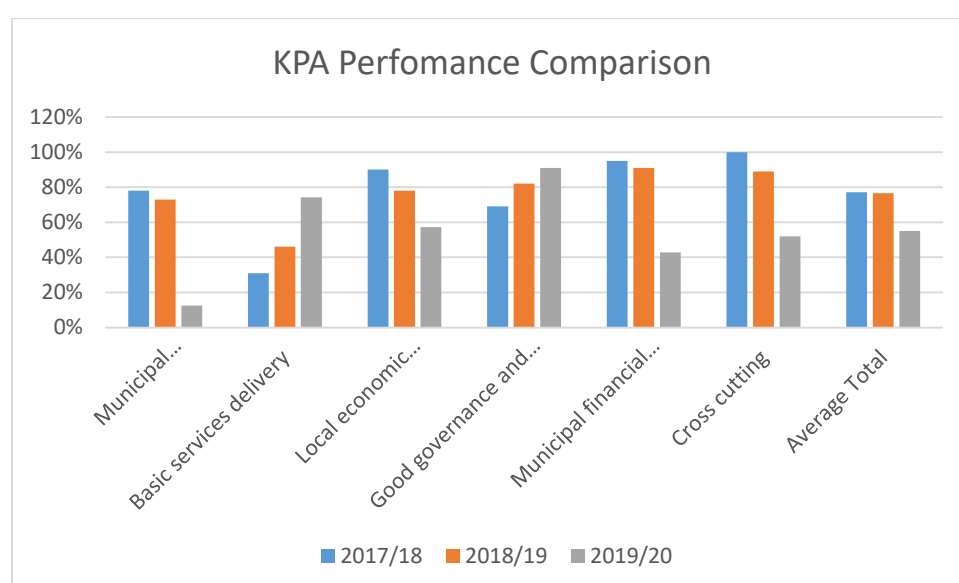


Table 9A: KPA performance Comparison

As shown in **Table 9A** above, more work still needs to be done in relation to KPA for Cross Cutting and Municipal Financial Viability and Management, Local Economic Development, and Municipal Transformation. The municipality exists primarily to deliver services, so it is quite important that all KPAs are prioritized and improved.

Performance in relation to achieved, partially achieved and not achieved targets is expressed in percentages in **Table 9B** below.

TARGET STATUS	2019/20	2018/2019	2017/2018
Achieved targets	71%	76%	60%
Partially achieved targets	20%	18%	14%
Targets not achieved	9%	6%	26%

Table 9B: Multiyear target status

Table 9B above shows that the numbers of unachieved and partially achieved targets are decreasing while the number of achieved targets is increasing. This is an upward trend in performance that can result in outstanding performance if maintained. The municipality shall strive to maintain this trend.

Nquthu Local Municipality has is assigned the following functions to perform within its area of jurisdiction:

- Access roads and storm water construction and maintenance;
- Billboards and outdoor advertising regulation;
- Street cleaning;
- Local amenities;
- Local tourism;
- Public facilities and spaces;
- Municipal planning and building regulations, and
- Local economic development.

In order for the municipality to be able to exercise its powers and perform its functions as set out above, it has got to constantly develop its constitutional capacity so that it is in a better position to perform better in all KPAs. The performance of each KPA is summarized below in relation to performance highlights, challenges and measures taken improve performance.

9.1. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Through the implementation of the Work Skills Plan the municipality has managed to spend 70% of the budget through trainings of municipal employees, councillors and ward committees. The WSP was submitted on the 30 May 2020 to LG Setu. The municipality has managed to submit the Employment Equity Report to the relevant department. The performance assessments for senior managers were conducted to monitor the performance of the municipality. OPMS Reports were submitted to Internal Auditor and Audit Committee.

(a) Performance Highlights for 2019/20

Despite a variety of challenges that existed, the municipality did manage to make good progress in the following areas:

- 70% of the budget spent on Workplace Skills Plan during 2019/20 financial year.
- Reviewed municipal organogram and all senior management posts filled.
- Functional Performance Audit Committee to conduct performance assessment for Senior Managers.
- Municipal Annual Reports approved in time and overseen by MPAC before submission for Council.
- Functional risk management structures and effective risk management systems.

(b) Challenges

Despite the progress made, there were challenges that the municipality did experience which it has to find solutions to and address this financial year:

- Late submission of performance reports by internal departments resulting in late compilation of performance reports.
- Not all scheduled trainings were implemented due to lockdown which led the municipality to spend only 70% of the budget on WSP.

(c) Measures Taken to improve Performance

The following measures are being implemented to improve performance:

- The municipality is implementing electronic performance management module to in order to improve management of performance information.

The municipality exists primarily to deliver services to the people who are residents of the municipality. While the municipality is making progress in the delivery of services, there is still room for improvement. Paragraph 9.2 below provides performance highlights for the 2019/20 financial year and also highlights challenges and measures taken to improve performance.

9.2. BASIC SERVICE DELIVERY

Basic Service Delivery is the vital KPA as it deals directly with the delivery of services to the community. The department of technical services ensured that other municipal programmes are executed such as Expanded Public Works Programme, Waste Ambassadors programme in order to create job for the community. The municipality is implementing the Integrated Waste Management Plan through waste management campaigns and improving access to waste collection. The municipality implemented Municipal Infrastructure Grants, Integrated National Electrification Programme grant and also self-generated funds to constructing community facilities, roads and sport fields, household connections, etc. in 2019/20 financial year focused on the planning of projects by ensuring that project designs are in place and will start implementing those projects in 2020/21 financial year.

(a) Performance Highlights for Service Delivery 2019/2020

Under basic services KPA; the municipality implemented a number of projects through MIG funding and in-house budget. The following are the projects that were implemented in 2019/20:

Roads

- Roads maintenance plan was fully implemented
- Nquthu Southern Road Network Phase II is 85% complete and Ntabenebomvu is 100% complete.
- The project designs for Mbilane Gravel Road, Mphunyuka Gravel Road, Nkonkanyane Gravel Road, Magogo Gravel Road, Nomalanga Gravel Road are in place even though Magogo Gravel is already 63% completed and Nomalanga Gravel is 53% completed. These projects will be implemented next financial year.

Community and social facilities

- Gwija Community Hall is 39% completed, Masakhane Community Hall is 11% completed, Eziqhazeni Community Hall is 72% completed.
- Magabeni/ Khulani Creche is 100% completed and Mpumelweni Creche is 100% completed.
- Upgrading of Nquthu Stadium is 100% completed, Springlake Sport field is 100% completed,
- The project designs for Klwayisi Hall, Odudela Hall, Nkalankala Hall, Ngqulu Hall, Sigubudu Hall, Mngxangala Hall, Jabavu Hall, Ekukhanyeni Hall, Ngonini Sport field, Jama/ Mkhonjane

Horse Riding and Zalakwande Creche have been completed. And these projects will be implemented during 2020/21 financial year.

In-house Projects

- The construction of Traffic Department offices is 29% completed and the construction of Nquthu Fire Station is 10% completed. These projects will be finalised next financial year.

Electrification

- 1052 households connected with electricity for Low cost housing phase 2 at Mpumelweni area.
- The municipality have taken an initiative to conduct technical Assessment for electricity losses in order identify the cause of the problem and address them accordingly and the report was submitted.
- Again, the municipality is doing the best it can to ensure that new electricity connections are completed within 14 days turn-around time after application received.

(b) Challenges

- Climate change causes implications as Nquthu area experiences drastic environmental challenges
- Ageing electricity distribution infrastructure.
- The lockdown affected the finalisation of the planned projects

(c) Measures Taken to improve Performance

- Ensure that contractors improve their construction of the projects and stick to the timeframes.
- Technical Assessment for electricity losses was conducted and the recommendations from the submitted report will be implemented during the next financial year.

In addition to developing infrastructure, the municipality has an obligation to ensure social and economic development within the area of its jurisdiction. Nquthu has a very high unemployment rate so it very important that the municipality put in place programmes to unleash its economic potential. There has been good progress that was made in this area as highlighted in Paragraph 9.3 below.

9.3. SOCIAL AND LOCAL ECONOMIC DEVELOPMENT

In terms of LED/Tourism unit, 2019/20 achieved 57% in its planned targets such as, cultural events, art, culture and heritage events, support of local businesses, tourism programmes and poverty alleviation. Below are the highlights of what the municipality did in 2018/19 financial year.

(a) Performance Highlights for 2019/2020

- Under Arts, heritage and Culture, Participation on UMkhosi WoMhlanga by the community was conducted successfully.
- There were several cultural events that were hosted in 2019/20 namely: Ingoma yomama nezintombi, Annual event which comprises of Ingoma, Traditional Horse Riding, and Sesotho Dance Competition
- SMME programmes were part of the LED that were achieved by the municipality through trainings, workshops and development of the SMMEs and Co-operatives. Trainings conducted for Emerging Contractors [09 July 2019], Local Contractors [08 September 2019] and Sewing Cooperative [09-13 September 2019]. Training of Emerging contractors conducted on the 20

November 2019. Cooperative Visit Conducted on the 21 October 2019, Caterers Training on the 04-05 February 2020.

- The Subcontracting Programme has been launched to support and capacitate local businesses around Nquthu. 21 Subcontractors that have completed their work and as from July 2018 to date and we have invested a sum of R4 307 763.72
- There were forty-four (44) beneficiaries for the Drivers Licence Programme implemented by the municipality to assist the youth to obtain driver licences. Of the 44, 41 of them have already obtained their learner's licences and 03 of them have obtained their driver's licences which enhance their potential to find work since Nquthu has a very high youth unemployment rate.
- 170 jobs were created through Expanded Public Works Programme and 73 Waste Ambassadors benefiting from Green Deed Program. 22 beneficiaries from DEA and 51 beneficiaries appointed by the municipality

(b) Challenges

- Insufficient funding to expand the scope programmes and number of beneficiaries.
- Inadequate communication and ineffective coordination with sector departments in executing the duties which are relevant to their functionality (i.e. Agriculture, Arts & Culture, EDTEA).

(c) Measures Taken to improve Performance

- Merging the municipality's IDP Stakeholder Representative Forum and Operation Sukuma Sakhe's Local Task Team to ensure quarterly engagements with all sector departments and other stakeholders.

The municipality has got to generate revenue and manage its finances properly in order sustain its operations and deliver services to the people. Paragraph 9.4 below addresses particular aspect of municipal performance in the 2018/19 financial year.

9.4. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The Municipal Financial Viability and Management KPA have kept its performance in matters of finance. The interns that were appointed are still in force, the systems that are annually maintained are still up to date as per the financial target.

(a) Performance Highlights for 2019/20

- Bid committees are functional and bid committee members were duly trained.
- The municipality have an established Budget Steering Committee to manage budget processes of the municipality.
- Audit Committee is fully functional and effective and has added value to the functioning of the municipality.

(b) Challenges

- High debtors due to high number of indigent households.
- Lack of transfer of ownership of land limits revenue base.
- Non-payment for services by customers who have the ability to pay.
- Huge financial loss due to electricity losses.

(c) Measures Taken to improve Performance

- Fast-track the land disposal of land with revenue generating potential.
- Conduct workshop for newly appointed staff on MSCOA Implementation.
- Enforcement of debt collection policies.

- Technical section to implement electricity infrastructure assessment report to address the exact causes of electricity losses.

Good governance and public participation are some of the key pillars of local government. Paragraph 9.5 below outlines the performance highlights for this KPA.

9.5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The performance in this Key Performance Area relies on the appropriate structures in place which include Council and other structures. The municipality has a fully functional oversight structures such as Council, Executive Committee, MPAC to mention a few. The municipality conducts sod turning events and handover functions. The municipality was able to execute all programmes and targets as per Service Delivery Budget and Implementation Plan due to functional oversight structures. The municipality have an audit committee in place to oversee the finance, performance and compliance of the municipality.

Service Delivery Charter and Improvement Plan, Batho Pele Policy and Service Delivery Charter have been reviewed during the last financial year and now await implementation.

(a) Performance Highlights for 2019/20

- Council Meetings, Portfolio Committee, MPAC and other structures are functional and effective although there is still a room for improvement. The municipality is implementing virtual council meetings in order to comply with Covid-19 regulations.
- The municipality have obtained 73% in Quarter 1, 78 % in quarter 2, 87% in quarter 3 and 78% Quarter 4 for Back 2 Basic COGTA assessment outcomes. The average percentage of 79% obtained for 2019/20.
- 5 out of 5 complaints were responded to within 14 days. The complaints received included electricity at Mpumeleweni Area, water crisis, Boreholes and RDP House at Mpumelelweni.
- SOD Turnings conducted for Ntabenebomvu bridge, Khulani Creche, Fire Station. Introduction of project contractors conducted for Nquthu Residential Development Phase I and 2, Mngxangala Hall, Ogazini hall, and Nomalanga Road. Handover conducted for Nqulu Community Hall.
- Risk Committee and Audit Committee conducted on a quarterly basis. And the Internal Audit Plan was implemented accordingly.

(b) Challenges

- Implementation of all Back 2 Basics programmes.
- Inadequate coordination of municipal outreach programmes by internal departments.

(c) Measures Taken to improve Performance

- Adoption of the Local Task Team as a consultation platform.
- Development of Public Participation Plan and establishment of the coordinating committee.

The cross cutting KPA, as outlined in Paragraph 9.6 below; deals with among other, development planning which is central in ensuring that the municipality make good use of its land and also regulate development within the municipality.

9.6. CROSS-CUTTING INTERVENTIONS

In terms of disaster management, the municipality has an effective response team when the disaster strikes. This had a good impact in assisting people who are in need during the hard times. The municipality also undertook the community and schools awareness campaigns that informed the community about the disaster.

In terms of spatial planning the Draft UDF and SDF are in place and to be approved in November 2020 as per project milestone.

In terms of law enforcement [traffic], the municipality conducted road blocks in order to ensure safe local roads

The municipality have a functional IDP units that facilitate the development and implementation Integrated Development Planning of the municipality.

(a) Performance Highlights for 2019/2020

- The 2020/21 Integrated Development Plan was adopted by council on the 15 June 2020 and subsequently submitted to COGTA. The Draft IDP was publicised on the municipal website for public comments and no physical meetings conducted due to lockdown.
- And also the municipality have combined the IDP Representative Forum with the Local Task Team [LTT] due to the same stakeholders that sits on these forums. And these meetings were conducted on the quarterly basis
- The municipality comply with 60 days turnaround time for processing of SPLUMA applications for submission to JMPT
- Nquthu municipality executed 14 disaster management awareness campaigns which assisted in educating the community about disaster.
- The service provider has been appointed for installation of 900 lightning conductors. And so far only 4% of the project have been implemented
- The municipality conducted 47 road blocks and responding immediately to road accidents.
- The municipality have a functional GIS unit which respond with 30 days turnaround time on information request.
- We have conducted indigenous games, Golden games and then participated on SALGA Games with 7 sport codes and on Dundee July with 18 Horses
- 15 Social Representative forums conducted for Disability Forum, Senior Citizens, Widows Forum, Womens Forum, and Men's Forum in order to protecting and supporting the vulnerable groups within the municipality.
- Early Childhood Centres are supported with relevant materials and the municipality also supports high and primary school students with school uniform.
- The municipality is in partnership with Bornem Municipality (Belgium) where a number of activities are done in joint. The Bornem has funded the municipality in youth programmes; learn and play is one of the activities that are benefiting from this funding. Each year; the learn-and-play programme purchases the material kids.

(b) Challenges

- Insufficient disaster management capacity.
- Illegal land occupation of municipal land.
- Insufficient GIS capacity.

- Non-compliance with building regulations.

(c) Measures Taken to improve Performance

- Mobilization of all stakeholders to prevent and fight illegal land occupation.
- Construction of the Nquthu Fire Station and purchase of additional Fire Truck.
- GIS budget was increased to enable it implement its programmes.
- The compliance development committee has been strengthened.

10. ORGANIZATIONAL PERFORMANCE SCORECARD

The organizational performance scorecard is attached as **Annexure 01** of this report. The scorecard is arranged to cover all national KPAs under which all IDP objectives falls. It provides exact details performance for the year under review in terms of the following:

- **Multiyear comparison:** this column compares performance for the year under review with performance for the previous two years in order to determine whether municipal performance is improving or not.
- **Current year performance:** this column provides comparison between planned and achieved targets to measure performance per each key performance area.
- **Target status:** this column is colour shaded in to show if the target has been achieved, partially achieved or not achieved.
- **Corrective measure:** this column provides explanations of the corrective action that will be taken to ensure that all the set target are finally achieved so that the service delivery mandate of the municipality is met.
- **Portfolio of evidence:** performance is audited to ensure the credibility and accuracy of reported performance. This column state the evidence that is available that proves what has been reported as achievements.

11. ASSESSMENT OF SERVICE PROVIDERS

The municipality does not have the institutional capacity to perform all its functions by itself. Therefore, through the municipality's procurement policies and systems, it appoints external service providers to perform those functions on the behalf of the municipality. For every work that is performed by the service provider, there are standards that are set which the service provider must meet. Therefore, service provider performance is also evaluated through the municipality's contract management system. **Annexure 02** provides a table wherein the performance of service providers is duly assessed.

12. KEY AREAS TO NOTE

Improving Performance

Performance is a major role that the municipality must champion to achieve the Clean Audit. It is envisaged that the municipality must avoid working in silos so as to avoid the duplication of information and programmes and to avoid the Audit opinion that is not satisfactory. This has been improved as all departments take responsibility in providing all needed information on time in compilation of all important documents. But still there are loopholes needed to be addressed so as to convene a professional mandate of achieving one goal and one vision of the municipality which is looking at championing of sustainable Local Economy and Community Development through good governance.

The municipality must ensure that all planned targets are achieved within the timeframe set out on the municipal scorecard so as to improve the municipal performance.

13. LESSONS LEARNT AND WAY FORWARD

The municipal internal departments must keep the good work of working together for better alignment which will avoid the duplication of programmes as this is the most occurring challenge. All internal departments should interact with one another for the better delivery to the community. The way forward is to set out the schedule where the municipal staff will engage each other consecutively and discuss the progress made regarding with the municipal vision, targets and objectives. By doing this the municipality will enrich its standard in service delivery to the community.

14. CONCLUSION

The Annual Performance Report has been developed in compliance with applicable legislations and regulations (i.e. Section 46 of the Municipal Structures Act, No. 32 of 2000). The objectives in the report reflect the IDP objectives adopted by the Council. Umzinyathi District Municipality is responsible for water and sanitation within Nquthu jurisdiction as per Municipal systems Act 2000, which stipulates the powers and functions of the municipalities.

ANNEXURES TO THE 2019/20 ANNUAL PERFORMANCE REPORT:

- 1. 2019/20 PERFORMANCE SCORECARD**
- 2. ASSESSMENT OF SERVICE PROVIDERS**

SCORE- CARD Ref.	RESPONSIBLE DEPARTMENT (Unit)	IDP OBJECTIVE	IDP STRATEGY	KEY PERFORMANCE INDICATOR	SDBIP/K PI Ref. No.	BASELINE	UNIT OF MEASUREMENT/ CRITERIA	BUDGET	ANNUAL TARGET 2018/19	ANNUAL ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGET /2019/20	ACTUAL ACHIEVED 2019/20	COMMENT	ACHIEVEMENT STATUS	REASON FOR UNDERACHIEVEMENT	CORRECTIVE MEASURES	WARD	OUTPUT INDICATOR	OUTCOME INDICATOR	PORTFOLIO OF EVIDENCE
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT																				
ORG-01	CORPORATE SERVICES	To improve the skills of councillors and staff	Implementation of WSP by ensuring the training of staff and councillors as per the WSP	Percentage of WSP budget spent by year end	CORP-01	100%	Percentage of WSP budget spent	R 710, 000	100%	100%	100% of WSP budget spent	70%	70% of Budget for WSP	Partially Achieved	The following scheduled trainings could not be implemented due to lockdown. Project Management (6 Months), 7 Secretary Training, Pump Operation training planned for 14 firefighters.	All SCM processes will be finalised in the O2 going forward so that emerging challenges can be addressed early.	N/A	100% spending of WSP budget	skills improved to councillors and staff	Reports and supporting documentation including financial records, attendance registers and certificates
ORG-03	CORPORATE SERVICES	To enhance institutional development	Ensuring that critical posts and all budgeted vacant posts are filled	Number of vacant positions filled by year end	CORP-03	22 posts filled	Number of vacant filled posts		23	23	13			Not Achieved			N/A	13 Vacant posts filled	Improved Municipal Capacity	Organogram and appointment letters
ORG-04	CORPORATE SERVICES	To enhance institutional development	Provide in-service training to students who have completed their degrees/diplomas	Appointment of in-service trainees and interns	CORP-04	10	Number of in-service trainees and interns appointed	R 300 000	10	11	20	0	No In-service Trainees were appointed during 2019/20	Not Achieved	Shortlisting scheduled for 23 March 2020 and 2020 was postponed thereafter followed lockdown. Due to Covid-19 In-service Trainees were not appointed	In-service Trainees will be appointed during the 2020/21 financial year	N/A	20 In-service trainees and interns appointed	Improved Municipal Capacity and job creation	Appointment letters
ORG-05	CORPORATE SERVICES	To enhance institutional development	Strive to attain demographic equity in municipal workforce	Number of people from employment equity target groups employed in the three highest levels of management by year end.	CORP-40	N/A	Number	N/A	N/A	N/A	25			Not Achieved			N/A	25 high Levels posts workforce	Improved Municipal Capacity that is linked to Municipal demographic	Employment equity plan and EEP report

SCORE-CARD Ref.	RESPONSIBLE DEPARTMENT (Unit)	IDP OBJECTIVE	IDP STRATEGY	KEY PERFORMANCE INDICATOR	SDBIP/K PI Ref. No.	BASELINE	UNIT OF MEASUREMENT/ CRITERIA	BUDGET	ANNUAL TARGET 2018/19	ANNUAL ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGET /2019/20	ACTUAL ACHIEVED 2019/20	COMMENT	ACHIEVEMENT STATUS	REASON FOR UNDERACHIEVEMENT	CORRECTIVE MEASURES	WARD	OUTPUT INDICATOR	OUTCOME INDICATOR	PORTFOLIO OF EVIDENCE
	CORPORATE SERVICES	To enhance and ensure the effectiveness of the municipal ICT system	Review of ICT Policies	Approval of reviewed ICT policy(s) by 31-05-2020	CORP-05	N/A	Date		30-Jun-19	0	31-May-20	0	ICT Policies were not submitted to Council, and they are still on draft stage	Not Achieved	ICT Policies still on draft stage	ICT Policies to be adopted next financial year	N/A	ICT Policies approved by 31-May-20	Effective municipal ICT system	Council resolution
ORG-06	CORPORATE SERVICES	To enhance and ensure the effectiveness of the municipal ICT system	Monitor the ICT systems by ensuring a functional IT Steering Committee by year end	IT Steering Committee meetings	CORP-06	3	Number	N/A	4	3	4			Not Achieved			N/A	4-Steering posts Committee	Effective municipal ICT system	IT Steering Committee minutes and attendees registers
ORG-07	ALL DEPARTMENTS	Ensure the monitoring and evaluation of municipal performance	Table performance reports to enable Council to monitor performance by year end	Number of performance reports tabled to Council	MM-01-08	N/A	Number	N/A	4	4	5	5	5 Reports were submitted to council	Achieved	N/A	N/A	N/A	5 performance reports Tabled to Council	Effective monitoring and evaluation of municipal performance	Council resolution and report
ORG-08	CORPORATE SERVICES	To ensure effective fleet management system	Implementation of fleet Policy and quarterly fleet management reports	Number of fleet management reports tabled to the portfolio committee by year end.	CORP-07	N/A	Number	N/A	4	4	4			Not Achieved			N/A	4 fleet management reports tabled to the portfolio committee	Effective fleet management system and Monitoring	Portfolio committee minutes and reports
KPA 02: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT																				
ORG-09	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Developing and implementing infrastructure maintenance plan	Number of kilometers maintained in all wards by year end	TECH-02	139.5KM	Kilometers	R 1 332 000	85 km	139.9 km	90KM	96.5KM	The targeted number of kKMs was exceeded slightly by 6.5 KMs (75% = 83.3KMs and 107.2% = 96.5%)	Achieved	N/A	N/A	All wards	90 KM maintained	Improved accessibility by construction and maintenance of access roads	Quarterly road maintenance plan implemented on reports and supporting evidence
ORG-10	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Expansion of access road network	Construction of 6.85km Nquthu Southern Road Network Phase II	TECH-03	N/A	Percentage	R 24 000 000	100%	51%	100%	85% completed	85% completed	Partially Achieved	Project was halted during lockdown	Construction to resume when lockdown is lifted	14	6.5 KM (100%) of access road constructed	Improved accessibility by construction and maintenance of access roads	Completion Certificate and progress report

SCORE-CARD Ref.	RESPONSIBLE DEPARTMENT (Unit)	IDP OBJECTIVE	IDP STRATEGY	KEY PERFORMANCE INDICATOR	SDBIP/K PI Ref. No.	BASELINE	UNIT OF MEASUREMENT/ CRITERIA	BUDGET	ANNUAL TARGET 2018/19	ANNUAL ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGET /2019/20	ACTUAL ACHIEVED 2019/20	COMMENT	ACHIEVEMENT STATUS	REASON FOR UNDERACHIEVEMENT	CORRECTIVE MEASURES	WARD	OUTPUT INDICATOR	OUTCOME INDICATOR	PORTFOLIO OF EVIDENCE
ORG-11	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Expansion of access road network	Construction of 2.5km Ntshobanevu Gravel Rd before by year end	TECH-04	N/A	Percentage	R 200,000.00	100%	84%	100%	4378200%	The project was completed on 27 November 2019	Achieved	N/A	N/A	12	2.5 KM (100%) of access road constructed	Improved accessibility by construction and maintenance of access roads	Completion Certificate and progress report
ORG-12	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Expansion of access road network	Submission of design for Mbilane Gravel Road by year end	TECH-05	N/A	Date	R 300,000.00	N/A	N/A	31-Sep-2019	Design Report for Mbilane Gravel Road submitted before 30 June 2020	Achieved	N/A	N/A	8	1 design for Mbilane Gravel Road	Improved accessibility by construction and maintenance of access roads	Design Report	
ORG-13	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Expansion of access road network	Submission of design for Mphunyuka Gravel Road by year end		N/A	Date	R 500 000	N/A	N/A	31-Mar-20	Design Report for Mphunyuka Gravel Road submitted by 29 May 2020	Achieved	N/A	N/A	9	1 design for Mphunyuka Gravel Road	Improved accessibility by construction and maintenance of access roads	Design Report	
ORG-14	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Expansion of access road network	Submission of design for Nkonkanyan e Gravel Road by year end	TECH-06	N/A	Date	R 500,000.00	N/A	N/A	30-Nov-19	Design report submitted and construction is underway (50% construction progress)	Achieved	N/A	N/A	3	1 design for Nkonkanyan e Gravel Road	Improved accessibility by construction and maintenance of access roads	Design Report	
ORG-15	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Expansion of access road network	Appointment of contractor for installation of gabion and pavement slab for Magogo Gravel Road by year end	TECH-08	N/A	Date	R 650,000.00	N/A	N/A	30-Jun-20	Design submitted and installation of gabions is 63% complete as at 30 June 2020	Achieved	N/A	N/A	1	1 Appointment of contractor for installation of gabion and pavement slab for Magogo Gravel Road	Improved accessibility by construction and maintenance of access roads	Appointment letter	
ORG-16	TECHNICAL SERVICES	Improved accessibility by construction and maintenance of access roads	Expansion of access road network	Appointment of contractor for installation of pavement slab and guard-rails for Nomalanga Gravel Road by year end	TECH-09	N/A	Date	R 525,000.00	N/A	N/A	30-Jun-20	Contractor appointed and installation progress was at 53% as at 30 June 2020	Achieved	N/A	N/A	2	1 Appointment of contractor for installation of pavement slab and guard-rails for Nomalanga Gravel Road	Improved accessibility by construction and maintenance of access roads	Appointment letter	

SCORE-CARD Ref.	RESPONSIBLE DEPARTMENT (Unit)	IDP OBJECTIVE	IDP STRATEGY	KEY PERFORMANCE INDICATOR	SDBIP/KPI Ref. No.	BASELINE	UNIT OF MEASUREMENT/ CRITERIA	BUDGET	ANNUAL TARGET 2018/19	ANNUAL ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGET /2019/20	ACTUAL ACHIEVED 2019/20	COMMENT	ACHIEVEMENT STATUS	REASON FOR UNDERACHIEVEMENT	CORRECTIVE MEASURES	WARD	OUTPUT INDICATOR	OUTCOME INDICATOR	PORTFOLIO OF EVIDENCE
ORG-18	TECHNICAL SERVICES	Improved access to electricity	Striving to eradicate electricity backlog by continued to connect un-electrified households to the grid	Number of electricity connections in Eskom areas by year end	TECH-12	N/A	Number	R 5, 000, 000	N/A	N/A	400	0	Project cancelled	Not Achieved	Project cancelled	Eskom has a plan for some of the areas	9	400 Number of electricity connections in Eskom areas	Improved access to electricity	Completion Certificate and progress report
ORG-19	TECHNICAL SERVICES	Improved access to electricity	Striving to eradicate electricity backlog by continued to connect un-electrified households to the grid	Number of electricity connections at Low Cost Housing Phase II (Ward 14- municipal area) by year end	TECH-13	903 households	Number	R 10, 000, 000	100%	95%	1157	1052 households	1052 households connected with electricity for Low cost housing phase 2	Partially Achieved	N/A	N/A	14	1157 electricity connections at Low Cost Housing Phase II (Ward 14- municipal area)	Improved access to electricity	Completion Certificate
ORG-20	TECHNICAL SERVICES	Ensuring access to basic services	Providing access to free basic electricity to poor households	Number of households with access to FBE quarterly	TECH-14	4 172 households	Number of Households	R 2 400 000	100%	100%	4 172 households	4280 Households received FBE for June 2020	4280 Households received FBE for June 2020. All indigent households have free basic electricity	Achieved	N/A	N/A	All wards	4172 households with access to FBE	Ensuring access to basic services	Eskom FBE beneficiary list, Eskom invoices and Otec Management Report
ORG-21	TECHNICAL SERVICES	Improved access to electricity	Assessing the technical status of municipal electricity infrastructure to determine necessary intervention	Final assessment report of electricity infrastructure in the municipal area by year end	TECH-15	N/A	Date	-	N/A	N/A	30-Jun-20	Technical Assessment submitted to the municipality by 1 May 2020	Technical Assessment for electricity losses was completed	Achieved	N/A	N/A	14	1 Final assessment report of electricity infrastructure in the municipal area	Improved access to electricity	Final assessment report
ORG-22	TECHNICAL SERVICES	Improved access to electricity	Ensuring rapid connection of electricity to all approved applicants	100% of new electricity connections completed within 14 day turn-around time by year end	TECH-16	100%	Percentage	R 318 450	14	11	100%	100%	A total of 10 new electricity connection processed within 14 days	Achieved	N/A	N/A	14 (municipal area)	100% of new electricity connections completed within 14 day turn-around time	Improved access to electricity	Application approval records and a signed connection form/worksheet
ORG-23	TECHNICAL SERVICES	Ensuring access to public facilities	Expanding access to ECD facilities	Construction of Magabeni/Khulani Creche by year end	TECH-17	N/A	Percentage	R 1 200 000	N/A	N/A	100%	100%	Magabeni /Kulani Creche is 100% complete	Achieved	N/A	N/A	7	1 Constructed Magabeni/Khulani	Ensuring access to public facilities	Completion Certificate and progress report

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ORG-24	TECHNICAL SERVICES	Ensuring access to public facilities	Expanding access to ECD facilities	Construction of Mpumelele Creche by year end	TECH-18	N/A	Percentage	R 700 000	100%	80%	100%	100%	Mpumelele Creche is 100% complete	Achieved	N/A	N/A	1	Ensuring access to public facilities	Completion Certificate and progress report	
ORG-25	TECHNICAL SERVICES	Ensuring access to public facilities	Expanding access to ECD facilities	Submission of design for Zalakwande Creche by 2020/04/30	TECH-19	N/A	Date	R 500 000	N/A	N/A	30-Apr-20	Design Report for Zalakwande Creche submitted by 30 April 2020	Design Report for Zalakwande Creche submitted	Achieved	N/A	N/A	13	Ensuring access to public facilities	Design Report	
ORG-26	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Kwayisi Hall by 2019/12/20	TECH-20	N/A	Date	R 500 000	N/A	N/A	20-Dec-19	Design Report for Kwayisi community Hall submitted by 30 December 2019	Design Report for Kwayisi community Hall submitted	Achieved	N/A	N/A	2	Ensuring access to public facilities	Design Report	
ORG-27	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Construction of Gwija Community Hall by year end	TECH-21	N/A	Percentage	R 3,000,000.00	N/A	N/A	50%	The construction of Gwija Community Hall is 39 % complete	The construction of Gwija Community Hall is 39 % complete	Not Achieved	Construction was delayed due to COVID 19.	The work programme will be revised to take delays into account.	1	Ensuring access to public facilities	Completion Certificate and progress report	
ORG-28	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Odudela Hall 29-02-2020	TECH-22	N/A	Date	R 500,000.00	N/A	N/A	29-Feb-20	Design report for Odudela Community hall submitted by 30 June 2020	Design report for Odudela Community hall submitted	Achieved	N/A	N/A	7	Ensuring access to public facilities	Design Report	
ORG-29	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Nkankala Hall by 2019/10/31	TECH-23	N/A	Date	R 500,000.00	N/A	N/A	31-Oct-19	Design report submitted and construction is underway (12.5% construction progress)	Construction already underway	Achieved	N/A	N/A	11	Ensuring access to public facilities	Design Report	

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ORG-30	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Ngqulu Hall by 2019/10/31	TECH-24	N/A	Date	R 500,000.00	N/A	N/A	31-Oct-19	Design report submitted and construction is underway (15% progress only 7 days after end of financial year)	Achieved	N/A	N/A	1	1 design for Ngqulu Hall by 31-10-2019	Ensuring access to public facilities	Design Report	
ORG-31	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Ogazini Hall by 2019/11/30	TECH-25	N/A	Date	R 500,000.00	N/A	N/A	30-Nov-19	Designs were submitted and construction progress for Ogazini Hall was at 23% as at 30 June 2020	Achieved	N/A	N/A	4	1 design for Ogazini Hall by 30-11-2019	Ensuring access to public facilities	Design Report	
ORG-32	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Sigabudu Hall by 2020/01/31	TECH-26	N/A	Date	R 500,000.00	N/A	N/A	31-Jan-20	Design Report for Sigabudu Community Hall submitted 30 December 2020	Achieved	N/A	N/A	10	1 design for Sigabudu Hall by 31-01-2020	Ensuring access to public facilities	Design Report	
ORG-33	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Mngxangala Hall by 2019/10/31	TECH-27	N/A	Date	R 500,000.00	N/A	N/A	31-Oct-19	Design report submitted and construction is underway (16% construction progress)	Achieved	N/A	N/A	2	1 design for Mngxangala Hall by 31-10-2019	Ensuring access to public facilities	Design Report	
ORG-34	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Jabavu Hall by 2019/11/30	TECH-28	N/A	Date	R 500,000.00	N/A	N/A	30-Nov-19	Design report submitted by 30 December 2019	Achieved	N/A	N/A	12	1 design for Jabavu Hall by 30-11-2019	Ensuring access to public facilities	Design Report	

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ORG-35	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for 2020/21 infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Ekukhanyeni Hall by 2019/10/31	TECH-29	N/A	Date	R 500,000.00	N/A	N/A	31-Oct-19	Design report submitted and construction is underway (30% construction progress)	Construction already underway	Achieved	N/A	N/A		1 design for Ekukhanyeni Hall by 30-11-2019	Ensuring access to public facilities	Design Report
ORG-36	TECHNICAL SERVICES	Ensuring access to public facilities	Provision of suitable gathering spaces for communities by constructing new community halls	Construction of Masakhane Community Hall by year end	TECH-30	N/A	Percentage	R 3,000,000	N/A	N/A	50%	11%	Masakhane community hall is 11% complete	Not Achieved	The site has been abandoned and there is no work for local labour	Project to be completed next financial year	5	50% construction of a hall	Ensuring access to public facilities	Completion Certificate and progress report
ORG-37	TECHNICAL SERVICES	Ensuring access to public facilities	Provision of suitable gathering spaces for communities by constructing new community halls	Construction of Ezizhazeni Community Hall by year end	TECH-31	N/A	Percentage	R 1,371,593	100%	64%	100%	72%	The construction of Ezizhazeni Community Hall is 72% complete	Not Achieved	N/A	N/A	15	1 Community Hall at Ezizhazeni	Ensuring access to public facilities	Completion Certificate and progress report
ORG-38	TECHNICAL SERVICES	Ensuring access to public facilities	Promoting sports by constructing and maintaining sports facilities	Upgrading of Nquthu Stadium by year end	TECH-32	N/A	Percentage	R 4000 0000	100%	68%	100%	100%	The upgrade of Nquthu Stadium is 100% complete	Achieved	N/A	N/A	14	1 Nquthu Stadium Upgrade	Ensuring access to public facilities	Completion Certificate and progress report
ORG-39	TECHNICAL SERVICES	Ensuring access to public facilities	Promoting sports by constructing and maintaining sports facilities	Construction of Springlake Sport field by year end	TECH-33	N/A	Percentage	R 200,000.00	100%	78%	100%	100%	Springlake Sportfield is 100% complete	Achieved	N/A	N/A	12	1 Sport field constructed at Springlake	Ensuring access to public facilities	Completion Certificate and progress report
ORG-40	TECHNICAL SERVICES	Ensuring access to public facilities	Planning for 2020/21 infrastructure projects in preceding year to ensure smooth project implementation	Submission of design for Ngonini Sport field by year end	TECH-34	N/A	Date	R 200,000.00	N/A	N/A	31-Jan-19	Design Report submitted by 6 May 2020	Design Report submitted before 30 June 2020	Achieved	N/A	N/A	10	1 design for Ngonini Sport field	Ensuring access to public facilities	Design Report

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ORG-41	TECHNICAL SERVICES	Ensuring access to public facilities	Promoting sports by constructing and maintaining sports facilities	Construction of Mkhonjane Horse Riding by year end	TECH-35	N/A	Percentage	R 1,597,354	N/A	N/A		Design Report submitted by 30 December 2020	Achieved	N/A	N/A	15	1 Horse Riding Constructed at Mkhonjane	Ensuring access to public facilities	Practical Completion Certificate	
ORG-42	TECHNICAL SERVICES	Ensuring access to public facilities	Developing service delivery infrastructure for municipal service points	Construction of Traffic Department offices by year end	TECH-36	N/A	Percentage	R 3,500,000	100%	22%	100%	29.12%	The construction of Traffic Department Offices is 29.12% complete	Not Achieved	Contractor underperformance.	Contract management processes are being implemented to address underperformance.	14	1 Traffic Department offices Constructed	Ensuring access to public facilities	Completion certificate and progress report
ORG-43	TECHNICAL SERVICES	Ensuring access to public facilities	Improving the municipality's disaster management capabilities	Construction of Nquthu Fire Station by year end	TECH-37	N/A	Percentage	R 13,800,000	100%	0%	60%	10.22%	The construction of Nquthu Fire Station is 10.22% complete	Not Achieved	N/A	N/A	14	1 Fire Station Constructed	Ensuring access to public facilities	Practical Completion
ORG-44	PLANNING DEPARTMENT	Ensure access to decent housing	Facilitate the implementation of human settlement projects.	Review the Housing Sector Plan By year end	PLAN-01	N/A	Date of adoption by Council	R0	30-Jun-19	0	Adoption of Reviewed Housing Sector Plan by 30 June 2020	Housing Sector Plan not submitted to Council as at 30 June 2020	Not Achieved	Portfolio Committee did not sit due Covid-19 as a result of Housing Sector Plan was not adopted	to be tabled to fulfil on the 13 August 2020	All wards	1 Housing Sector Plan adopted	Ensure access to decent housing	Council resolution	
KPA 03: LOCAL ECONOMIC DEVELOPMENT																				
ORG-27	PLANNING DEPARTMENT	To align the municipality's LED Strategy and PGDP and DGDS	Review and implement economic development policies and strategies	Approval of reviewed LED Strategy By year end	PLAN-02	N/A	Date	N/A	30-Jun-19	0	30-Jun-20	Not reviewed	The LED Strategy was not reviewed as initially planned	Not Achieved	No budget was allocated	The LED Strategy will be reviewed internally as per MEC letter recommendations	N/A	1 Approved and reviewed LED Strategy	aligned municipal LED Strategy, PGDP and DGDS	Council resolution
ORG-29	PLANNING DEPARTMENT	To create an environment that support local economic growth	Promote the formalization of SMMEs	Percentage of cooperatives registered within 30 day turn around time	PLAN-04	100%	Percentage	N/A	20	23	100%	100%	All cooperatives registered in time	Achieved	N/A	N/A	All wards	timely registered cooperatives	Conducive environment that support local economic growth	Cooperative application register and proof of registration (Certificates)
ORG-30	PLANNING DEPARTMENT	To create an environment that support local economic growth	Build the capacity of local SMMEs to make them competitive and sustainable	Number of SMME trainings conducted By year end	PLAN-05	03 trainings	Number	N/A	N/A	N/A	4	8	More trainings conducted than planned	Achieved	N/A	N/A	all wards	4 SMME training conducted	Community development that support local community	Reports, attendance registers and pictures

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ORG-31	PLANNING DEPARTMENT	To create an environment that support local economic growth	Use local procurement and sub-contracting as an instrument to grow SMMEs	Percentage of subcontracting for all construction projects worth R1million or above in value throughout the year	PLAN-06	50%	Percentage	N/A	N/A	N/A	100%	100%	Programme going well	Achieved	N/A	N/A	All wards	all projects above R1 million having subcontracts	Community development that support local community	Subcontracting reports and tender document (special condition)
ORG-32	PLANNING DEPARTMENT	To create an environment that support local economic growth	Support local enterprises to unleash their potential and innovation	Provision of equipment to youth cooperatives By year end	PLAN-07	N/A	Number of cooperatives supported	N/A	N/A	N/A	17 youth cooperatives (one per ward)	17 youth cooperatives (one per ward)	17 cooperatives selected and trained	Partially Achieved	Cooperatives had to be prepared before they are provided with equipment	Equipment will be provided before the end of 2020		17 cooperative supports	developed community	Reports and evidence
ORG-33	PLANNING DEPARTMENT	Promote and improve local tourism	Supporting Nquthu Tourism Organization	Number of NCTO programmes funded By year end	PLAN-08		Number	1	1	1	5	5	All NCTO programmes funded	Achieved	N/A	N/A		5 NCTO programmes funded	improved local tourism	Reports
ORG-34	TECHNICAL SERVICES	Coordinate job all job creation initiatives	Work all other internal role players to ensure creation and reporting of job opportunities created	Number of job opportunities created By year end	TECH-57	100	Number	170	170	150	73	73 jobs created	Not Achieved					150 jobs created	job creation initiatives	Reports
KPA.04: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																				
ORG-35	OFFICE OF THE MUNICIPAL MANAGER	Effective public relations and fostering public confidence in the municipality	Effective complaints management system	Percentage of complaints responded to within 14 days	MM-02	100%	Percentage	N/A	100%	100%	100%	100%	5 out of 5 complaints were responded to within 14 days. The complaints received included electricity at Mpumalewe ni Area, water crisis, Boreholes and RDP House at Mpumalewe ni	Achieved	N/A	N/A	All wards	all complains responded on time	Effective and complaints management system	Complaints register

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ORG-36	ALL DEPARTMENTS	Effective public relations and fostering public confidence in the municipality	Back to Basics programme implementation	Maintain functional Basics status By year end	MM-03	0.74	Percentage	N/A			74%	79%	The municipality have received 73% in Quarter 1, 78 % in quarter 2, 87% in quarter 3 and 78% and 78% in Quarter 4	Achieved	N/A	N/A	74% compliant with back to basic status	Effective and complaints management system	COGTA Back to Basics evaluation report	
ORG-37	OFFICE OF THE MUNICIPAL MANAGER	Effective public relations and fostering public confidence in the municipality	Engaging communities about all development or infrastructure projects	Conducting SOD turnings to launch infrastructure projects By year end	MM-04	N/A	Number				5	8	for Ntabenebo mvu bridge, Khulani Creche, Fire Station. Introduction of project of project contractors conducted for Nquthu Residential Development Phase 1 and 2, Mngxangala Hall, Ogazini Hall, and Normalanga Road. Handover conducted for Nqulu Community Hall	Achieved	N/A	All wards	5 SOD launched	effective consultation with the community on infrastructure projects	Reports, attendance registers and visual evidence	
ORG-38	OFFICE OF THE MUNICIPAL MANAGER	Ensure that the municipality is protected from all prevalent or potential risks	Implement the municipality's risk management policy and strategy	Percentage of risk action plan implemented By year end	MM-05		Percentage				100%			Not Achieved				Effective and complaints management system	Risk management reports	
ORG-39	CORPORATE SERVICES	To comply with the KZN Archives Act	Ensure compliance with record management laws and policies by continuous reporting	Number of records with management reports tabled to portfolio committee By year end	CORP-08	4	Numbers	N/A			4	4	Reports tabled to portfolio committee	Achieved	N/A			4 records management reports tabled to portfolio committee	Effective and complaints management system	Minutes of meetings and report copies

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ORG-40	CORPORATE SERVICES	To ensure the functionality and effectiveness of Council and all other municipal structures	Compliance with schedule of meetings	Number of scheduled meetings conducted By year end	CORP-09		Number						Planned council meetings conducted	Achieved	N/A	N/A	N/A	meetings scheduled	Team building and efficiency	Minutes of meetings and attendance registers
ORG-41	OFFICE OF THE MUNICIPAL MANAGER	Strive to attain a clean audit	Ensure that queries are responded to and attended	Percentage of audit queries responded to within 7 days	MM-06	100%	Percentage	N/A	100%		100%	100%	Audit queries responded to within 7 days	Achieved	N/A	N/A	N/A	All audit queries attended on time	Compliance with the audit engagement letter	Email screenshots/any response evidence
ORG-42	OFFICE OF THE MUNICIPAL MANAGER	Strive to attain a clean audit	Ensure that the Audit Committee reports to Council	Number of Audit Committee reports to Council By year end	MM-07	1	Number	N/A	N/A		2	2	AC reports duly tabled to Council	Achieved	N/A	N/A	N/A	2 audit reports tabled to Council	Compliance with the MSA MFMA and other acts	Council minutes
ORG-43	OFFICE OF THE MUNICIPAL MANAGER	Strive to attain a clean audit	Ensure the implementation of the internal audit plan	Number of internal audit reports issued By year end	MM-08		Number	R 3000 000	4	4	26	26	Internal Audit reports issued as planned	Achieved	N/A	N/A	N/A	26 internal audit report issued	Compliance with the MSA MFMA and other acts	Internal audit reports
ORG-44	ALL DEPARTMENTS	Strive to attain a clean audit	Development and adherence to the AG Action Plan to achieve clean audit	Percentage of AG Action Plan implemented By year end			Percentage	N/A	25-Jan-19	27-Mar-19	100%	100%	08 out of 08 Audit Queries raised by AG during 2018/19 financial year have resolved. And progress is being monitored	Achieved	N/A	N/A	N/A	All AG action plan implemented	Compliance with the MSA MFMA and other acts	AG action plan reports
ORG-45	CORPORATE SERVICES	Ensure effective public participation	Ensure that all ward committees are functional	Number of functional ward committees By year end	MM-09		Number		100%	100%	17	17	All ward committees functional	Achieved	N/A	N/A	N/A	17 Functional ward committees	Compliance with the MSA MFMA and other acts	COGTA ward committee assessment report
ORG-46	BUDGET AND TREASURY	Sustainable financial and supply chain management	Maintain good liquidity position	Cost coverage ratio in number of months by year end	FIN-01		Number	N/A	3	21 months	3	21 months	The municipality can keep the municipal cost coverage ratio above three months	Achieved	N/A	N/A	N/A	3 Months cost coverage at all times during the year	good liquidity position	Section 52 report

KPA 05: FINANCIAL MANAGEMENT AND VAIBILITY

SCORE-CARD Ref.	RESPONSIBLE DEPARTMENT (Unit)	IDP OBJECTIVE	IDP STRATEGY	KEY PERFORMANCE INDICATOR	SDBIP/K PI Ref. No.	BASELINE	UNIT OF MEASUREMENT/ CRITERIA	BUDGET	ANNUAL TARGET 2018/19	ANNUAL ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGET /2019/20	ACTUAL ACHIEVED 2019/20	COMMENT	ACHIEVEMENT STATUS	REASON FOR UNDERACHIEVEMENT	CORRECTIVE MEASURES	WARD	OUTPUT INDICATOR	OUTCOME INDICATOR	PORTFOLIO OF EVIDENCE
	BUDGET AND TREASURY	Sustainable financial and supply chain management	Ensure efficient credit control processes.	Bad debts written off as percentage of Bad debts provision by year end.	FIN-27		Percentage	N/A	100%		100%	0%	No bad debts were written off	Not Achieved	No bad debts were written off as yet.	No decision to right off has been taken as yet.	N/A	All bad debts that were provided for to be written off	efficient credit control processes.	Statement of financial position
	BUDGET AND TREASURY	Sustainable financial and supply chain management	Ensure that all municipal debtors are billed to maximize collection.	% of collection of debtors in respect of service billings by year end	FIN-26		Percentage	N/A	100.00%		100.00%	51.00%	51% collection rate	Not Achieved	This due to indigents who has not been approved yet as well as the ITB issue. Also some businesses were affected by COVID.	The indigent register is being reviewed and some SMMEs have been given a rebate.	N/A	debt collection to all debtor by year end	Municipal financial self reliant and payment of short term debts timeously	Billing report
	BUDGET AND TREASURY	Sustainable financial and supply chain management	Keep the municipality in a good position to meet its short term liabilities.	Liquidity ratio throughout the year	FIN-25		Ratio	N/A	1.5-2:1		1.5-2:1	1:00043	Liquidity Ratio is 1:0,0043	Achieved	N/A	N/A	N/A	liquidity ratio to be at least 1.5-2:1 throughout the year	Good liquidity position	Statement of financial position
ORG-48	BUDGET AND TREASURY	Compliance with legislation and policies	Compliance with SCM Regulations and PPPFA	Prevention of SCM deviations throughout the year	FIN-03		Percentage of deviation for tenders and quotations invited	N/A	0% deviation for all tenders and quotations invited		0% deviation for all tenders and quotations invited	0.1	6 items that were not planned for on the Procurement Plan were procured. Procurement Plan for 2019/20 had 63 items	Not Achieved	Emergency, Sole Service Provider and it was impractical to follow SCM processes during Covid-19	Review target to atleast 10% of deviation to allow emergency services and the ones that are provided by single service provider	N/A	No deviation by year end	Compliance with SCM Regulations and PPPFA	SCM reports
ORG-49	BUDGET AND TREASURY	Sustainable financial and supply chain management	Improve internal communication on budget matters	Budget Steering Committee meetings by year end	FIN-04		Number of meetings	N/A	02 meetings		02 meetings	2	2 Budget Steering committee conducted in Quarter 2 and 3	Achieved	N/A	N/A	N/A	2 Steering committee	Finance team building	Minutes and attendance register

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ORG-50	BUDGET AND TREASURY	Sustainable financial and supply chain management	Credit control and debt collection	Debt collection rate	FIN-05		Percentage	N/A			100% debt collection	51%	51% collection rate	Partially Achieved	This due to indigents who has not been approved yet as well as the ITB issue. Also, some businesses were affected by COVID.	The indigent register is being reviewed and some SMMES have been given a rebate.	N/A	All debts collected by year end	Good liquidity position	Debt collection report
ORG-51	BUDGET AND TREASURY	Sustainable financial and supply chain management	Monitor the performance of service providers	Quarterly contract management reports by year end	FIN-06		Number of reports	N/A			06 Reports	4	The Contract Register is in place and it is managed accumulatively on a quarterly basis	Partially Achieved	Initially PT required that a report be prepared every two months but this requirement was revised down to two	Preparing reports as per current requirement	N/A	2 Quarterly reports	Compliance with SCM Regulations	Reports
ORG-52	BUDGET AND TREASURY	Sustainable financial and supply chain management	Ensure effective and consistent reporting	Submission of 2018/19 AFS to AG by 31 August 2019	FIN-07		Date of 2018/19 AFS submission to AG	N/A			Submission of 2018/19 AFS to AG by 31 August 2019	AFS submitted to AG by 31 August 2019	AFS submitted on time	Achieved	N/A	N/A	N/A	1 acknowledgement letter for submission	Compliance with MSA and MFMA	Acknowledgement letter from AG/proof of submission
ORG-53	BUDGET AND TREASURY	Sustainable financial and supply chain management	Effective warehouse management	Stores monthly reconciliation reports by year end	FIN-08		Number of reports	N/A			12 reports	12 reports	12 reports submitted	Not Achieved			N/A	12 monthly reports	Effective warehouse management	Reports generated
ORG-54	BUDGET AND TREASURY	Sustainable financial and supply chain management	Ensuring that the municipality execute its procurement plan	Procurement Plan implementation Throughout the year	FIN-09		Percentage	N/A			100% implementation			Not Achieved			N/A	Full implementation of procurement plan	Compliance with SCM regulations	Implementation on plan reports, appointment letter, invoice, and completion certificate Council resolution
ORG-55	BUDGET AND TREASURY	Sustainable financial and supply chain management	Consistent financial reporting	Tabling of reports to Council by year end	FIN 11-12		Number of Section 52/71/72 reports tabled to Council	N/A			16 S52/71 reports tabled to Council	16	16 Report submitted	Achieved	N/A	N/A	N/A	16 reports tabled before Council	Compliance with MSA and good oversight	Council resolution
ORG-56	BUDGET AND TREASURY	Sustainable financial and supply chain management	Ensure that capital projects are implemented in line with set timelines	Capital expenditure budget implementation by year end	FIN-56		Percentage of capital expenditure spent				95% of capital expenditure spent			Not Achieved			All wards	95% implementation of capital projects	Basic service delivery and proper budgeting	Calculated ratio and supporting evidence

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ORG-58	BUDGET AND TREASURY	Sustainable financial and supply chain management	Supporting SMMEs through quick payment of invoices	Payment of valid invoices within 30 days	FIN-10			Number of days taken to pay creditors	N/A	30		06 Days	06 Days	06 Days taken to pay invoices as regulated by formular	Achieved	N/A	N/A	At most 30 lapsed before creditors payments	Supporting SMMEs through quick payment of invoices	Creditors age analysis report	
KPA 06: CROSS CUTTING																					
ORG-59	OFFICE OF THE MUNICIPAL MANAGER	Ensure effective strategic planning by developing a credible IDP	Ensure that the IDP is compliant and meet all prescribed timelines	Implementation of the IDP Process Plan by year end	MM-10			Percentage		100% implementation of the process plan		80%	80%	IDP Process Plan implemented	Partially Achieved	Difficulty in aligning to set dates	Review the indicator to be more specific	N/A	Credible IDP	Effective public participation and informed priorities	Process Plan, Reports, Council resolutions and supporting documents
ORG-60	PLANNING DEPARTMENT	To ensure effective land use management and development planning	Reviewing of Urban Design Framework (UDF) to address spatial challenges in Nquthu Town	Reviewing of UDF by year end	PLAN-10			Date of adoption		6/30/2020		Not Approved by Council	Not Approved by Council	Draft UDF is in place and to be approved in November 2020 as per project milestone	Partially Achieved	Project Milestone was not linked to annual plan	UDF to be approved in November 2020 as per project milestone		1 reviewed UDF by year end	Planned human settlement and access to service delivery	Project plan, progress report and council resolution
ORG-61	PLANNING DEPARTMENT	To ensure effective land use management and development planning	Reviewing the SDF to make it compliant	Reviewing of the SDF by year end	PLAN-11			Date of adoption		6/30/2020		Not Approved by Council	Not Approved by Council	SDF to be approved in November 2020 as per project milestone	Partially Achieved	Project Milestone was not linked to annual plan	SDF to be approved in November 2020 as per project milestone	N/A	1 reviewed SDF by year end	Planned human settlement and access to service delivery	Project plan, progress report and council resolution
ORG-62	PLANNING DEPARTMENT	To ensure effective land use management and development planning	Formalization of Nondweni Township	Registration of Nquthu Town Master Plan with Surveyor General by year end	PLAN-12			Proof of registration		Registering of Nquthu Town Master Plan with Surveyor General		Amendments on the Master Plan were completed including the application still awaiting traffic study	Amendments on the Master Plan were completed including the application still awaiting traffic study	Amendments on the Master Plan were completed including the application still awaiting traffic study	Partially Achieved	Traffic study was not budgeted for	Traffic Study will be included on the Integrated Transport Plan for 2020/21		1 town master plan registered with Surveyor General	Planned human settlement and documentation of ERF ownership	Amended Master Plan, proof of application and proof of registration with Surveyor General
ORG-63	PLANNING DEPARTMENT	To ensure effective land use management and development planning	Formalization of Nondweni Township	Register Nondweni Township layout plan with Surveyor General by year end	PLAN-13			Proof of registration		Registering a new Layout Plan for Nondweni with Surveyor General		Layout not yet registered pending social facilitation processes	Work in progress	Partially Achieved	Challenges with land related matters	The matters work in progress	6	1 Township layout plan registered with Surveyor General	Planned human settlement and documentation of ERF ownership	New Lay Out Plan, proof of SPLUMA application and proof of registration with Surveyor General	

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ORG-64	PLANNING DEPARTMENT	To ensure effective land use management and development planning	Develop precinct plans for Nquthu economic nodes	Develop precinct plans for Hiathi Dam and Nquthu/Ngoi by year end	PLAN-14		Precinct plan reports				Final precinct plans	Not achieved	There service provider was not appointed for the Project	Not Achieved	Budget Constraints	Precinct Plan to be approved by Council during the financial year	12 & 17	1 Precinct for Hiathi dam and supply of water to community	sustainable water reserve and supply of water to community	TORS &IR copy, inception report, progress report, final precinct plan reports and council resolution
ORG-65	PLANNING DEPARTMENT	To ensure effective land use management and development planning	Fastracking of development applications	Number of days for processing development application	PLAN-15		Percentage of development applications processed within 60 days				100% of all applications lodged were processed within 60 days	100% of all applications lodged were processed within 60 days	Valid applications are processed in time	Achieved	N/A	N/A	All wards	all development applications processed within 60 days	Effective Community development	Development application register
ORG-66	PLANNING DEPARTMENT	Ensure compliance with National building Regulations Act and Building Standards and Bylaws	Enforcement of compliance to National Building Regulations Act and Standards	Number of Achieved set Building Inspectorate targets	PLAN 37-40		Number of inspections conducted				5 inspections	6	Inspections are conducted regularly	Achieved	N/A	N/A	All wards	All building inspectorate and other targets achieved	Quality roads and other Municipal structures	Building inspectorate quarterly reports
ORG-67	COMMUNITY SERVICES	Improved disaster management capabilities	Improve disaster response time	Responding to disaster incidents within 2 hours	COMM-01		Percentage of disaster incidents responded to within 2 hour				100% of disaster incidents responded to within 2 hours	1-15 days	Disaster Incidents Response usually takes 1-15 days due to shortage of staff	Not Achieved	Nquthu Wards are very scattered and this make it impossible to make it in 3 hours turnaround however Disaster response done for all reported incidents	Review measurable target to response to disaster incidents to be 48 hours	All wards	All dissador incidents attended within 2 hours after report	Safety within the Municipality	Assessment form

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ORG-68	COMMUNITY SERVICES	Improved disaster management capabilities	Implementing disaster mitigation measures	Erection of lightning conductors by year end	COMM-02		Number of lightning conductors erected	R 5, 600, 000			1150	34	34 out of 1150 lightning conductors installed. There was a problem with appointment of the service provide	Not achieved	There was an objection by one of the bidders which hugely delayed the appointment and installation of Lightning Conductors	Outstanding Lightning conductors to be installed during 2020/21 financial year and new service provider was appointed after initiation new SCM processes	All wards	1150 lightning conductors installed	Safety within the Municipality	Signed beneficiary lists
ORG-69	COMMUNITY SERVICES	Improved disaster management capabilities	Implementing disaster mitigation measures	Disaster warnings and awareness campaigns by year end	COMM-03		Conducting disaster awareness campaigns				12 disaster awareness campaigns	14	14 Disaster Awareness Campaigns conducted	Achieved	N/A	N/A	All wards	12 disaster awareness	Safety within the Municipality	Reports and supporting evidence
ORG-70	COMMUNITY SERVICES	Safe local roads	Conducting road blocks to identify and deal with road traffic law transgressors	Conducting road blocks by year end	COMM-04		Number of road blocks conducted				48 road blocks conducted	47	47 Road Blocks conducted. The number of targeted road blocks exceed due to Covid 19 Lockdown and December time where there was a high demand	Partially Achieved	N/A	N/A	8, 11, 13 & 14	48 roadblocks conducted	Road Safety within the Municipality	Attendance register
ORG-71	COMMUNITY SERVICES	Safe local roads	Ensuring compliance with the municipalities ILTP	Adoption of ILTP by Council	COMM-05		Date of adoption	N/A			Adoption of ILTP by Council by 30 November 2019	0	ILTP not adopted	Not Achieved	Budget Constraints	Compiling ILTP internally	All wards	Adoption of ILTP by Council by 30 November 2019	Effective municipalities ILTP	Draft ILTP, public consultation report and council resolution
ORG-72	PLANNING DEPARTMENT	Poverty alleviation	Fight poverty by initiating and implementing poverty alleviation programmes	Implementation of agricultural support programme	PLAN-16		Percentage of agricultural support programme achieved				100% agricultural support programme met	100%	All budgeted for plans implemented	Achieved	N/A	N/A	All wards	All agricultural programmes supported	Poverty reduction and initiatives reward culture	Reports and list beneficiaries

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ORG-73	PLANNING DEPARTMENT	Poverty alleviation	Fight poverty by initiating and implementing poverty alleviation programmes	Assisting the youth to acquire driver's licences by year end	PLAN-17		Number of beneficiaries	R 400, 000			400 Beneficiaries	40 beneficiaries	The accurate planned target was 40 and 400 capturing era	Achieved	N/A	N/A	All wards	400 licence holder beneficiaries	Poverty reduction and road safety awareness	Reports and list beneficiaries
ORG-74	TECHNICAL SERVICES	Effective waste management and environmental protection		Monitoring the operation of Buy Back center programme by year end	TECH-16		Number of reports				04 reports	04 reports	All reports compiled	Achieved	N/A	N/A	All wards	4 reports for buy back centres	Effective and efficient waste management measures	Portfolio committee minutes
ORG-75	TECHNICAL SERVICES	Effective waste management and environmental protection	Reviewing the municipality's IWMP to align with the municipality's priorities	IWMP Review	TECH-17		Date of approval				6/30/2020	1/0/1900	The IWMP is on draft stage and approved by Council due to Lock down. The Portfolio committee did not sit for verification of IWMP before council approval	Partially approved	The Portfolio committee did not sit for verification of IWMP before council approval	N/A	N/A	1 IWMP Reviewed	Quality IWMP that is aligned to priorities	Council resolution
ORG-76	COMMUNITY SERVICES	Promotion of all sports codes in the municipality	Ensure the implementation of all sports development and plans	Implementation of all planned sports initiatives by year end	COMM-06		Percentage				1	100%	The actual target is 100% and "1" is a capturing error. All planned sports initiatives were implemented	Achieved	N/A	N/A	1 Sport field initiative implemented	Improved the healthy lifestyle and reduction of idle time to youth	Reports, memos/invitation and visual evidence	
ORG-77	COMMUNITY SERVICES	Protecting and supporting the vulnerable groups within the municipality	Establish and ensure the functionality of representative forums for the targeted social groups	Number of social forums meeting held by year end	COMM-07		Number of meetings	R 100 000			20 meetings	15	15 Social Representative forums conducted for Disability Forum, Senior Citizens, Widows Forum, Women's Forum, and Men's Forum	Partially Achieved	All meetings suspended during lockdown	Meetings to resume once lockdown is lifted	N/A	20 Meetings held by forum	Proper and efficient communication channels with the communities	Attendance registers and minutes

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ORG-78	COMMUNITY SERVICES	Protecting and supporting the vulnerable groups within the municipality	Developing and implementing development support programmes for the disabled	Number of disabled support programmes implemented by year end	COMM-08	2	Number	R 430 000			2	2	All disabled support programmes implemented	Achieved	N/A	N/A	N/A	2 Disabled support implemented	Supportive Municipality to disadvantaged group.	Attendance register and beneficiary list
ORG-79	COMMUNITY SERVICES	Protecting and supporting the vulnerable groups within the municipality	Developing and implementing development support programmes for the men and women	Number of gender related support programmes implemented by year end	COMM-09		Number				2	2	All gender support programmes implemented	Achieved	N/A	N/A	N/A	2 Gender based support implemented	Conducive living environment for all gender and education about gender based violence	Attendance registers and visual evidence
ORG-80	COMMUNITY SERVICES	Protecting and supporting the vulnerable groups within the municipality	Developing and implementing development support programmes for the elderly	Number of elderly support programmes implemented by year end	COMM-10		Number				2	2	All elderly support programmes implemented	Achieved	N/A	N/A	N/A	2 Elderly support implemented	Supportive Municipality to disadvantaged group.	Attendance register and visual evidence
ORG-81	COMMUNITY SERVICES	Protecting and supporting the vulnerable groups within the municipality	Implementing the municipal HIV/AIDS Strategy	Number of HIV/AIDS programmes implemented by year end	COMM-11	1	Percentage	R 156 000			1	2	22 Nov 2019 at Gubazi Community hall and Mlungwan Community Hall	Achieved	N/A	N/A	All wards	1 HIV/AIDS programme implemented	Supportive Municipality to disadvantaged group.	Reports, attendance registers, minutes, visual evidence and other relevant evidence
ORG-82	OFFICE OF THE MUNICIPAL MANAGER	Ensuring Early Childhood Development in Nquthu	Providing support to ECD centres	Number of early childhood development activities conducted by year end	MM-11	R 120,000	Percentage of ECD plan targets achieved	R 450,000			5	5	All planned activities conducted	Achieved	N/A	N/A	All wards	5 Early childhood programme implemented	Supportive Municipality to disadvantaged group.	Quarterly report
ORG-83	OFFICE OF THE MUNICIPAL MANAGER	Ensuring youth development in Nquthu	Initiating and implementing youth development initiatives	Number of youth development activities conducted by year end	MM-14	N/A	Number	R 1,763,000			10	10	All planned activities conducted	Achieved	N/A	N/A	All wards	10 Youth development activities implemented	Supportive Municipality to disadvantaged group.	Quarterly report

Bid Number	Date Contract Awarded	Service Provided In Terms Of The Sla	Value Of Project	2018/19		2019/20		Assessment Of Service Providers Performance			
				Target	Actual	Target	Actual	G	S	P	
8/1/3/4/11	1/23/2015	PROVISION OF SECURITY SERVICES AT NQUTHU MUNICIPALITY OFFICES FOR THE PERIOD OF 3 YEARS (36 MONTHS)	R 8,071,302.00	PROVISION OF SECURITY SERVICES AT NQUTHU MUNICIPALITY OFFICES FOR THE PERIOD OF 3 YEARS (36 MONTHS)	Security Services provided	Security Services provided	Security Services provided	Offices have been constructed and 2 workshop have been conducted for SMMEs as part of incubator	G	G	
8/1/3/4/125	7/1/2017	ESTABLISHMENT OF INCUBATOR PHASE II		ESTABLISHMENT OF INCUBATOR PHASE II					G		
8/1/3/4/167	5/10/2017	APPOINTMENT OF A PANEL OF ATTORNEYS FOR THE PERIOD OF 36 MONTHS		APPOINTMENT OF A PANEL OF ATTORNEYS FOR THE PERIOD OF 36 MONTHS	Provision of Legal Services	APPOINTMENT OF A PANEL OF ATTORNEYS FOR THE PERIOD OF 36 MONTHS	Provision of Legal Services		G		
8/1/3/4/168	10/4/2017	NQUTHU LOW COST HOUSING	R 28,306,813.50	NQUTHU LOW COST HOUSING		NQUTHU LOW COST HOUSING	1052 households connected with electricity for Low cost housing phase 2			P	
8/1/3/4/181	2/28/2018	THE INSTALLATION OF WELCOME TO NQUTHU TOWN SIGNS IN WARD 14	R 1,179,054.12	THE INSTALLATION OF WELCOME TO NQUTHU TOWN SIGNS IN WARD 14	70% completed	THE INSTALLATION OF WELCOME TO NQUTHU TOWN SIGNS IN WARD 14	70% completed			P	
8/1/3/4/183	6/4/2018	CONSTRUCTION OF EZIQHAZENI COMMUNITY HALL	R 2,816,610.70	CONSTRUCTION OF EZIQHAZENI COMMUNITY HALL	64% completed	CONSTRUCTION OF EZIQHAZENI COMMUNITY HALL	The construction of Eziqhazeni Community Hall is 72% complete			P	
8/1/3/4/184	6/4/2018	DESIGN AND PROJECT MANAGEMENT OF TRAFFIC OFFICES	14% OF THE CONTRACT VALUE	DESIGN AND PROJECT MANAGEMENT OF TRAFFIC OFFICES						S	
8/1/3/4/185	7/23/2018	PROVISION OF SECURITY SERVICES FOR 36 MONTHS	R 16,517,130.77	PROVISION OF SECURITY SERVICES FOR 36 MONTHS	Security Services provided	PROVISION OF SECURITY SERVICES	Security Services provided		G		
8/1/3/4/186	8/6/2018	CONSTRUCTION OF NQUTHU SOUTHERN ROAD NETWORK PHASE 2	R 37,927,298.51	CONSTRUCTION OF NQUTHU SOUTHERN ROAD NETWORK PHASE 2	The construction of Nquthu Southern Road Phase 2 is 51% completed	CONSTRUCTION OF NQUTHU SOUTHERN ROAD NETWORK PHASE 2	The construction of Nquthu Southern Road Phase 2 is 85% completed		G		
8/1/3/4/188	9/18/2018	CONSTRUCTION OF SPRINGLAKE SPORTSFIELD	R 3,996,676.42	CONSTRUCTION OF SPRINGLAKE SPORTSFIELD	Springlake Sportfield is 78% complete	CONSTRUCTION OF SPRINGLAKE SPORTSFIELD	Springlake Sportfield is 100% complete		G		
8/1/3/4/189	9/18/2018	CONSTRUCTION OF MPUMELELWENI CRECHE	R 1,189,746.67	CONSTRUCTION OF MPUMELELWENI CRECHE	Mpumelweni Creche is 80% complete	CONSTRUCTION OF MPUMELELWENI CRECHE	Mpumelweni Creche is 100% complete		G		

8/1/3/4/206	12/18/2018	CONSTRUCTION OF NQUTHU TRAFFIC OFFICES	R	5,932,519.83	CONSTRUCTION OF NQUTHU TRAFFIC OFFICES			CONSTRUCTION OF NQUTHU TRAFFIC OFFICES	The construction of Traffic Department Offices is 29,12 % complete			P
8/1/3/4/207	12/18/2018	UPGRADE OF NQUTHU STADIUM	R	8,973,271.18	UPGRADE OF NQUTHU STADIUM	The upgrade of Nquthu Stadium is 68% complete		UPGRADE OF NQUTHU STADIUM	The upgrade of Nquthu Stadium is 100% complete	S		
8/1/3/4/210	5/24/2019	CONSTRUCTION OF FIRE STATION OFFICES	R	15,025,390.44	Appointment of contractor of Fire station offices	14-May-19		CONSTRUCTION OF FIRE STATION OFFICES	The construction of Nquthu Fire Station is 10,22 % complete			P
8/1/3/4/211	5/24/2019	SUPPLY, DELIVER AND INSTALL WENDY HOUSES FOR A PERIOD OF 36 MONTHS	R	9,850.00	SUPPLY, DELIVER AND INSTALL WENDY HOUSES FOR A PERIOD OF 36 MONTHS				No service requested due to no Wendy houses requested	G		
8/1/3/4/212	5/29/2019	SERVICE PROVIDER TO UNDERTAKE PROJECT HOUSING SECTOR PLAN FOR NQUTHU MUNICIPALITY	R	499,800.00	SERVICE PROVIDER TO UNDERTAKE PROJECT HOUSING SECTOR PLAN FOR NQUTHU MUNICIPALITY							
8/1/3/4/213	5/29/2019	REVIEW OF NQUTHU SPATIAL DEVELOPMENT FRAMEWORK AND URBAN DESIGN FRAMEWORK	R	448,000.00	REVIEW OF NQUTHU SPATIAL DEVELOPMENT FRAMEWORK AND URBAN DESIGN FRAMEWORK			Draft SDF and UDF	Draft SDF and UDF	G		
8/1/3/4/214	5/29/2019	PROVISION OF ONLINE VENDING FOR NQUTHU MUNICIPALITY FOR A PERIOD OF 36 MONTHS	R	R6500 pm, 3rd party vending sales 5.5%, 3rd party bank cost 1.75% and bank fees 2.35%	PROVISION OF ONLINE VENDING FOR NQUTHU MUNICIPALITY FOR A PERIOD OF 36 MONTHS							
8/1/3/4/215	5/29/2019	PROVISION OF CASH IN TRANSIT FOR NQUTHU MUNICIPALITY FOR A PERIOD OF 36 MONTHS	R	288,447.48	PROVISION OF CASH IN TRANSIT FOR NQUTHU MUNICIPALITY FOR A PERIOD OF 36 MONTHS							
8/1/3/4/217	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS			N/A	N/A		PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		G		
8/1/3/4/218	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS			N/A	N/A		PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		G		
8/1/3/4/219	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS			N/A	N/A		PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		G		

8/1/3/4/ 220	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		N/A	N/A	N/A	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G		
8/1/3/4/ 221	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		N/A	N/A	N/A	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G		
8/1/3/4/ 222	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		N/A	N/A	N/A	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G		
8/1/3/4/ 223	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		N/A	N/A	N/A	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G		
8/1/3/4/ 224	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		N/A	N/A	N/A	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G		
8/1/3/4/ 225	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		N/A	N/A	N/A	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G		
8/1/3/4/ 226	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS		N/A	N/A	N/A	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G		S

8/1/3/4/ 227	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	N/A	N/A	N/A			PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G	
8/1/3/4/ 228	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	N/A	N/A				PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G	
8/1/3/4/ 229	7/4/2019	PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	N/A	N/A				PANEL OF STRUCTURAL ELECTRICAL AND CIVIL ENGINEERING CONSULTANTS FOR 36 MONTHS	G	
8/1/3/4/ 230	7/26/2019	PROVISION OF SHORT-TERM INSURANCE FOR THE PERIOD OF 36 MONTHS	R	N/A	700,911.00			PROVISION OF SHORT-TERM INSURANCE FOR THE PERIOD OF 36 MONTHS		
8/1/3/4/ 231	7/26/2019	PROVISION OF PRINTING AND POSTING OF STATEMENTS FOR NQUTHU MUNICIPALITY FOR THE PERIOD OF 36 MONTHS	R	N/A	851,775.00			PROVISION OF PRINTING AND POSTING OF STATEMENTS FOR NQUTHU MUNICIPALITY FOR THE PERIOD OF 36 MONTHS		
8/1/3/4/ 232	7/26/2019	SUPPORT & MAINTENANCE SERVICES OF THE EXISTING COMPUTERISED LEARNERS LICENSE TESTING SYSTEM FOR A PERIOD OF 12 MONTHS	R	N/A	264,960.00			Support and maintenance services of existing computerised licence	G	
8/1/3/4/ 233	7/26/2019	CONSTRUCTION OF KHULANI CRECHE	R	N/A	1,170,000.26			CONSTRUCTION OF KHULANI CRECHE	G	
8/1/3/4/ 234	11/7/2019	SUPPLY AND DELIVER DISASTER UNIFORMS AND PPE FOR NQUTHU MUNICIPALITY.	R		285,694.50			SUPPLY AND DELIVER DISASTER UNIFORMS AND PPE FOR NQUTHU MUNICIPALITY.		P
8/1/3/4/ 236	11/7/2019	PROVISION TO HOST WEBSITE & BACKUP WEBSITE FOR 36 MONTHS FOR NQUTHU MUNICIPALITY	R	N/A	455,400.00			Provision of host website and backup website		S

8/1/3/4/ 237	11/7/2019	PROVISION OF INTERNAL AUDIT SERVICES FOR THE PERIOD OF 36 MONTHS FOR NQUTHU MUNICIPALITY	R	2,252,790.00	N/A	N/A	Internal Audit service provided	G	
8/1/3/4/ 238	12/12/2019	SUPPLY AND DELIVER FENCING FOR ALL WARDS FOR NQUTHU MUNICIPALITY	R	2,374,877.65	N/A	N/A	Supply and deliver fencing for all Nquthu Wards	G	
8/1/3/4/ 239	12/12/2019	PROVISION OF TRACKING DEVICE FOR 36 MONTHS FOR NQUTHU MUNICIPALITY	R	575,872.56	N/A	N/A	Provision of Tracking Device		S
8/1/3/4/ 258	4/23/2020	SUPPLY AND DELIVERY OF FIRE ENGINE FOR DISASTER DEPARTMENT	R	2,184,756.84	N/A	N/A	SUPPLY AND DELIVERY OF FIRE ENGINE FOR DISASTER DEPARTMENT	G	
8/1/3/4/ 259	4/23/2020	CONSTRUCTION OF NQUTHU JUNCTION (RANK ROAD AND MISSION ROAD) IN WARD 14	R	10,644,479.12	N/A	N/A	CONSTRUCTION OF NQUTHU JUNCTION (RANK ROAD AND MISSION ROAD) IN WARD 14	G	
8/1/3/4/ 260	4/23/2020	CONSTRUCTION OF NKONKONYANE GRAVEL ACCESS ROAD	R	3,154,910.00	N/A	N/A	CONSTRUCTION OF NKONKONYANE GRAVEL ACCESS ROAD	G	
8/1/3/4/ 261	4/23/2020	CONSTRUCTION OF NQUTHU RESIDENTIAL DEVELOPMENT PHASE 1 – WATER, SEWER AND ELECTRICAL SERVICES	R	34,163,428.27	N/A	N/A	CONSTRUCTION OF NQUTHU RESIDENTIAL DEVELOPMENT PHASE 1 – WATER, SEWER AND ELECTRICAL SERVICES	G	
8/1/3/4/ 262	4/23/2020	CONSTRUCTION OF NQUTHU RESIDENTIAL DEVELOPMENT PHASE 2 – ROADS AND STORMWATER	R	32,884,991.30	N/A	N/A	CONSTRUCTION OF NQUTHU RESIDENTIAL DEVELOPMENT PHASE 2 – ROADS AND STORMWATER	G	
8/1/3/4/ 263	5/5/2020	CONSTRUCTION OF MNXANGALA COMMUNITY HALL	R	3,734,379.00	N/A	N/A	CONSTRUCTION OF MNXANGALA COMMUNITY HALL	G	
8/1/3/4/ 264	5/5/2020	PRACTICAL COMPLETION OF EZIQHAZENI COMMUNITY HALL	R	1,568,644.00	N/A	N/A	PRACTICAL COMPLETION OF EZIQHAZENI COMMUNITY HALL	G	

8/1/3/4/ 265	5/5/2020	CONSTRUCTION OF NGQULU COMMUNITY HALL	R	3,948,459.17	N/A	N/A	CONSTRUCTION OF NGQULU COMMUNITY HALL	G		
8/1/3/4/ 266	5/5/2020	CONSTRUCTION OF EKUKHANYENI COMMUNITY HALL	R	3,182,740.00	N/A	N/A	CONSTRUCTION OF EKUKHANYENI COMMUNITY HALL	G		
8/1/3/4/ 267	5/5/2020	CONSTRUCTION OF NKALANKALA COMMUNITY HALL	R	3,034,856.67	N/A	N/A	CONSTRUCTION OF NKALANKALA COMMUNITY HALL	G		
8/1/3/4/ 268	5/5/2020	CONSTRUCTION OF OGAZINI COMMUNITY HALL	R	3,162,500.00	N/A	N/A	CONSTRUCTION OF OGAZINI COMMUNITY HALL	G		
8/1/3/4/ 269	5/5/2020	RE-ADVERT SUPPLY AND INSTALLATION OF GABIONS AND CONCRETE PAVEMENT FOR MAGOGO ROAD	R	920,617.50	N/A	N/A	RE-ADVERT SUPPLY AND INSTALLATION OF GABIONS AND CONCRETE PAVEMENT FOR MAGOGO ROAD	G		
8/1/3/4/ 270	5/5/2020	RE-ADVERT SUPPLY AND INSTALL CONCRETE PAVEMENT SLAB AND INSTALLATION OF GUARDRAIL SYSTEM FOR NOMALANGA ROAD	R	709,588.00	N/A	N/A	RE-ADVERT SUPPLY AND INSTALL CONCRETE PAVEMENT SLAB AND INSTALLATION OF GUARDRAIL SYSTEM FOR NOMALANGA ROAD	G		
8/1/3/4/ 271	5/5/2020	COLLECTION OF SPATIAL DATA FOR NQUTHU MUNICIPALITY	R	447,120.00	N/A	N/A	COLLECTION OF SPATIAL DATA FOR NQUTHU MUNICIPALITY	G	Fieldwork currently underway.	
8/1/3/4/ 272	5/5/2020	DEVELOPMENT OF GIS POLICY AND STRATEGY	R	592,020.00	N/A	N/A	DEVELOPMENT OF GIS POLICY AND STRATEGY	G	Review of end users and their information needs currently underway.	
8/1/3/4/ 274	5/5/2020	SUPPLY AND INSTALLATION OF LIGHTNING CONDUCTORS FOR THE PERIOD OF 24 MONTHS	R	R6842.50 EACH	N/A	N/A	SUPPLY AND INSTALLATION OF LIGHTNING CONDUCTORS FOR THE PERIOD OF 24 MONTHS	G	New contract to be implemented during 2020/21	

PART THREE: 2019/20 AUDIT COMMITTEE REPORT



ANNUAL REPORT OF THE AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2019 TO 30 JUNE 2020

AUDIT COMMITTEE REPORT

The Performance/Audit Committee of the Nquthu Municipality has pleasure in submitting this annual report. This report is submitted in terms of the provisions of sections 121(3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 ("the MFMA") and covers the financial period from 1 July 2019 to 30 June 2020.

PERFORMANCE/AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consist of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. The one member of the committee could not finish the term of office as he had to relocate and could not come back to South Africa due to COVID-19 epidemic. The Council resolved to appoint Mr Zulu to serve as the Chairperson of both Audit and Performance Committee in order to allow the smooth transition. The Council did not replace the member as he resigned due to COVID- 19 challenges, Council was not seating as normal and a lot of challenges were faced by Council.

Name of Member	Number of Meetings Attended
Mr Z Zulu (Chairperson)	6
Mr. LB Van der Merwe(Former Chairperson)	4
Mr. N. Rajkumar	6
Mr. MGM Zikalala	6

Overview of Activities

The Committee held Six (6) meetings and two special meetings during the year under review on the following dates:-

26 July 2019

15 August 2019 (Special Meeting)

27 August 2019 (Special Meeting)

29 October 2019

26 February 2020

22 May 2020

The Performance/Audit Committee chairpersons also availed himself for Council Meetings to present written reports of the Audit Committee and assessments of the Municipal Manager and Managers reporting to Municipal Manager. Due to challenges at Administration with the suspension of Municipal Manager and other officials, Performance/ Audit Committee Chairperson could not get a chance to present to Council up until January 2021.

PERFORMANCE/AUDIT COMMITTEE RESPONSIBILITIES

The Performance/Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Performance/Audit Committee's work was guided and regulated by a Performance/Audit Committee Charter, and discharged all its responsibility as contained therein. The Performance/Audit Committee's work could not be guided by its work programme that it adopted during the year because of administrative problem and the suspension of the Municipal Manager. It is recommended that in 2019/20 financial year the municipality should stick to its program adopted by the municipality.

INTERNAL AUDIT INSTITUTIONAL ARRANGEMENT

The Internal Audit Charter as adopted by the Performance/Audit Committee regulates the work of the Internal Audit Activities.

The municipality has an approved structure of internal audit and it was outsourced to Ntshidi and Associate Consulting. Nquthu Municipality has one employee responsible for the Internal Audit and is full time in the municipality and is responsible for the co-ordination of the work of the Internal Audit in the municipality. The out-sourced service provider has been tasked to transfer skills to the internal person and the progress in this regard is monitored by the AUDCOM and the Municipal Manager. It is recommended that the municipality should consider appointing interns for internal audit skills transfer. The risk management has a full time dedicated employee who reports to the Risk Chairperson.

In terms of S62 (c) (ii) and S165 (1) of the MFMA each municipality is required to have an Internal Audit Unit and S165 (3) allows the municipality to co-source the internal audit function if the municipality requires assistance to develop its internal capacity. The Internal Audit coverage plan was approved by the Performance/Audit Committee at its October 29th meeting for the 2019/20 financial year.

INTERNAL AUDIT FUNCTION

During this financial year, internal audit reports were presented at the Performance/Audit Committee meetings. Issues raised were deliberated in the meetings of the Performance/Audit Committee and resolutions were taken. The Performance/Audit Committee addressed the issues in its reports to Council and recommendations including the issues raised by the Auditor-General.

The Internal Audit Unit has made significant progress in the completion of the 2019/20 annual audit plan and complied with its responsibilities arising from its approved Charter. The outsourced Internal Audit (Ntshidi and Associate Consulting) has a three years contract with the municipality and its services is measured every year by both Performance/Audit Committee and management.

SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are effectively and efficiently managed and they remain a management responsibility.

The Internal Audit reports in all areas audited during the financial year under review indicated that there were some weaknesses in the system of internal control and these were deliberated on during the meetings.

The Performance/Audit Committee has noted that there has been improvement on the systems of internal control especially relating to Supply Chain Management processes. Whilst the committee understand the limited resources that the municipality has, however, Supply Chain Management structure needs to be revisited in order to ensure adequate segregation of incompatible duties thus minimising risks of fraud and corruption.

RISK MANAGEMENT

The AUDCOM is responsible for oversight of the internal and external auditor as well as financial reporting. It acknowledges the fact that the assessment of internal controls over financial reporting is risk-based while it is doing its work. AUDCOM is also overseeing management's risk framework and policies and review the municipality's key risk exposures. As it does its work it further assess adequacy of the planned risk mitigating measures.

Municipality appointed an external Risk Management Committee Chairperson who attended regular meetings of the AUDCOM as per the schedule of meetings and reported on quarterly basis.

The Internal Audit function provides independent assurance in relation to the management's assertions surrounding the robustness and effectiveness of risk management maturity.

The AUDCOM noted the updated 2019/2020 risk registers and the establishment of the Municipal Risk Management Committee and expressed its appreciation for the effort and significant improvement there off.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Audit Committee reviewed Annual Financial Statements for the year ending 30 June 2020 that were submitted to the Auditor-General for audit. As indicated above the AUDCOM had two special meetings to deal with Annual Financial Statements (AFS), Annual Performance Report (APR) and Annual Report (AR). The Audit Committee noted some errors which the Chief Financial Officer and Manager Performance subsequently rectified before the submission to the Auditor-General. Improvements with respect to the quality of the Annual Financial Statements were also noted during the review of the annual financial statements compared to the previous financial year. These financial statements were approved and submitted to the Auditor-General by the end of October 2020 instead of August 2020 due to COVID 19 as required by the MFMA.

In order for this situation to improve the municipality need to develop its own action plan for the development of AFS that will guide its activities. Mid-year financial statements also need to be developed and be audited by the Internal Auditor as a build up to the Annual Financial Statements.

PERFORMANCE MANAGEMENT

Internal Audit Unit's annual audit coverage plan included review of Performance Management System and Performance Information. The Audit Committee had reviewed and considered the reports noted some weaknesses in the area of Performance Information and the strides that are being made by management through workshops and sharing of information with other municipalities who have achieved better results during audits by Auditor-General. The catch-up plan on backlog of performance assessments has not been implemented; however, there is still a concern in that for performance management to be effective assessments should be done on time so as to ensure corrective action is taken within the financial year.

This area has improved significantly at Nquthu Municipality during the financial year more effort has been put to ensure that there is effective and efficient management of performance within the municipality. The Performance/Audit Committee recommended that the Internal Audit Unit should review the Organisational Scorecard, Service Delivery & Budget Improvement Plan (SDBIP) before the approval by the Mayor to ensure alignment with Integrated Development Plan (IDP) and compliance with SMART principles.

The AUDCOM has been consistently receiving report from the Performance Management Business Unit regarding the progress on Back to Basic and observation is that the municipality has improved.

The AUDCOM has noted that the municipality has been consistently reporting on the compliance to legislations with regards to the Performance Management.

FINANCIAL MANAGEMENT AND PERFORMANCE REPORTS

Regular management reports were reviewed by the AUDCOM. These included debtors age analyses, income and expenditure reports, budget and variance reports and mid-year interim financial statements. Several pertinent matters were raised with management who in turn furnished satisfactory answers. In many instances suggestions, recommendations, and/or requests from the AUDCOM were implemented by management.

Information furnished by the Internal Audit and Management has allowed the AUDCOM to form an opinion that the Municipality's system of internal financial control was effective and formed a basis for the preparation of reliable financial statements. However, the Municipality's system of internal financial controls and reporting is not yet fully effective and there is room for improvement to achieve overall clean administration.

Some of the key challenges for the Municipality continue to be:

- Electricity losses and the management thereof;
- Debt collection;
- Irregular, fruitless and wasteful expenditure and the investigation thereof. The overall consequence management is not yet evident and AUDCOM recommends that Council take action;
- Supply Chain Management.

Monthly management reports were reviewed by the Performance/Audit Committee. Several pertinent matters were raised with management who in turn furnished satisfactory answers. In many instances suggestions, recommendations, and/or requests from the Committee were implemented by management.

FINCTIONALITY OF THE FINANCE DEPARTMENT

Upon assessing functionality of finance department, AUDCOM noted that all finance staff in the managerial level has required financial qualification as required by minimum Competency Level Regulations, Gazette No. 29967 of 15 June 2007. The department has a staff complement of 31 people including the Chief Financial Officer, systems in place including policies and procedures which are periodically reviewed, draws to a conclusion that the department has adequate physical and personnel resources to support the institution. It is commendable that, municipality has developed credible Annual Financial Statements without hiring consultants.

More attention must be given to Supply Chain Management, as the starting point Management must consider and attend to all matters raised by Auditor General in the management report. Contract management is still an issue which needs to be given priority as it gives rise to irregular expenditure.

INFORMATION TECHNOLOGY (IT)

A review on the Information General Controls was not conducted by Internal Audit during the year under review. The municipality should consider employing an in-house Manager for Information Technology. IT Policies have been developed and work-shopped during the year under review. Management has committed in reviewing the structure of Information Technology with a view of creating more capacity and better service to the departments.

GOVERNANCE

The AUDCOM fulfills an oversight role regarding the Municipality's governance process. It is responsible for ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its duties. Furthermore, it oversees cooperation between the internal and external auditors, and serves as a link between the Council and these functions.

The internal and external auditors have unlimited direct communication to the AUDCOM, primarily through its Chairperson.

The Mayor and the Chairperson of MPAC have a standing invitation to attend AUDCOM meetings. It must be noted that the Chairperson of MPAC has attended most meetings of the

AUDCOM. The Chairperson of AUDCOM has not been invited to attend the MPAC meetings where oversight matters were discussed.

COMPLIANCE WITH LAWS AND REGULATIONS

The Performance/Audit Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations. The Performance/Audit committee is not satisfied that the system for monitoring compliance with laws and regulations is effective. A checklist is going to be developed and presentation to all Performance/Audit Committee meetings, reports on compliance and noncompliance to laws and regulations will be given a priority during the year 2020/21.

EXTERNAL AUDIT BY AUDITOR-GENERAL (AGSA)

The Performance/Audit Committee has reviewed the External Audit scope to ensure the critical areas within the Municipality are being addressed. In addition, the committee reviewed the audit report including issues arising out of the external audit.

Based on processes followed and assurances received from the Auditor-General, nothing has come to the committee's attention with regard to any matter concerning the independence of External Auditors.

The Performance/Audit Committee concurred with the Auditor-General's conclusions on the Annual Financial Statements, compliance with laws and regulations and performance information and note the improvement in terms of the audit report.

RECOMMENDATIONS

- The Accounting Officer must ensure that all Senior Managers take ownership of the Performance Management System to prevent repeat audit findings and to contribute to an effective system and process. Should this not happen, the consequence management process should be implemented. In addition, urgent attention needs to be given to eradicating the performance issues which are inhibiting Clean Audit.
- The Council and management should ensure that comprehensive legal compliance checklists exist and are monitored by Council, Portfolio Committees and Manco on a monthly basis. Where non-compliance with laws and regulations are detected the consequence management process should be implemented.
- The Accounting Officer should ensure that all senior managers and CoGTA and Treasury attend the AUDCOM meetings to contribute toward effective Governance.
- The Accounting Officer should ensure that all departments implement the risk response plans.
- The Accounting Officer should ensure that the Audit Action Plan is prioritised by the management team and progress is monitored on a regular basis.
- The Accounting Officer should ensure that all reports as required by regulation are submitted to AUDCOM on time.

- The Council and management need to continuously monitor internal controls over SCM processes to prevent irregular expenditure as far as possible.
- Management should ensure that credible, reliable and accurate financial and performance information is submitted quarterly for review to the Council Committees and AUDCOM. Submissions should be signed by the relevant authors and Heads of Department to indicate approval of their content.

CONCLUSION

The Committee notes with concern the vacancies at senior level of the municipality. The biggest concern is that it will affect the controls that have been put in place by the suspended leadership. The continuous instability at the political leadership level, and administrative leadership need to be managed. In addition, the Performance/Audit Committee concurs and accepts the conclusion of both the Internal Audit and the Auditor-General.

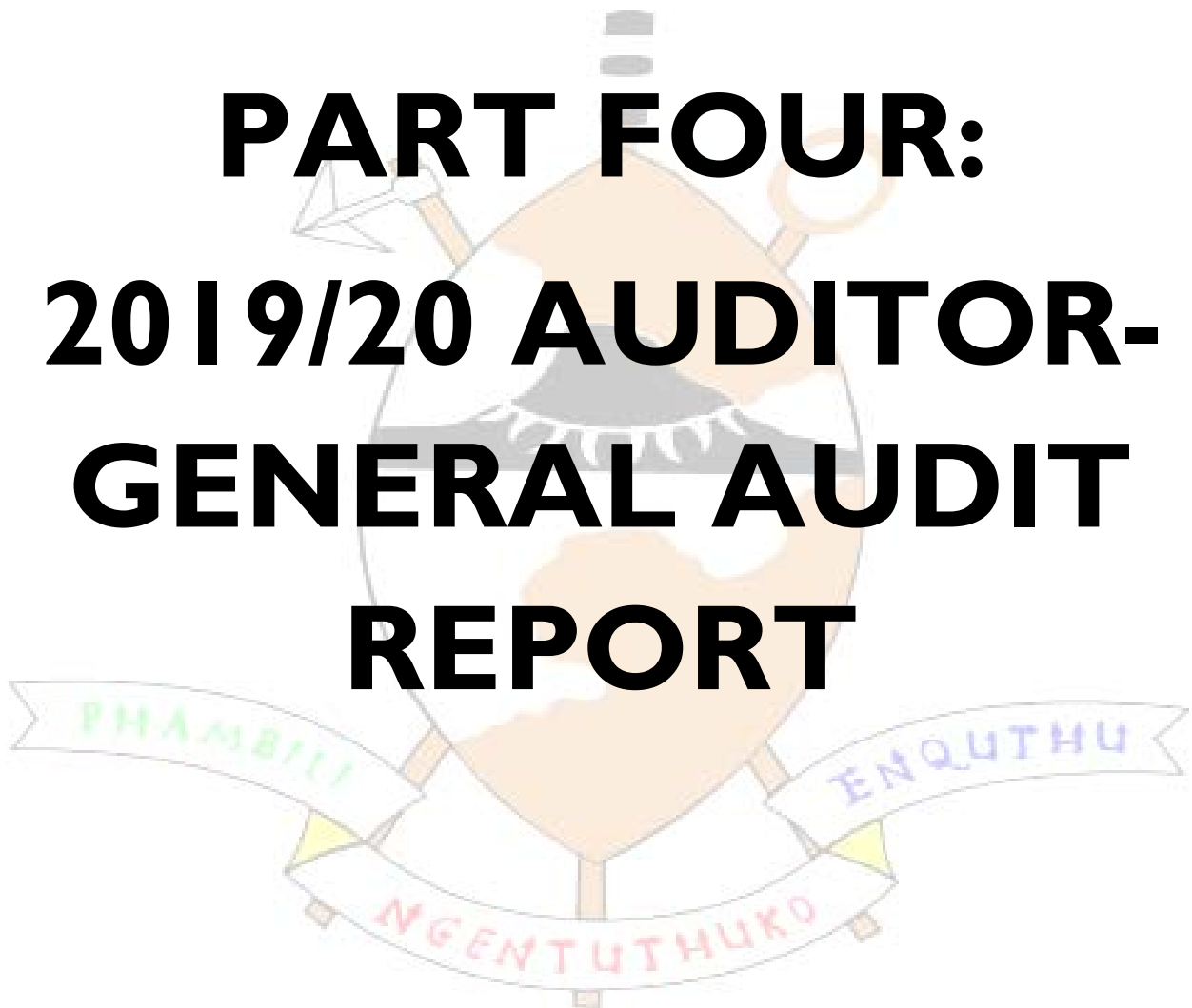
The Performance/Audit Committee wishes to express its sincere gratitude to the Council and all those involved in the improvement of systems at the Municipality and to the Acting Municipal Manager and Senior Management for their support during this financial year.

Chairperson: Audit Committee

A handwritten signature in black ink, consisting of a large, stylized initial 'Z' followed by a horizontal line extending to the right.

Mr Z Zulu

PART FOUR: 2019/20 AUDITOR- GENERAL AUDIT REPORT



Auditor-General of South Africa

Nquthu Municipality
Audit report 2019-20

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on the Nquthu Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Nquthu Municipality set out on pages 114 to 179, which comprise the statement of financial position as at 30 June 2020, 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. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Material uncertainty related to going concern/ financial sustainability

3. The municipality did not perform a proper going concern assessment as required by the South African Standard of Generally Recognised Accounting Practice 1 (SA Standard of GRAP), *Presentation of financial statements* as they did not perform an assessment for the forthcoming 12 months. Consequently, the disclosure in note 41 to the financial statements is inadequate to support the use of the going concern assumption in the preparation of the financial statements.

Property, plant and equipment

4. The municipality did not recognise donated land in accordance with the requirements of the SA Standard of GRAP 17, *Property, plant and equipment*. The municipality did not recognise donated land which met the definition of an asset. Consequently, property, plant and equipment was understated by an amount which was impracticable to determine. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.
5. I was unable to obtain sufficient appropriate audit evidence that community assets and infrastructure assets had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I was unable to confirm the community and infrastructure assets by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the net carrying value of property, plant and equipment stated at R417,49 million in note 4 to the financial statements.

Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence that the receivables from exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I was unable to confirm receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transactions stated at R6,35 million in note 9 to the financial statements.

Receivables from non-exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence that receivables from non-exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I was unable to confirm receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from non-exchange transactions stated at R53,61 million in note 10 to the financial statements.
8. The municipality did not properly account for receivables from non-exchange transactions in accordance with the SA Standard of GRAP 104, *Financial instruments*. Conditional grant receivables were incorrectly included in receivables from non-exchange transactions. Consequently, receivables from non-exchange transactions and revenue from non-exchange transaction were overstated by R9,07 million.
9. The municipality inappropriately offset negative debtors' amounts against receivables from non-exchange transactions, contrary to the requirements of the SA Standard of GRAP 1, *Presentation of financial statements*. Consequently, receivables from non-exchange transactions and payables income received in advance were both understated by R1,98 million.

VAT receivable

10. I was unable to obtain sufficient appropriate audit evidence that VAT receivables had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the VAT receivables amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to VAT receivables stated at R6,64 million in note 11 to the financial statements.

Payables from exchange transactions

11. I was unable to obtain sufficient appropriate audit evidence that payables from exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transactions stated at R45,73 million in note 16 to the financial statements.

Provisions

12. I was unable to obtain sufficient appropriate audit evidence that provisions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the provisions amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to provisions stated at R10,21 million in note 15 of to the financial statements.

Employee benefit obligations

13. I was unable to obtain sufficient appropriate audit evidence that employee benefit obligations had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the employee benefit obligations by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the employee benefit obligations stated at R5,12 million in note 7 to the financial statements.

Revenue from exchange transactions

14. I was unable to obtain sufficient appropriate audit evidence that revenue from exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the revenue from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to revenue from exchange transactions stated at R38,91 million in note 18 to the financial statements.
15. The municipality did not correctly account for service charges in terms of SA Standard of GRAP 1, *Presentation of financial statements*. The debt impairment expense was erroneously included in service charges revenue. Consequently, service charges revenue is overstated by R10,58 million in note 19 to the financial statements and debt impairment as stated in note 28 to the financial statements was understated by the same amount. Additionally, there was a resultant impact on the surplus for the period.

Revenue from non-exchange transactions

16. I was unable to obtain sufficient appropriate audit evidence that revenue from non-exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm revenue from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to revenue from non-exchange transactions stated at R229,73 million in note 18 to the financial statements.

Contracted services

17. I was unable to obtain sufficient appropriate audit evidence that contracted services had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the contracted services expenditure amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the contracted services expenditure amount totalling R10,77 million in note 30 the financial statements.

General expenses

18. I was unable to obtain sufficient appropriate audit evidence that general expenses had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the general expenses amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to general expenses stated at R42,00 million in note 31 the financial statements.

Transfers and subsidies

19. I was unable to obtain sufficient appropriate audit evidence that transfers and subsidies had been properly accounted for, due to the status of the accounting records. I was unable to confirm the transfers and subsidies expenditure amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to transfers and subsidies stated at R5,09 million in the statement of financial performance.

Commitments

20. The municipality did not account for commitments in terms of SA Standard of GRAP 17, *Property, plant and equipment*. The municipality incorrectly included retention monies in capital commitments. Consequently, commitments was overstated by R5,71 million in note 35 to the financial statements.

Irregular expenditure

21. The municipality did not include the full extent of irregular expenditure in the financial statements, as required by section 125(2)(d) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This was due to payments made in contravention of the supply chain management requirements, which resulted in irregular expenditure. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the irregular expenditure disclosed in the notes to the financial statements as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to irregular expenditure incurred for the year, stated at R50,88 million in note 44 to the financial statements.

Contingencies

22. I was unable to obtain sufficient appropriate audit evidence for contingencies, as the municipality did not maintain accurate and complete records. I could not confirm contingencies by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to contingencies as stated in note 36 to the financial statements.

Prior period errors

23. The municipality did not disclose all previous period errors in note 39 to the financial statements, as required by SA Standard of GRAP 3, *Accounting policies, changes in accounting estimates and errors*. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed, as identified by the auditors.

Statement of changes in net assets

24. The municipality did not prepare and disclose the statement of changes in net assets as required by GRAP 1, *Presentation of financial statements*. This was due multiple errors identified on the opening balance of the accumulated surplus as disclosed in the statement of changes in net assets. Consequently, I was not able to determine the full extent of the errors in the opening balance of the accumulated surplus, stated at R611,17 million in the statement of changes in net assets, as it was impracticable to do so.

Net cash flows from operating activities

25. The municipality did not prepare and disclose the net cash flows from operating activities as required by SA Standard of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, stated at R116,07 million in note 34 (Cash generated from operations) to the financial statements, as it was impracticable to do so.

Statement of comparison of budget and actual amounts

26. The municipality did not prepare the statement of comparison of budget and actual amounts in accordance with the SA Standards of GRAP 24, *Presentation of budget information in financial statements*. Material differences were identified between the budget amounts disclosed in the financial statements and the approved budget. Consequently, the statement of comparison of budget and actual amounts was materially misstated. Additionally, an explanation of material differences between the budget and actual amounts was not disclosed as indicated in notes 46 and 53 to the financial statements.

Other matter

27. I draw attention to the matter below.

Unaudited disclosure notes

28. 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

29. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2019 (Act No.16 of 2019) (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.

30. 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

31. My responsibility is to conduct an audit of the financial statements in accordance with the ISAs and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
32. 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 the other ethical requirements relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

33. 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 selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
34. I was engaged to evaluate 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 KPA 2 - basic service delivery and infrastructure development priority presented on pages x to x of the annual performance report of the municipality for the year ended 30 June 2020.
35. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

KPA 2: Basic service delivery and infrastructure development

Planning for Bucoshi Gravel Road

36. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined nature and required level of performance, method of calculation and deadline for delivery to be used when measuring the actual achievement for the indicator "Planning for Bucoshi Gravel Road". This was due to a lack of measurement definitions and processes as the target for the indicator was not set.

Indicator per SDBIP	Planned target per SDBIP
Planning for Bucoshi Gravel Road	Submission of designs

Various indicators

37. The reported achievements of targets in the annual performance report for the following two indicators did not agree to the supporting evidence provided.

Indicator per SDBIP	Planned target per SDBIP	Reported Actual achievement per APR	Audited value
Number of electricity connections at Low Cost Housing Phase II (Ward 14-municipal area) by year end	1157	1052	1157
Number of households with access to FBE quarterly	4 172	4280	5335

Various indicators

38. The reported achievements of targets for the following five indicators did not agree with the planned targets as per the approved service delivery and budget implementation plan (SDBIP).

Indicator per SDBIP	Planned target per SDBIP	Reported Actual achievement per APR
Submission of design for Mbilane gravel road by year end	31-Sept-2019	Design report for Mbilane gravel road submitted before 30 June 2020
Submission of design for Mphunyuka Gravel Road by year end	31-Mar-2020	Design Report for Mphunyuka Gravel Road submitted by 29 May 2020
Submission of design for Nkonkonyane Gravel Road by year end	30-Nov-19	Design report submitted and construction is underway (50% construction progress)
Appointment of contractor for installation gabion and pavement slab for Magogo Gravel Road by year end	30-Jun-20	Design submitted and installation of gabions is 63% complete as at 30 June 2020
Appointment of contractor for installation of pavement slab and guard-rails for Nomalanga gravel road by year end	30-Jun-20	Contractor appointed and on site (53% progress made)

Various indicators

39. I was unable to obtain sufficient appropriate audit evidence for the achievement of targets for the below-mentioned five indicators in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator per SDBIP	Planned target per SDBIP	Reported actual achievement per APR
Construction of 2.5km Ntabenebomvu Gravel Rd before by year end	100%	4378200%
Submission of design for Mphunyuka Gravel Road by year end	31-Mar-2020	Design report for Mphunyuka Gravel Road submitted by 29 May 2020
Submission of design for Nkonkonyane Gravel Road by year end	30-Nov-19	Design report submitted and construction is underway (50% construction progress)
Final assessment report of electricity infrastructure in the municipal area by year end	30 June 2020	Technical assessment report submitted to the municipality by 1 May 2020

Indicator per SDBIP	Planned target per SDBIP	Reported actual achievement per APR
Planning for Bucoshi Road	Submission of designs	Design Report for Bucoshi Gravel Road submitted for construction of 3.5 km access road in Ward 4

Various indicators

40. The planned targets for the two below-mentioned indicators were not specific in clearly identifying the required level of performance or measure. This was due to targets being measured in percentage whilst the indicators are referring to kilometres of road constructed.

Indicator per SDBIP	Planned target per SDBIP
Construction of 6.85km Nquthu Southern Road Network Phase II	100%
Construction of 2.5km Ntabenebomvu Gravel Rd before by year end	100%

Various indicators

41. The following two planned and approved indicators per the service delivery and budget implementation plan were not included/reported upon in the annual performance report:

Indicators per SDBIP
Planning for Cishane gravel road
Mangwebuthanani, section 4 electrification, phase II

Various indicators

42. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against targets as reported in the annual performance report. This was due to limitations placed on the scope of my work as supporting evidence was not provided by management to corroborate the measures disclosed. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

Indicator per SDBIP	Planned target per SDBIP	Reported actual achievement per APR	Corrective measures in the APR
Construction of 6.85km Nquthu Southern Road Network Phase II	100%	85%	Construction to resume when lockdown is lifted
Submission of design for Mphunyuka Gravel Road by year end	31 March 2020	Design Report for Mphunyuka Gravel Road submitted by 29 May 2020	N/A
Number of electricity connections in Eskom area by year end	400	0	Eskom has a plan for some of the areas

Other matter

43. I draw attention to the matter below.

Achievement of planned targets

44. The annual performance report on pages 67 to 84 sets out information on the achievement of planned targets for the year. This information should be considered in the context of the material findings identified on the usefulness and reliability of the reported performance information in paragraphs 36 to 42 of this report.

Report on the audit of compliance with legislation

Introduction and scope

45. 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.

46. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

47. The annual financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the annual financial statements receiving a disclaimer of audit opinion.

48. The annual financial statements was not submitted to the Auditor-General, for auditing, within four months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Asset management

49. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

50. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Revenue management

51. An adequate management, accounting and information system which accounts for revenue / debtors / receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.

52. An effective system of internal control for debtors / revenue was not in place, as required by section 64(2)(f) of the MFMA.

53. I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
54. I was unable to obtain sufficient appropriate audit evidence that accounts for municipal tax and service charges were prepared that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical, as required by section 64(2)(c) of the MFMA.
55. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, except where the municipal council has granted exemptions in accordance with its budget-related policies and within a prescribed framework as required by section 64(2)(g) of the MFMA.

Expenditure management

56. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.
57. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The amount of R50,88 million incurred for the year, as disclosed in note 44 to the financial statements, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance relating to the renewal of senior managers' employment contracts and composition of the bid adjudication committee not meeting the legislative requirements.
58. I was unable to obtain sufficient appropriate audit evidence that money owed by the municipality had always been paid within 30 days, as required by section 65(2)(e) of the MFMA.

Procurement and contract management

59. All competitive bids were adjudicated by a bid adjudication committee that was not duly composed, as required by supply chain management (SCM) regulation 29(2). Similar non-compliance was also reported in the prior year.
60. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
61. Some of the bid documentation for procurement of commodities designated for local production and content, did not stipulate the minimum threshold for local production and content, as required by regulation 8(2) of the 2017 preferential procurement regulations.

Strategic planning and performance management

62. Performance targets were not set for a key performance indicator for the financial year, as required by section 41(1)(b) of the MSA and municipal planning and performance management regulation 12(1).

63. The service delivery and budget implementation plan (SDBIP) for the year under review did not include monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote, and/or the service delivery targets and performance indicators for each quarter, as required by section 1 of the MFMA.

Internal control deficiencies

64. 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 basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
65. Leadership did not drive an effective culture of accountability as well as in ensuring that the key management vacancies were filled timeously.
66. The financial statements contained numerous material misstatements, which were mainly due inadequate application of the financial reporting framework. This was further compounded by the fact that there were two financial systems in use during the year and no financial system integration was performed before preparation of the financial statements to ensure that the financial statements prepared, were credible, accurate and complete.
67. Management did not adequately monitor and review the performance against predetermined objectives to ensure that it was consistent and agreed with documentation/portfolio of evidence to support the reported achievements and performance information.
68. Management did not monitor and review compliance with applicable legislation adequately with the required vigour.

Other reports

69. I draw attention to the following engagement conducted by an external party 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. This report does not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

70. An independent consultant was appointed to perform forensic investigation into the state of governance and administration of the previous council covering period 2011 to 2016. A confirmation received from the municipality's attorneys indicated this probe was still in progress at the date of this report.

Auditor-General

Pietermaritzburg

30 April 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



PART : 9:
2019/20 AUDITED
ANNUAL
FINANCIAL
STATEMENTS

The background features the coat of arms of Nquthu Local Municipality. It consists of a central shield with a sunburst at the top, a banner across the middle with the motto 'PHAMBILI NGENTUTHUKO' (written in green, blue, and red), and a banner at the bottom with the name 'NQUTHU' (written in blue). The shield is flanked by two crossed spears and a staff.



**Nquthu Local Municipality
(Registration number KZN242)
Annual Financial Statements
for the year ended 30 June, 2020**

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

General Information

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	Local Municipality
Accounting Officers	Mr. BP Gumbi New
Registered office	Municipal Building 83/11 Mdlalose Street Nquthu 3135
Business address	Municipal Building 83/11 Mdlalose Street Nquthu 3135
Postal address	Private Bag X 5521 Nquthu 3135
Bankers	ABSA South Africa
Auditors	Auditor General
Attorneys	BMM Inc. Rafiq Khan Inc.
Executive Committee	Cllr. IL Shabalala (Mayor) Cllr. NM Zungu (Deputy Mayor) Cllr. ME Mnguni (Chairperson) Cllr. PP Ntombela Cllr. MR Ngobese Cllr. LS Hoffman Cllr. LC Moloji

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

General Information

Ordinary Councillors

Cllr. Z Sithole
 Cllr. RS Langa
 Cllr. EM Mkhwanazi
 Cllr. SM Kunene
 Cllr. MSK Gumbi
 Cllr. NM Buthelezi
 Cllr. SM Buthelezi
 Cllr. SP Khumalo
 Cllr. FA Hlatshwayo
 Cllr. JN Khoza
 Cllr. JZ Ndimma
 Cllr. SD Masimula
 Cllr. GF Molefe
 Cllr. SMC Zikode
 Cllr. CT Buthelezi
 Cllr. CN Xulu
 Cllr. MN Khanye
 Cllr. NS Mkhize
 Cllr. TJ Motloung
 Cllr. BI Zwane
 Cllr. HM Shelembe
 Cllr. NG Mdlalose
 Cllr. TA Dlamini
 Cllr. ET Nhlebela
 Cllr. SG Kunene

Chief Financial Officer

Mr. WS Mpanza

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal 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)

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 officers acknowledge that they are 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 officers 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 officers are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June, 2021 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality's operations depend on a number of sources of revenue ranging from National Government to its own sources and donations 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 is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 October, 2020 and were signed on its behalf by:



Accounting Officer

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

Statement of Financial Position as at 30 June, 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Inventories	8	763,301	874,272
Receivables from exchange transactions	9	6,347,632	3,538,358
Receivables from non-exchange transactions	10	53,606,070	42,734,597
VAT receivable	11	6,639,178	6,160,302
Prepayments		745,382	745,382
Cash and cash equivalents	12	291,709,427	246,870,454
		359,810,990	300,923,365
Non-Current Assets			
Investment property	3	749,053	749,053
Property, plant and equipment	4	417,492,064	346,266,029
Intangible assets	5	82,520	82,520
Heritage assets	6	78,888	78,888
		418,402,525	347,176,490
Total Assets		778,213,515	648,099,855
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	45,729,511	20,958,886
Consumer deposits	17	493,610	492,075
Employee benefit obligation	7	-	365,934
Unspent conditional grants and receipts	14	1,599,193	1,973,004
Provisions	15	9,254,405	6,590,366
		57,076,719	30,380,265
Non-Current Liabilities			
Employee benefit obligation	7	5,119,597	5,537,248
Provisions	15	951,498	895,099
		6,071,095	6,432,347
Total Liabilities		63,147,814	36,812,612
Net Assets		715,065,701	611,287,243
Reserves			
Housing Development Fund		120,032	120,032
Accumulated surplus		714,945,669	611,167,211
Total Net Assets		715,065,701	611,287,243

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019
Revenue			
Revenue from exchange transactions			
Service charges	19	17,435,015	15,935,101
Rental of facilities and equipment		797,326	566,912
Interest received (trading)		470,363	439,877
Miscellaneous other revenue		543,782	621,563
Commissions received		396,411	146,352
Interest received - investment	21	19,269,960	19,045,646
Actuarial gains		1,964,749	-
Total revenue from exchange transactions		40,877,606	36,755,451
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	22	40,675,054	36,992,498
Property rates - penalties imposed	22	3,216,574	2,108,428
Licences and Permits (Non-exchange)		973,573	884,420
Transfer revenue			
Government grants & subsidies	23	184,420,065	182,610,908
Fines, Penalties and Forfeits		448,500	755,800
Total revenue from non-exchange transactions		229,733,766	223,352,054
Total revenue	18	270,611,372	260,107,505
Expenditure			
Employee related costs	24	(72,602,308)	(63,336,559)
Remuneration of councillors	25	(12,818,502)	(11,224,160)
Depreciation and amortisation	26	-	(18,281,273)
Reversal of impairments (Impairment loss)	27	-	(229,836)
Finance costs		(618,055)	(253,428)
Lease rentals on operating lease		(221,574)	(234,183)
Debt Impairment	28	-	(5,825,093)
Bulk purchases	29	(22,711,969)	(19,006,399)
Contracted services	30	(10,766,481)	(6,309,120)
Transfers and Subsidies		(5,090,914)	-
Loss on disposal of assets and liabilities		-	(239,085)
Actuarial losses		-	(3,102,829)
General Expenses	31	(42,003,109)	(49,552,297)
Total expenditure		(166,832,912)	(177,594,262)
Surplus for the year		103,778,460	82,513,243

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

Statement of Changes in Net Assets

Figures in Rand	Housing Development Fund	Accumulated surplus	Total net assets
Opening balance as previously reported	112,725	530,573,850	530,686,575
Adjustments			
Correction of errors	-	(1,919,882)	(1,919,882)
Balance at 1 July, 2018 as restated*	112,725	528,653,968	528,766,693
Changes in net assets			
Surplus for the year	7,307	82,513,243	82,520,550
Total changes	7,307	82,513,243	82,520,550
Balance at 1 July, 2019	120,032	611,167,209	611,287,241
Changes in net assets			
Surplus for the year	-	103,778,460	103,778,460
Total changes	-	103,778,460	103,778,460
Balance at 30 June, 2020	120,032	714,945,669	715,065,701
Note(s)			

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Sale of goods and services		-	13,583,630
Grants		-	179,770,363
Interest income		19,269,960	19,045,646
Other receipts		-	15,467,475
		<u>19,269,960</u>	<u>227,867,114</u>
Payments			
Employee costs		-	(73,454,649)
Suppliers		-	(64,809,701)
Finance costs		(618,055)	(253,428)
		<u>(618,055)</u>	<u>(138,517,778)</u>
Undefined difference compared to the cash generated from operations note		97,413,099	449,419
Net cash flows from operating activities	34	116,065,004	89,798,755
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(71,226,034)	(72,951,139)
Proceeds from sale of property, plant and equipment	4	-	2,185,609
Net cash flows from investing activities		(71,226,034)	(70,765,530)
Net increase/(decrease) in cash and cash equivalents		44,838,970	19,033,225
Cash and cash equivalents at the beginning of the year		246,870,454	231,170,485
Cash and cash equivalents at the end of the year	12	291,709,424	250,203,710

Nquthu Local Municipality

(Registration number KZN242)

Annual Financial Statements for the year ended 30 June, 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	14,976,306	8,025,386	23,001,692	17,435,015	(5,566,677)	
Rental of facilities and equipment	559,158	547,196	1,106,354	797,326	(309,028)	
Interest received (trading)	810,084	669,585	1,479,669	470,363	(1,009,306)	
Miscellaneous other revenue	258,789	379,899	638,688	543,782	(94,906)	
Commissions received	143,082	888	143,970	396,411	252,441	
Other income - (rollup)	371,415	-	371,415	-	(371,415)	
Interest received - investment	20,100,000	-	20,100,000	19,269,960	(830,040)	
Total revenue from exchange transactions	37,218,834	9,622,954	46,841,788	38,912,857	(7,928,931)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	33,271,583	3,043,858	36,315,441	40,675,054	4,359,613	
Property rates - penalties imposed	-	-	-	3,216,574	3,216,574	
Licences and Permits (Non-exchange)	994,056	-	994,056	973,573	(20,483)	
Transfer revenue						
Government grants & subsidies	196,640,938	137,590	196,778,528	184,420,065	(12,358,463)	
Fines, Penalties and Forfeits	3,445,239	-	3,445,239	448,500	(2,996,739)	
Total revenue from non-exchange transactions	234,351,816	3,181,448	237,533,264	229,733,766	(7,799,498)	
Total revenue	271,570,650	12,804,402	284,375,052	268,646,623	(15,728,429)	
Expenditure						
Personnel	(81,809,434)	124,305	(81,685,129)	(72,602,308)	9,082,821	
Remuneration of councillors	(12,306,683)	-	(12,306,683)	(12,818,502)	(511,819)	
Depreciation and amortisation	(18,827,232)	-	(18,827,232)	-	18,827,232	
Finance costs	-	-	-	(618,055)	(618,055)	
Lease rentals on operating lease	(449,988)	-	(449,988)	(221,574)	228,414	
Debt Impairment	(7,355,111)	-	(7,355,111)	-	7,355,111	
Bulk purchases	(17,391,304)	-	(17,391,304)	(22,711,969)	(5,320,665)	
Contracted Services	(14,477,794)	59,304	(14,418,490)	(10,766,481)	3,652,009	
Transfers and Subsidies	(6,815,998)	(586,993)	(7,402,991)	(5,090,914)	2,312,077	
General Expenses	(68,155,469)	(4,180,016)	(72,335,485)	(42,003,109)	30,332,376	
Total expenditure	(227,589,013)	(4,583,400)	(232,172,413)	(166,832,912)	65,339,501	
Operating surplus	43,981,637	8,221,002	52,202,639	101,813,711	49,611,072	
Actuarial gains/losses	-	-	-	1,964,749	1,964,749	
Surplus before taxation	43,981,637	8,221,002	52,202,639	103,778,460	51,575,821	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	43,981,637	8,221,002	52,202,639	103,778,460	51,575,821	
Reconciliation						

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	874,272	2	874,274	763,301	(110,973)	
Receivables from exchange transactions	259,663	-	259,663	603,933	344,270	
Receivables from non-exchange transactions	49,913,969	-	49,913,969	53,606,070	3,692,101	
VAT receivable	28,287,343	(83,939)	28,203,404	6,639,178	(21,564,226)	
Prepayments	745,382	-	745,382	745,382	-	
Cash and cash equivalents	187,533,398	-	187,533,398	291,709,427	104,176,029	
	267,614,027	(83,937)	267,530,090	354,067,291	86,537,201	
Non-Current Assets						
Investment property	749,053	-	749,053	749,053	-	
Property, plant and equipment	422,009,482	953,571	422,963,053	417,492,064	(5,470,989)	
Intangible assets	82,520	-	82,520	82,520	-	
Heritage assets	78,888	1	78,889	78,888	(1)	
	422,919,943	953,572	423,873,515	418,402,525	(5,470,990)	
Total Assets	690,533,970	869,635	691,403,605	772,469,816	81,066,211	
Liabilities						
Current Liabilities						
Payables from exchange transactions	20,958,887	(9,997,819,702)	(9,976,860,815)	45,729,506	10,022,590,321	
Consumer deposits	492,075	-	492,075	493,610	1,535	
Unspent conditional grants and receipts	1,973,005	(1,061,069)	911,936	1,599,193	687,257	
Provisions	6,956,300	-	6,956,300	9,254,405	2,298,105	
	30,380,267	(9,998,880,771)	(9,968,500,504)	57,076,714	10,025,577,218	
Non-Current Liabilities						
Employee benefit obligation	2,243,453	-	2,243,453	5,119,597	2,876,144	
Provisions	1,088,865	-	1,088,865	951,498	(137,367)	
	3,332,318	-	3,332,318	6,071,095	2,738,777	
Total Liabilities	33,712,585	(9,998,880,771)	(9,965,168,186)	63,147,809	10,028,315,995	
Net Assets	656,821,385	9,999,750,406	10,656,571,791	709,322,007	(9,947,249,784)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Capital replacement reserve	120,032	-	120,032	120,032	-	
Accumulated surplus	654,921,705	8,221,002	663,142,707	714,945,673	51,802,966	
Undefined Difference	1,779,648	9,991,529,404	9,993,309,052	(5,743,698)	(9,999,052,750)	
Total Net Assets	655,041,737	8,221,002	663,262,739	715,065,705	51,802,966	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Cash Flow Statement

Nquthu Local Municipality

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Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

Figures in Rand	Note(s)	2020	2019
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 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:

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 15 - Provisions.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) 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.

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.

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Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.4 Investment property (continued)

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.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Nquthu Local Municipality

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Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	30 years
Plant and machinery	Straight-line	3 - 10 years
Furniture and fixtures	Straight-line	3 - 10 years
Motor vehicles	Straight-line	5 - 12 years
IT equipment	Straight-line	5 years
Infrastructure Roads & Stormwater	Straight-line	5 - 80 years
Community	Straight-line	30 years
Infrastructure Electricity	Straight-line	30 years
Investment property	Straight-line	30 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The 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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Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.5 Property, plant and equipment (continued)

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

1.6 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 entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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.

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

Intangible assets are derecognised:

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

1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.7 Heritage assets (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

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Accounting Policies

1.8 Financial instruments

Classification and derecognition

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

The municipality derecognises a financial asset when and only when; the rights to the cash flows from the financial asset expire; or it transfers the financial asset and the transfer qualifies for derecognition. The municipality first needs to evaluate the extent to which it retains the risks and rewards of ownership of the financial asset.

The municipality transfers a financial asset if and only if: the rights to receive cash flows from the asset have expired, or if the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the municipality has transferred substantially all the risks and rewards of the asset, or the municipality has neither transferred nor retained substantially all the risks and rewards of the asset.

The municipality removes a financial liability (or part of financial liability) from its statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or called or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishing of the original financial liability and the recognition of a new financial liability.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

Receivables from exchange transactions

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 150 days overdue) are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against surplus or deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

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Accounting Policies

1.9 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 .

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.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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

1.11 Impairment of cash-generating assets

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

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.12 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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Accounting Policies

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Municipality and its employees contribute to the Natal Joint Municipal Pension Fund, Kwazulu-Natal Joint Municipal Provident Fund (NJMPF) and the Government Employees Pension Fund (GEPF) which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pension Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed every three years.

Whilst employees are employed by the municipality, the municipality contributes their pension funds and medical aids. On termination, resignation or retirement of employees the municipality no longer contributes on their behalf and thus there are no post-employment benefits.

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Accounting Policies

1.13 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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 amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality 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 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

1.14 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 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.

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

Provisions are not recognised for future operating surplus (deficit).

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Accounting Policies

1.14 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

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

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

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

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

1.15 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.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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 services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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 revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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Accounting Policies

1.16 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.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, 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.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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 the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Interest and rental income

Interest is recognised using the effective interest rate method. Rentals are recognised on a time proportion basis.

1.18 Borrowing costs

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

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

1.19 Comparative figures

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

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Accounting Policies

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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.

1.21 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.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure 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.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Budget information

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

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

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Accounting Policies

1.23 Budget information (continued)

The approved budget covers the fiscal period from 2010-04-01 to 2011-03-31.

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

1.24 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 those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

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

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

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

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

1.26 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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Accounting Policies

1.26 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

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

1.27 Use of estimates

The preparation of the annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

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Notes to the Annual Financial Statements

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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:

Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government's housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No. 107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are undertaken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: Background to arrangements undertaken in terms of the national housing programme, Transactions that affect the accounting of housing arrangements, Consider whether the municipality undertakes transactions with third parties on behalf of another party, Accounting by municipalities appointed as project manager, Disclosure requirements, Accounting by municipalities appointed as project developer, Accounting for the accreditation fee, commission, administration or transaction fee received, Land and infrastructure, Conclusion and Application of this Guideline to existing arrangements.

The effective date of the guideline is for years beginning on or after 1 April, 2019.

The municipality has adopted the guideline for the first time in the 2020/2019 annual financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 1 April, 2019.

The municipality has adopted the interpretation for the first time in the 2020/2020 annual financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?

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2. New standards and interpretations (continued)

- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- 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;
- An entity 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 entity 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 an entity 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;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality has adopted the interpretation for the first time when the Minister sets the effective date for the interpretation.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.

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2. New standards and interpretations (continued)

- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 1 April, 2019.

The municipality has adopted the standard for the first time in the 2020/2020 annual financial statements.

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 1 July, 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	1 April, 2019	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	1 April, 2020	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	1 April, 2019	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	1 April, 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	1 April, 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	1 April, 2020	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	1 April, 2020	Unlikely there will be a material impact

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3. Investment property

	2020		2019			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,999,640	(1,250,587)	749,053	1,999,640	(1,250,587)	749,053

Reconciliation of investment property - 2020

Investment property

Opening balance	749,053	Total	749,053
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Reconciliation of investment property - 2019

Investment property

Opening balance	815,707	Depreciation	(66,654)	Total	749,053
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and

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3. Investment property (continued)

- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

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Figures in Rand

4. Property, plant and equipment

	2020		2019	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	7,480,343	-	7,480,343	7,480,343
Buildings	30,243,079	(6,868,357)	23,374,722	30,243,079
Plant and machinery	7,697,229	(3,471,791)	4,225,438	7,247,536
Furniture and fixtures	2,972,916	(2,157,676)	815,240	4,704,069
Motor vehicles	34,726,747	(11,784,829)	22,941,918	33,135,676
IT equipment	3,101,990	(2,212,377)	889,613	2,364,247
Infrastructure	171,326,808	(46,951,047)	124,375,761	167,128,253
Community	127,748,473	(16,752,738)	110,995,735	97,711,783
Infrastructure Electricity	11,545,901	(9,630,165)	1,915,736	11,826,561
Capital work in progress - Roads	56,182,424	-	56,182,424	36,406,729
Capital work in progress - community facilities	30,318,212	-	30,318,212	32,782,597
Community work in progress - electricity	32,538,129	-	32,538,129	13,625,343
Refuse Removal	2,774,246	(1,335,453)	1,438,793	2,774,246
Total	518,656,497	(101,164,433)	417,492,064	447,430,462
				(101,164,433)
				346,266,029

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Difference	Additions	Total
Land	7,480,343	-	-	7,480,343
Buildings	23,374,722	-	-	23,374,722
Plant and machinery	3,775,745	-	449,693	4,225,438
Furniture and fixtures	1,462,248	(702,940)	55,932	815,240
Motor vehicles	18,997,120	(1,558,465)	5,503,263	22,941,918
IT equipment	613,355	219,098	57,160	889,613
Infrastructure Roads & Stormwater	120,177,206	-	4,198,555	124,375,761
Community	81,413,228	4,845,172	24,737,335	110,995,735
Infrastructure Electricity	4,718,600	(2,802,864)	-	1,915,736
Capital work in progress - Roads	36,406,729	-	19,775,695	56,182,424
Capital work in progress - community facilities	32,782,597	-	(2,464,385)	30,318,212
Capital work in progress - electricity	13,625,343	-	18,912,786	32,538,129
Refuse removal	1,438,793	-	-	1,438,793
	346,266,029	1	71,226,034	417,492,064

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	7,480,343	-	-	-	-	-	7,480,343
Buildings	24,387,977	-	-	-	(1,009,726)	(3,529)	23,374,722
Plant and machinery	2,985,053	1,152,600	(5,082)	-	(349,890)	(6,936)	3,775,745
Furniture and fixtures	1,781,704	72,325	(10,705)	-	(380,009)	(1,067)	1,462,248
Motor vehicles	15,977,659	5,536,929	(193,225)	-	(2,238,544)	(85,699)	18,997,120
IT equipment	858,747	-	(30,159)	-	(213,274)	(1,959)	613,355
Infrastructure Roads & Stormwater	114,778,305	-	-	15,690,395	(10,220,505)	(70,989)	120,177,206
Community	68,932,878	-	-	15,791,896	(3,251,026)	(60,520)	81,413,228
Infrastructure Electricity	5,110,337	-	-	-	(391,737)	-	4,718,600
Capital work in progress - Roads	27,282,286	24,814,838	-	(15,690,395)	-	-	36,406,729
Capital work in progress - community facilities	23,984,693	25,563,581	-	(16,765,677)	-	-	32,782,597
Capital work in progress - electricity	-	15,810,866	(2,185,523)	-	-	-	13,625,343
Refuse Removal	552,563	-	-	973,781	(87,551)	-	1,438,793
	294,112,545	72,951,139	(2,424,694)	-	(18,142,262)	(230,699)	346,266,029

Pledged as security

There are no assets pledged as security.

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
General expenses

- 2,457,349

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.

The majority of municipal roads are gravel roads mainly constructed from the MIG and internally generated funding.

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5. Intangible assets

	2020		2019			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	623,878	(541,358)	82,520	623,878	(541,358)	82,520

Reconciliation of intangible assets - 2020

Computer software, other

	Opening balance	Total
	82,520	82,520

Reconciliation of intangible assets - 2019

Computer software, other

	Opening balance	Amortisation	Total
	154,876	(72,356)	82,520

Pledged as security

There are no intangible assets pledged as security.

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6. Heritage assets

	2020		2019			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiques and exhibits	78,888	-	78,888	78,888	-	78,888

7. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The municipality operates a funded post employment health care defined benefit plan for qualifying employees. Employees of the municipality are members of SAMWUMED, Bonitas, Key Health, LA Health and Hosmed medical aid schemes

The municipality has committed that in-service members will receive a post-employment subsidy of 60% of the contributions payable should they be a member of a medical scheme at retirement. Upon a member's death-in-service or death-in-retirement the surviving dependents will not continue to receive a subsidy.

The most recent actuarial valuation of the plan assets and the present value of the defined obligations were carried out at 30 June 2020 by One Pangaea Expertise & Solutions. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the Projected Unit Credit Method.

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Figures in Rand	2020	2019
7. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation	(5,119,597)	(5,903,182)
Non-current liabilities	(5,119,597)	(5,537,248)
Current liabilities	-	(365,934)
	(5,119,597)	(5,903,182)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	5,903,182	2,301,339
Net expense recognised in the statement of financial performance	(783,585)	3,601,843
	5,119,597	5,903,182
Net expense recognised in the statement of financial performance		
Current service cost	597,339	271,642
Interest cost	583,825	227,372
Actuarial (gains) losses	(1,964,749)	3,102,829
	(783,585)	3,601,843
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(1,964,749)	3,102,829
Key assumptions used		
Discount rates used	14.63 %	9.89 %
Consumer price inflation	8.91 %	5.75 %
Health care cost inflation	10.41 %	7.25 %
Net discount rate	3.82 %	2.46 %

Financial Assumptions

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The discount rate determined by One Pangaea Expertise & Solutions by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 14.63% per annum, and the yield on the inflation linked bonds of a similar term was about 4.79% per annum, implying an underlying expectation of inflation of 8.91% per annum $([1 + 14.63\% - 0.5\%] / [1 + 4.79\%] - 1)$.

A healthcare cost inflation rate of 10.41% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. One Pangaea Expertise & Solutions have thus assumed a net discount factor of 3.82% per annum $([1 + 14.63\%] / [1 + 10.41\%] - 1)$.

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Figures in Rand	2020	2019
8. Inventories		
Consumable stores	831,131	874,272
Maintenance materials	(67,830)	-
	763,301	874,272
Inventories recognised as an expense during the year	6,447,937	1,062,194
9. Receivables from exchange transactions		
Sundry debtors	603,933	169,921
Consumer debtors - Electricity	3,578,825	2,243,289
Consumer debtors - Refuse	13,828,210	12,971,227
Consumer debtors - Market Stalls	1,325,179	1,142,436
Provision for Debt Impairment	(12,988,515)	(12,988,515)
	6,347,632	3,538,358
Electricity		
Current (0 - 30 days)	1,216,916	959,454
31 - 60 days	342,461	93,046
61 - 90 days	352,755	89,683
91 - 120 days	33,986	87,765
121 - 365 days	185,984	665,864
> 365 days	1,446,722	347,478
	3,578,824	2,243,290
Summary of debtors by customer classification - Electricity		
Households	117,744	111,809
Commercial	942,950	871,885
National and provincial government	1,628,320	1,172,531
Other	889,810	87,064
	3,578,824	2,243,289
Refuse		
Current (0 - 30 days)	142,197	157,919
31 - 60 days	115,818	86,365
61 - 90 days	86,356	68,148
91 - 120 days	80,709	62,449
121 - 365 days	73,004	425,443
> 365 days	13,330,126	12,170,903
	13,828,210	12,971,227
Summary of debtors by customer classification - Refuse		
Households	7,320,347	2,489,200
Commercial	239,402	19,357
National and provincial government	6,263,278	10,459,992
Other	5,183	2,678
	13,828,210	12,971,227

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9. Receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June, 2020, R - (2019: R 1,578,762) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	179,411
2 months past due	-	157,831
3 months past due	-	150,214

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(12,397,489)	(10,463,663)
Provision for impairment	-	(1,933,826)
	(12,397,489)	(12,397,489)

10. Receivables from non-exchange transactions

Fines	3,493,660	3,167,960
Government grants and subsidies	212,465	12,186,107
Other receivables from non-exchange revenue 1	71,561	71,561
Consumer debtors - Rates	52,874,977	30,355,562
Consumer debtors - Other (Specified)	(3,046,593)	(3,046,593)
	53,606,070	42,734,597

Property Rates

Current (0 - 30 days)	(390,186)	234,777
31 - 60 days	12,714	515,811
61 - 90 days	3,586,094	1,562,748
91 - 120 days	2,628,234	1,454,128
121 - 365 days	2,612,274	11,077,126
> 365	50,897,586	23,010,972
	59,346,716	37,855,562

Summary of debtors by customer classification

Households	1,291,406	2,214,370
Commercial	616,395	759,600
National and provincial government	30,467,081	27,284,079
Other	26,971,834	7,597,513
	59,346,716	37,855,562

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June, 2020, R - (2019: R 14,609,813) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	515,811
2 months past due	-	1,562,748
3 months past due	-	1,454,128

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10. Receivables from non-exchange transactions (continued)

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

Opening balance	(9,102,930)	(5,211,663)
Provision for impairment	-	(3,891,267)
	<u>(9,102,930)</u>	<u>(9,102,930)</u>

High debt on the rates is due to the state owned properties that are in the process of being donated to the municipality. Although the donation has been signed by the two parties, the actual transfers have not materialised and as such the rates and refuse charges are still being raised to the relevant department, further the Department of Human Settlement is not prepared to pay the bills raised citing that all obligations on these properties were transferred to the municipality but the municipality cannot deem this as municipal property and charges are raised and full provision for impairment is also made. The donation agreement and the list of all affected properties are available for inspection at municipal offices.

The INEP grant debtor is caused by invoices that the municipality paid from own when grant allocation for the year was used and will be off-set from next year allocation, this is done to avoid contractors leaving the site which can cause vandalism and new site establishment and disestablishment costs.

11. VAT receivable

VAT	6,639,178	6,160,302
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12. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	17,122,752	11,168,015
Short-term deposits	274,586,675	235,702,439
	<u>291,709,427</u>	<u>246,870,454</u>

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2020	30 June, 2019	30 June, 2018	30 June, 2020	30 June, 2019	30 June, 2018
ABSA BANK - Account Type - 405-3562-762	17,800,927	10,904,282	12,001,307	-	10,904,282	12,001,307
ABSA BANK - Account Type - 914-2845-014	252,079	239,234	289,208	-	239,234	289,208
Total	<u>18,053,006</u>	<u>11,143,516</u>	<u>12,290,515</u>	<u>-</u>	<u>11,143,516</u>	<u>12,290,515</u>

13. Statutory Reserve

Statutory Reserve

Housing Development Fund	120,032	120,032
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This fund is regulated by the agreements and directives that are issued by the Human settlement department and is having a dedicated bank account.

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14. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Government Grant	152,870	23,974
Capacity Building	(1,898,510)	40,882
MFMA Grant	2,602	2,602
Cybercadet	-	1,733
COGTA Electrification Grant	-	31,879
Library Volunteer	398,546	180,773
Small business incubator grant	17,986	17,986
Sportsfield grant (Isilonjane)	20,331	20,331
Sportsfield Maintenance grant	128,896	128,896
Unspent Library modular	1,049,071	600,539
Housing Title Deeds grant	923,409	923,409
FMG	(8)	-
Disaster relief grant	804,000	-
	1,599,193	1,973,004

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised. Other grants require that a separate investment account be opened and this has been complied with.

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15. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Difference	Additions	Utilised during the year	Total
Environmental rehabilitation	924,976	-	70,107	-	995,083
Leave pay provision	5,859,819	1,300,338	1,789,524	(444,552)	8,505,129
Bonus provision	700,670	-	5,021	-	705,691
	7,485,465	1,300,338	1,864,652	(444,552)	10,205,903

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Environmental rehabilitation	837,805	87,171	-	-	924,976
Leave pay provision	4,562,650	1,372,376	(75,207)	-	5,859,819
Bonus provision	1,026,323	-	(387,942)	62,289	700,670
	6,426,778	1,459,547	(463,149)	62,289	7,485,465

Non-current liabilities	951,498	895,099
Current liabilities	9,254,405	6,590,366
	10,205,903	7,485,465

Environmental rehabilitation provision

The municipality is required to provide for the rehabilitation of the landfill site after the end of its useful life. The cost to rehabilitate the landfill site has been estimated by the engineers to be R 500 000 and the remaining life is 10-12 years.

However in November 2012 the landfill site was permanently closed and no future use was permitted due to environmental regulations. The process to rehabilitate the land is underway. No new provisions are raised since this site is not utilised anymore.

The new landfill site was opened and is fully licensed, the provision for rehabilitation was done and the report is available for inspection.

Leave Provision

The leave pay provision is based on the number of days each employee has accrued at year-end in terms of the South African Local Government Bargaining Agreement, and is calculated at termination rate.

16. Payables from exchange transactions

Trade payables	23,257,066	11,417,869
Payments received in advanced	1,990,696	1,131,236
Other payables	10,386,213	143,486
Pro-rata Accrued bonus	1,109,012	1,502,621
Retentions	7,481,256	6,763,674
Salary clearing and control	1,505,268	-
	45,729,511	20,958,886

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Figures in Rand	2020	2019
17. Consumer Deposits		
Consumer Deposits		
Electricity	424,567	439,567
Refuse	69,043	52,508
	493,610	492,075
18. Revenue		
Service charges	17,435,015	15,935,101
Rental of facilities and equipment	797,326	566,912
Interest received (trading)	470,363	439,877
Miscellaneous other revenue	543,782	621,563
Commissions received	396,411	146,352
Interest received - investment	19,269,960	19,045,646
Property rates	40,675,054	36,992,498
Property rates - penalties imposed	3,216,574	2,108,428
Government grants & subsidies	184,420,065	182,610,908
Fines, Penalties and Forfeits	448,500	755,800
	267,673,050	259,223,085
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	17,435,015	15,935,101
Rental of facilities and equipment	797,326	566,912
Interest received (trading)	470,363	439,877
Miscellaneous other revenue	543,782	621,563
Commissions received	396,411	146,352
Interest received - investment	19,269,960	19,045,646
	38,912,857	36,755,451
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	40,675,054	36,992,498
Property rates - penalties imposed	3,216,574	2,108,428
Licences or permits	973,573	884,420
Transfer revenue		
Government grants & subsidies	184,420,065	182,610,908
Fines, Penalties and Forfeits	448,500	755,800
	229,733,766	223,352,054
19. Service charges		
Sale of electricity	15,831,735	13,584,925
Refuse removal	1,603,280	2,350,176
	17,435,015	15,935,101
20. Other revenue		
Commissions received	396,411	146,352

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Figures in Rand	2020	2019
21. Investment revenue		
Interest revenue		
Bank	19,233,606	19,045,646
Deemed interest	36,354	-
	19,269,960	19,045,646
22. Property rates		
Rates received		
Residential	5,509,755	5,034,074
Commercial	6,010,928	1,009,437
State	31,052,048	27,305,527
Other categories	50,885	7,399,372
Less: Income forgone	(1,948,562)	(3,755,912)
	40,675,054	36,992,498
Property rates - penalties imposed	3,216,574	2,108,428
	43,891,628	39,100,926
Valuations		
Residential	686,795,000	670,899,000
Commercial	228,513,000	226,536,000
State	1,811,704,000	1,811,704,000
Municipal	106,267,000	107,016,000
	2,833,279,000	2,816,155,000

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2013.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate randage of R 0.014 (2019: R 0.014) is applied to property valuations to determine assessment rates. Rebates of R 185 000.00 over and above the statutory rebate of R15 000.00 (2019: - R200 000.00) are granted to residential and 80% rebate to PSI state property owners.

Rates are levied on an annual basis with the final date for payment being Sunday, 31 May, 2020. Interest is levied at fixed rate at 8%per annum (2019: 8%) is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2021.

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23. Government grants and subsidies

Operating grants

Equitable share	137,328,000	122,364,645
Cybercadet Grant	423,734	612,415
Municipal Finance Management Grant	1,900,008	1,900,000
Library Support	1,760,001	2,717,461
Bornem Grant	617,302	2,392,731
Expanded Public Works Programme	1,109,140	1,016,860
Sportfield maintenance grant	-	65,296
Municipal Government Grant	23,974	-
Capacity Building	40,882	-
MFMA	2,602	-
Library Modular	1,342,007	-
Library Volunteer	19,000	-
	144,566,650	131,069,408

Capital grants

Municipal Infrastructure Grant	28,083,292	33,954,172
INEP Grant	11,699,927	17,587,328
Incubator Grant	17,986	-
Sportfield Grant	20,331	-
Massification Grant (Electricification ward 3 & 10)	31,879	-
	39,853,415	51,541,500
	184,420,065	182,610,908

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	46,791,415	57,405,680
Unconditional grants received	183,104,000	121,878,056
	229,895,415	179,283,736

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All residents with electricity get a Free Basic Electricity monthly allowance of 50kWh (2019: 50kWh), and relief is also provided to households who are indigent, pensioners and child-headed which is funded from the Equitable Share.

Municipal Government Grant

Balance unspent at beginning of year	23,974	23,974
Conditions met - transferred to revenue	(23,974)	-
Undefined Difference	152,870	-
	152,870	23,974

Conditions still to be met - remain liabilities (see note 14). Provincial Local Government grants are used to implement administrative and financial framework and to improve governance. The grants are spent in accordance with a business plan approved by the Provincial Government.

Capacity Building

Balance unspent at beginning of year	40,882	40,882
Conditions met - transferred to revenue	(40,882)	-

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23. Government grants and subsidies (continued)

Undefined Difference

(1,898,510)

(1,898,510)

-

40,882

Conditions still to be met - remain liabilities (see note 14). Provincial Local Government grants are used to implement administrative and financial framework and to provide a municipal infrastructure framework. The grants are spent in accordance with a business plan approved by the Provincial Government

MFMA

Balance unspent at beginning of year

2,602

2,602

Conditions met - transferred to revenue

(2,602)

-

Undefined Difference

2,602

2,602

2,602

Conditions still to be met - remain liabilities (see note 14).

Cybercadet Grant

Balance unspent at beginning of year

1,733

220,147

Current-year receipts

422,000

394,000

Conditions met - transferred to revenue

(423,733)

(612,414)

-

1,733

Conditions still to be met - remain liabilities (see note 14).

Library assistants are appointed and their salaries paid monthly. The department did not pay the allocations due to the municipality as gazetted, therefore all the expenditure incurred has been disclosed as debt due to the municipality.

Provincial Library Grants were allocated to subsidise the purchase of equipment for municipal libraries as well as contribution towards library staff salaries. Further funding was received for the installation of computer hardware and software for public internet access, the cost of the Internet connectivity, furniture to house these computers and salaries for the employment of "cybercadets". The subsidies are spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

MIG

Current-year receipts

31,198,000

Conditions met - transferred to revenue

(31,819,370)

Undefined Difference

621,370

-

-

Conditions still to be met - remain liabilities (see note 14).

Improvement in the IDP processes will be undertaken in the ensuing financial year.

COGTA Massification (Electrification Grant)

Balance unspent at beginning of year

31,879

31,879

Conditions met - transferred to revenue

(31,879)

-

-

31,879

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23. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 14).

This is the the Provincial Government grants from the Co-operative Government and Traditional Affairs department to fund the electrification of households in wards 3, 10 and 13. The contractor is on site. This project is under the distribution licence area of Eskom and on commissioning it will be handed over to Eskom for operating.

Bornem Grant

Current-year receipts	1,870,937	-
Conditions met - transferred to revenue	(1,870,937)	-
	-	-

Conditions still to be met - remain liabilities (see note 14).

Library Volunteer

Balance unspent at beginning of year	180,773	128,773
Current-year receipts	56,000	52,000
Conditions met - transferred to revenue	(19,000)	-
Undefined Difference	180,773	-
	398,546	180,773

Conditions still to be met - remain liabilities (see note 14).

The volunteers are appointed but and are getting their stipends monthly.

Small business incubator grant

Balance unspent at beginning of year	17,986	17,986
Conditions met - transferred to revenue	(17,986)	-
Undefined Difference	17,986	-
	17,986	17,986

Conditions still to be met - remain liabilities (see note 14).

This is the the Provincial Government grants from the Co-operative Government and Traditional Affairs department to fund the construction of the business incubator. The contractor is on site and finishing off the building for phase II.

Sportsfield grant (Isilonjane)

Balance unspent at beginning of year	20,331	20,331
Conditions met - transferred to revenue	(20,331)	-
Undefined Difference	20,331	-
	20,331	20,331

Conditions still to be met - remain liabilities (see note 14).

This is the the Provincial Government grants from the Sports and Recreation department to fund the refurbishment of Isilonjane Stadium. The stadium has been completed and these funds will be returned to the department should there be no further usage approved.

Sportsfield maintenance

Balance unspent at beginning of year	128,896	128,896
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23. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 14).		
Modular Library Support		
Balance unspent at beginning of year	600,539	530,000
Current-year receipts	1,190,000	1,112,000
Conditions met - transferred to revenue	(1,342,007)	(1,041,461)
Undefined Difference	600,539	-
	1,049,071	600,539
Conditions still to be met - remain liabilities (see note 14).		
Human Settlement Grant		
Balance unspent at beginning of year	923,409	923,409
Conditions still to be met - remain liabilities (see note 14).		
Library Support		
Current-year receipts	1,760,000	-
Conditions met - transferred to revenue	(1,760,000)	-
	-	-
Conditions still to be met - remain liabilities (see note 14).		
Electrification		
Current-year receipts	19,000,000	-
Conditions met - transferred to revenue	(19,000,000)	-
	-	-
Conditions still to be met - remain liabilities (see note 14).		
EPWP		
Current-year receipts	1,112,000	-
Conditions met - transferred to revenue	(1,113,719)	-
Undefined Difference	1,719	-
	-	-
Conditions still to be met - remain liabilities (see note 14).		
FMG		
Current-year receipts	1,900,000	-
Conditions met - transferred to revenue	(1,900,008)	-
	(8)	-
Conditions still to be met - remain liabilities (see note 14).		
Municipal Disaster Relief Grant		

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Figures in Rand	2020	2019
23. Government grants and subsidies (continued)		
Current-year receipts	804,000	

Conditions still to be met - remain liabilities (see note 14).

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2018), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

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24. Employee related costs		
Basic	48,377,993	43,592,099
Bonus	3,040,038	2,753,333
Medical aid - company contributions	2,361,431	1,992,314
UIF	415,675	375,142
SDL	441,288	472,688
Leave pay provision charge	3,089,862	1,390,131
Group Life Insurance	-	4,106
Defined contribution plans	5,389,658	4,956,848
Overtime payments	2,642,540	1,885,175
Long-service awards	441,117	178,731
Housing benefits and allowances	65,359	51,993
SALGBC Levies	27,187	24,038
Cell Phone Allowance	16,850	14,400
Post employment medical benefits - service cost	597,339	271,642
	66,906,337	57,962,640

The salaries of the Senior Management detailed below are not included in the overall salary cost above. The municipality implemented the Results of Job Evaluation during the reporting period which caused an average increase of R 8 million in the salary cost.

Remuneration of municipal manager

Annual Remuneration	1,318,980	1,264,602
Performance Bonuses	164,398	113,814
Contributions to UIF, Medical and Pension Funds	14,905	15,272
Cellphone Allowance	12,000	12,000
	1,510,283	1,405,688

The performance bonus is only a provision subject to the performance assessment.

Remuneration of chief finance officer

Annual Remuneration	1,161,646	1,113,754
Performance Bonuses	100,238	100,238
Contributions to UIF, Medical and Pension Funds	12,807	13,553
Other	6,000	6,000
	1,280,691	1,233,545

The performance bonus is only a provision subject to the performance assessment.

Director Planning and Economic Development

Annual Remuneration	1,046,755	1,003,600
Performance Bonuses	80,288	70,252
Contributions to UIF, Medical and Pension Funds	11,862	12,444
Cellphone Allowance	6,000	6,000
	1,144,905	1,092,296

Corporate and human resources (corporate services)

Annual Remuneration	846,307	811,416
Performance Bonuses	48,685	-
Contributions to UIF, Medical and Pension Funds	9,630	9,659
	904,622	821,075

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24. Employee related costs (continued)

The performance bonus is only a provision subject to the performance assessment.

Director Technical Services

Annual Remuneration	846,306	811,416
Contributions to UIF, Medical and Pension Funds	9,164	9,899
	855,470	821,315

25. Remuneration of Councillors

Remuneration of Councillors

Executive Mayor	889,704	840,314
Deputy Executive Mayor	777,014	681,131
Mayoral Committee Members	2,761,271	1,509,672
Speaker	650,537	399,612
Councillors	7,678,881	7,725,188
Contributions to UIF and SDL	61,095	68,243
	12,818,502	11,224,160

In-kind benefits

The MEC for Local Government designated three political offices to be full-time i.e. Mayor, Deputy Mayor and Speaker, however the Speaker is currently not utilising this as he is currently in full-time state employment. The Mayor, Deputy Mayor and Speaker are provided with an office and individual secretarial support at the cost of the Council while all other councillors share the secretariat.

The Mayor, Deputy Mayor and Speaker have the use of Council owned vehicle for official duties, they have full-time drivers and bodyguards as per their tools of trade.

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker both have two full-time bodyguards.

The Councilor allowances are as per the Government Notice Vol. 658 dated 2 April 2020 and approved by the MEC for CoGTA at 95% of upper-limits as applicable to grade 3 for part-time and full-time councillors where applicable.

26. Depreciation and amortisation

Property, plant and equipment	-	18,281,273
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27. Impairment of assets

Impairments

Property, plant and equipment	-	229,836
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28. Debt impairment

Contributions to debt impairment provision	-	5,825,093
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	2020	2019
29. Bulk purchases		
Bulk purchases		
Electricity - Eskom	22,711,969	19,006,399
30. Contracted services		
Presented previously		
Security	7,079,833	6,309,120
Consultants and professional services		
Infrastructure and planning	638,264	-
Contractors		
Building	92,486	-
Electrical	2,955,558	-
	3,048,044	-

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Figures in Rand	2020	2019
31. General expenses		
Animal care	241,228	-
Advertising	519,969	142,116
Auditors remuneration	3,529,357	2,512,588
Bank charges	177,096	146,060
Cleaning	4,692,177	1,072,300
Commission paid	315,959	137,625
Consulting and professional fees	6,447,937	6,177,809
Consumables	8,061,179	1,169,530
Delivery expenses	200	-
Entertainment	42,672	90,610
Hire	-	941,000
Insurance	614,358	668,022
Community Development Projects	-	2,243,023
Conferences and seminars	-	46,374
IT expenses	2,081,458	1,460,524
Promotions and sponsorships	8,340	715,591
Medical expenses	-	24,500
Motor vehicle expenses	208,926	236,660
Pest control	727,323	-
Fuel and oil	2,200,021	2,141,064
Printing and stationery	51,583	393,859
Repairs and maintenance	-	2,750,780
Software expenses	904,090	967,429
Subscriptions and membership fees	690,146	688,266
Telephone and fax	215,737	300,172
Transport and freight	1,205,830	-
Training	-	1,047,582
Electricity	-	836,791
Water	-	367,198
Utilities - Other	1,407,069	-
Uniforms	863,197	797,568
Tourism development	-	427,745
Youth development and training	-	9,361,270
Publicity	-	881,373
Removal of hazardous waste	257,935	-
Accommodation	1,562,784	1,543,964
Audit Committee	-	784,124
Free Electricity Expenditure	-	2,407,316
Ward Committees Expenses	-	2,027,565
Eskom Electrification Projects (write-off)	-	2,185,524
Subsistence and travel	1,330,341	984,591
Environmental provisions	40,230	61,115
Disaster Management	340,783	812,669
Other expenses	3,265,184	-
	42,003,109	49,552,297
32. Auditors' remuneration		
External Audit Fees	2,049,038	1,512,047
Internal Audit Fees	1,480,319	1,000,541
	3,529,357	2,512,588

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33. Operating lease

The municipality is leasing photocopying machines on a 36 months operating starting on 01 September 2017 and ending on 31 August 2020, with no annual escalation on rentals. There is no contingent rent payable. Describe the lessee's significant leasing arrangements which include:

Minimum lease payments

- within one year	-	216,169
- later than one year and not later than five years	-	44,916
	-	261,085

34. Cash generated from operations

Surplus	103,778,460	82,513,243
Adjustments for:		
Depreciation and amortisation	-	18,281,273
Gain on sale of assets and liabilities	-	239,085
Impairment deficit	-	229,836
Movements in retirement benefit assets and liabilities	(783,585)	410,682
Movements in provisions	2,720,438	864,921
Prior year adjustments	-	1,636,534
Changes in working capital:		
Inventories	110,971	252,095
Receivables from exchange transactions	(2,809,274)	629,859
Other receivables from non-exchange transactions	(10,871,473)	(13,972,987)
Prepayments	-	(57,116)
Payables from exchange transactions	24,770,619	2,386,531
VAT	(478,876)	(667,860)
Unspent conditional grants and receipts	(373,811)	(2,943,134)
Consumer deposits	1,535	(11,514)
Housing Development fund	-	7,307
	116,065,004	89,798,755

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35. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	169,691,018	66,358,339
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Not yet contracted for and authorised by accounting officers

• Property, plant and equipment	15,702,249	1,170,000
---------------------------------	------------	-----------

Total capital commitments

Already contracted for but not provided for	169,691,018	66,358,339
Not yet contracted for and authorised by accounting officers	15,702,249	1,170,000

185,393,267	67,528,339
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Authorised operational expenditure

Already contracted for but not provided for

• Other Operational Expenditure	18,078,295	25,957,343
---------------------------------	------------	------------

Not yet contracted for and authorised by accounting officers

• Contracted services	-	1,817,647
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Total operational commitments

Already contracted for but not provided for	18,078,295	25,957,343
Not yet contracted for and authorised by accounting officers	-	1,817,647

18,078,295	27,774,990
-------------------	-------------------

Total commitments

Total commitments

Authorised capital expenditure	185,393,267	67,528,339
Authorised operational expenditure	18,078,295	27,774,990

203,471,562	95,303,329
--------------------	-------------------

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc. Included above are contracts relating to electrification projects that are in the Eskom licence area which are subsequently handed over to Eskom after completion.

The commitments disclosed are inclusive of VAT.

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36. Contingencies

1. 13020/17P: The remuneration scales and contract extensions for Section 54/56 managers is under dispute. The municipality is awaiting the Constitutional Court Decision, no date has been provided yet. The contention is on remunerations and therefore monetary findings are expected to form part of the court decision.
2. A forensic investigation is under way for the term between 2011 and 2016. No findings have been reported so far and there is no report available to indicate whether the matter is likely to continue or whether closure is recommended by Council.
3. 4991/18P: Suing the municipality is defendant No.7. Defendants include Department of Education, Luvisi SGB, former Mayor Emily, several councilors. PMB High Court issued the case on the 3rd of May 2018. On the 23rd of July 2018 the plaintiff attorneys withdrew from the matter. Plaintiff has taken no further action. The amount in dispute is R20 670 000.
4. 309/2018: Dees Tow Inns & Auto Works claiming R118 000 from the municipality for towing services. A counter claim has been filed on behalf of the municipality claiming R92 000. Parties are exchanging documents as the matter is at the discovery stage.
5. Inkosi Hlatshwayo was allocating land belonging to the municipality to people. The municipality and the Tribal Council had agreed to settle the matter out of court. Inkosi has however continued to unlawfully allocate sites to the community, and therefore the court proceedings were not withdrawn. Estimated legal costs are R150 000.
6. 3983/11: A proposal was submitted to the other party to withdraw the matter at an amount of R15 000. The municipality is awaiting a response from the claimant. The amount in dispute is R20 000.
7. D975/12: A former employee is demanding their reinstatement to HR Officer position and the claim for pension contributions between 2011 and 2014, plus interest. Management is consulting further to take final decision. The municipality is of the opinion that the pension contributions in question were paid and no further payments are due to the employee. The amount in dispute is R35 200
8. 2793/16: The matter involves Mthashana TVET College. The college is suing the municipality for switching off electricity. The amount in dispute is R80 000.
9. FM MADLALA: Claim for transfer of Erf 731. Transfers for land were not finalised by the municipality and the buyer needs a refund of transfers fees and part of the purchase price. The municipality is defending the matter. The amount in dispute is R100 000 (claim and legal fees).
10. ESTATE SE NYANDENI: Claim for transfer of the property. New proposal tabled by the claimant to the effect that they are now seeking alternative properties of equal value from the municipality. Consultations with the family are on-going. The amount in dispute is R100 000 (claim and legal fees).
11. LNS HOLDINGS: Claim for transfer of the property. The company, LNS Holdings, has since been liquidated. Legal opinion on the next step to be sought from attorneys. The amount in dispute is R100 000.
12. NQUTHU PLAZA McCORMICK: Claim for transfer of the property. Negotiations with the company are still on-going. The amount in dispute is R100 000.

37. Related parties

The salaries of members of key management and councilors are disclosed under the employee costs note 24. The municipality does not have any other related parties except for the management and councilors we also do not have a municipal entity.

The municipality did not have any related party transactions.

38. Change in estimate

39. Prior period errors

Prior period error 1: Post Employment Medical Benefits did not agree to the report received from the third party who performed the valuations. Adjustments were made to agree the balance to the report.

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39. Prior period errors (continued)

Prior period error 2 Landfill Site Rehabilitation Provision did not agree to the report received from the third party who performed the valuations. Adjustments were made to agree the balance to the report.:

Prior period error 3: COGTA approved additional expenditure incurred in 2019 to be funded by MIG funding. The additional MIG funding was only received in 2020.

Prior period disclosure error: The prior period accumulated surplus balance disclosed on the face of the Statement of Financial Position was not in agreement with the accumulated surplus balance according to the trial balance. This resulted in the Statement of Financial Position being out of balance. No journals were passed, the disclosure was updated to reflect the correct balance.

The correction of the errors results in adjustments as follows:

Statement of financial position

Receivables from non-exchange transactions	-	3,327,173
Employee benefit obligations	-	(3,293,795)
Provisions	-	193,766
Opening Accumulated Surplus or Deficit	-	1,530,119

Statement of financial performance

Government grants & subsidies	-	3,327,173
Employee related costs	-	392,786
Finance costs	-	(253,428)
Actuarial loss	-	(3,102,829)
General expenses	-	26,056

40. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The current global economic crisis may have effect whereby businesses closes and fail to pay their debts due, also the unemployment levels will increase and more debts may be written off.

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.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

41. 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.

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42. Events after the reporting date

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

43. Fruitless and wasteful expenditure

Opening balance as previously reported	-	8,414
Opening balance as restated	-	8,414
Add: Expenditure identified - current	643	88,894
Less: Amount written off - current	-	(88,894)
Less: Amount written off - prior period	-	(8,414)
Closing balance	643	-

The office of the Accounting Officer has prepared a report of the instances, which relates to interest charged on late payment of accounts (Eskom, Telkom & Motor Vehicle licences), the report was considered by the Council.

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43. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Umzinyathi Water Account **Disciplinary steps taken/criminal proceedings
Still under council processes**

- 88,894

44. Irregular expenditure

Opening balance as previously reported

101,374,292 6,115,987

Opening balance as restated

101,374,292 6,115,987

Add: Irregular Expenditure - current

50,883,465 81,597,372

Add: Irregular Expenditure - prior period

77,919,512 25,338,737

Less: Amounts not recoverable (and written off)

- (11,677,804)

Closing balance

230,177,269 101,374,292

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44. Irregular expenditure (continued)		
Incidents/cases identified in the current year include those listed below:		
Composition of bid committee (no SCM official appointed as member of BAC)	-	79,269,512
Renewal of senior management a year after elections (June 2017)	-	4,373,960
Disciplinary steps taken/criminal proceedings Council still to resolve on the matter		
Matter under sub-judice	-	83,643,472
	<u>-</u>	<u>83,643,472</u>

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45. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Amount paid - current year	827,202	688,266
Audit fees		
Current year subscription / fee	2,049,038	1,512,047
Amount paid - current year	(2,049,038)	(1,512,047)
PAYE and UIF		
Current year subscription / fee	11,706,580	9,769,183
Amount paid - current year	(11,706,580)	(9,769,183)
Pension and Medical Aid Deductions		
Current year subscription / fee	11,945,688	10,822,383
Amount paid - current year	(11,945,688)	(10,822,383)
VAT		
VAT receivable	6,640,443	6,160,302

All VAT returns have been submitted by the due date throughout the year, returns are submitted monthly and on payment basis. SARS paid the interest for late refunds when they made refunds where applicable. There are two refunds outstanding May and June.

Councillor's arrear consumer accounts

There was one Councillor who had arrear account outstanding for more than 90 days at June 30, 2019 who also had account outstanding for more that 90 days during a financial year.

June 30, 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor NT Nhlebela	737	17,403	18,140
Councillor SD Masimula	376	-	376
Councillor CN Skhosana	401	-	401
Councillor Hoffman	4,548	364	4,912
Councillor BI Zwane	4,548	364	4,912
Councillor Z Sithole	4,548	364	4,912
Councillor ET Nhlebela	4,548	364	4,912
Councillor NG Mdlalose	3,828	306	4,134
Councillor NM Buthelezi	4,548	364	4,912
Councillor IL Shabalala	4,548	364	4,912
Councillor SP Mathe	4,548	364	4,912
Councillor MR Ngobese	4,548	364	4,912
Councillor NN Khanye	4,548	364	4,912
Councillor JZ Ndimma	4,548	364	4,912
Councillor HM Shelembe	4,548	364	4,912
	55,370	21,713	77,083
June 30, 2019	Outstanding less than 90 days	Outstanding more than 90 days	Total

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Councilor NT Nhlebela	524	32,196
Councilor SD Masimula	(1,349)	213
Councilor CN Skhosana	(639)	271
	(1,464)	32,680

During the year the following Councilors' had arrear accounts outstanding for more than 90 days.

June 30, 2020

	Highest outstanding amount	Aging (in days)
Councilor NT Nhlebela	18,140	365

June 30, 2019

	Highest outstanding amount	Aging (in days)
Councilor NT Nhlebela	32,196	365

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager (as per section 36 (1)(b) of regulations as they are deemed minor and noted by Council. The expenses incurred as listed hereunder have been recorded and are to be submitted to the Council for rectification. In all these instances only one quotation was obtained. For taxi transportation the local taxi association they are the only licenced operation within the boundary and they are in the list pre-approved to be excluded in the minimum three quotation process.

Incident

Emergency electricity repairs	770,844	2,137
Refuse removal	-	448,500
Taxi transport	909,000	328,500
COVID 19 material	34,311	-
COVID 19 personal protective equipment	671,600	-
Food parcels	539,886	-
	2,925,641	779,137

46. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

47. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

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48. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

Transport fees to the value of R909 000 was procured from Nquthu Pioneer Tax Association. The reason for the deviation is that they are the only service provider that renders passenger transporting services in the area.

COVID 19 materials to the value of R34 311 was purchased from NCSZ. The reason for the deviation is that the procurement was made during an emergency.

COVID 19 personal protective equipment to the value of R671 600 was purchased from Santok Projects. The reason for the deviation is that the procurement was made during an emergency.

600 Food parcel vouchers to the value of R539 886 was purchased from Boxer Superstores. The reason for the deviation is that the procurement was made during an emergency.

A replacement transformer for the Empumelweni Area to the value of R741 426 was purchased from Izingodla Engineers. The reason for the deviation is that the procurement was made during an emergency.

Services to the value of R29 418 was procured from W J Coetzee. This related to the repair of a blown transformer and the replacement of a fuse. The reason for the deviation is that the procurement was made during an emergency.

49. Assets subject to restrictions

There are no assets that have been recognised which are subject to restrictions.

50. Material Losses - Electricity

kWh value

Total purchased (kWh)	21,129,315	20,837,400
Total sold (kWh)	(11,806,848)	(10,799,595)
Own consumption (kWh)	(154,010)	(110,571)
Free basic electricity (kWh)	(651,000)	(609,800)
	8,517,457	9,317,434

Monetary value

Average selling price per kWh	1.2790	1.2790
Electricity cost (R)	22,711,969	19,587,350
Electricity loss (R) (Based on kWh loss)	10,893,828	11,916,998

The municipality is licensed by the National Electricity Regulator of South Africa to distribute electricity within the proclaimed area of Nquthu Town.

The municipality has investigated the causes of the losses and the major contributing factors are illegal connections, tampering, lack of accounting for streetlight usage and technical/distribution losses due to ageing infrastructure.

The percentage of losses is 44.71% (2018:49.48%) in kWh values.

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51. Indigent support

All Eskom customers qualify for Free Basic Electricity (FBE) which is 50kWh per month.

Households amounting to 1 180 are subsidized for alternative energy per month on the solar panels - 1 713 households - projects for those areas without electricity as yet, installations to other households is proceeding.

Electricity customers serviced by our licence also get a 50kWh every month. The management has been tasked to develop a policy where only deserving households benefits in all these rather than the current blanket approach.

52. Awards to persons in service of state

There were awards made to people who are in employ of the state, which were only identified through the audit where it was determined that the suppliers declared false information. The MBD 4 forms are used as a control measure for this. The introduction of Central Supplier Database (CSD) also improved the controls in place, however the CSD has given us information that is contrary to what Auditor-General is getting and this must be taken up with National Treasury as the custodians of CSD. Details of such expenditure is reported in note 45.

53. Budget differences

Material differences between budget and actual amounts

There were material differences between the final budget and the actual amounts where reasons are provided in note 46.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to pages to in the annual report.



NQUTHU LOCAL MUNICIPALITY KZN 242

OVERSIGHT REPORT 2019/2020

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1. INTRODUCTION

In terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), each municipality must prepare an Annual Report for each financial year. The purpose of the Annual Report is to:

- To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;
- To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity. The Annual Report 2019/2020 was tabled in the oversight committee on the 25th of May 2021 (Tuesday).

The final step in the reporting process is for Council to consider the Annual Report in the light of the findings contained in an Oversight Report. This is in terms of Section 129 of the MFMA. The Oversight report is compiled by the Municipal Public Accounts Committee (MPAC) as established by Council. The MPAC represents a separation of powers between the Executive Committee and the administration and is aimed at enhancing accountability and good governance.

The Oversight Report is prepared using guidelines prepared by the National Treasury as per MFMA Circular 32. It attempts to address comments and submissions made by the community and stakeholders, as well as the observations and recommendations of the MPAC.

2. BACKGROUND ON THE 2019/2020 ANNUAL REPORT

Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that; "

1. Every municipality and every municipal entity 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.

2. The purpose of an annual report is –

To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;

- (a) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (b) To promote accountability to the local community for the decision made throughout the year by the municipality entity.

3. The annual report of the municipality must include-

- (a) The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Audited General for audit in terms of section 126 (1);
- (b) The Auditor General report in terms of section 126 (3) on those financial statements.
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (d) The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.
- (e) An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
- (f) An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each sources and for each vote in the municipality's approved budget for the relevant financial year;
- (g) Any explanation that maybe necessary to clarify issues that in connection with the financial statements;

- (h) Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d) (i) Any information as determined by the municipality;
- (i) Any recommendations of the municipality's audit committee; and (k) Any other information as may be prescribed.

4. The Annual Report of a municipal entity must include-

- (a) The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements;
- (b) The Auditor General's audit report in terms of section 126 (3) on those financial statements;
- (c) An assessment by the entity's accountable officer of any arrears on those financial statements;
- (d) An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality;
- (e) Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);
- (f) Any information as determined by the entity or its parent municipality;
- (g) Any recommendations of the audit committee of the entity or its parent municipality; and
- (h) Any other information as may be prescribed."

It is against this background that the annual report in respect of the 2019/2020 financial year was submitted to Council on the 14 May 2021 as per the following process flow;



Accordingly, notice was given in terms of section 21 of Local Government: Municipal Systems Act, N0. 32 of 2000 read with section 127 of the Local Government: Municipal Finance Management Act, 56 of 2003 that the Annual Report was open for comments and or inputs by the community and stakeholders by the 17th May 2021. The Annual Report was placed at the municipal offices, and the municipal website www.nquthu.gov.za

No comments were received for responses by management. MPAC meeting convened on the 25th of May 2021 to discuss Oversight Report for submission to the Council.

3. FUNCTIONS OF THE OVERSIGHT COMMITTEE

The functions of the oversight committee are to:

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs from councilors and portfolio committees, on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing (s) to allow the local community or any organs of state to make representations on the Annual Report.
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and councilors.

4. COMPOSITION OF THE MUNICIPAL OVERSIGHT COMMITTEE

Cllr. SD Masimula (Chairperson),

Cllr. NG Mdlalose, Cllr. SP Mathe,

Cllr. NJ Khoza, Cllr. FA Hlatshwayo,

Cllr. TZ Buthelezi, Cllr. Z. Sithole,

Cllr. BI Zwane, Cllr. SG Kunene

Cllr. HM Shelembe and

Cllr. ET Nhlebela

5. INPUTS AND COMMENTS FROM THE OVERSIGHT COMMITTEE

Quality of submitted Annual Financial Statements (AFS) - The committee noted with concerns a set of AFS submitted for audit. They suggested that management consider advises of oversight committees and employ their effort to improve quality of Annual Financial Statements. Management to take a matter of two financial systems very serious as it also contributed to inadequate reconciliation of information.

The Accounting Officer must ensure that AFS are prepared and presented in a fair manner in accordance with South African Standards of GRAP, MFMA and DORA. The Accounting Officer must consider the issue of internal controls very serious and demonstrate sound actions towards giving direction to the affairs of the municipality

Regular review of performance information – There is concern on the increase of findings from Annual Performance Report. There were two findings in the 2017/2018 financial year, three findings in 2018/2019 and seven findings in 2019/2020. Management need to SMART principles when developing organizational scorecard. Management need to make use of online performance management system to efficiently manage performance information. Quarterly reviews and reporting on performance must be taken serious by management.

Unauthorized, Irregular, Fruitless and Wasteful expenditure – The Committee suggested that any UIFW expenditure raised by Auditor General be dealt with in terms of applicable procedures and report be submitted to council for subsequent action and consequence management.

Non-compliance with legislation- Auditor General has raised number of noncompliance matters with laws and regulations. This gives threat to governance and management of the municipal affairs. Management need to come up with turnaround strategy over this.

The Committee notes that Management has been able to develop an action plan to addresses matters raised by Auditor General, further suggests that the plan be monitored.

Going Concern Assessment – Management must conduct a going concern assessment over finances of the municipality. The Creditors and Debtors ageing analysis is increasing, that gives threat to financial viability of the municipality.

6. 2019/2020 ANNUAL REPORT CHECKLIST FOR CONSIDERATION

INFORMATION REQUIRED IN THE ANNUAL REPORT	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
1. Financial matters – Annual Financial Statements – Section 121(3) of MFMA	Financial report matters was considered	Yes
Section 121 (3) (a). The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	The AFS are to be in the form as required by the applicable accounting standards.	Yes
Sections 121 (3) (a), 121 (4) and 121 (4) (b) of the MFMA	This applies to the AFS of municipal entities which this municipality does not have.	Yes
Section 121 (3) (e) of the MFMA is an assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.	Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	Yes
Section 121 (3) (g) of the MFMA talks to particulars of any corrective action taken or to be taken in response to issues raised in the audit report	<p>The conclusion of the annual audit are:</p> <ul style="list-style-type: none"> • Disclaimer audit opinion • The objective of the municipality was to achieve clean audit • Taking into account the audit opinion and the views of the audit committee, council considered the following: <ul style="list-style-type: none"> - To what extent does the report indicate serious financial issues? - To what extent are same issues repeated from previous audits? - Is the action proposed considered to 	An Audit Action Plan was developed and submitted to Auditor General, KZN COGTA and KZN Treasury.

	<p>be adequate to effectively address the issues raised in the audit report?</p> <ul style="list-style-type: none"> - Has a schedule of action been taken and included in the annual report with appropriate due date? 	
Section 121 (3) (f) of the MFMA suggests that an assessment by the municipality's accounting officer of the municipality's performance against the performance objectives for revenue source and for each vote in the approved budget.	The budget of the municipality must contain measurable performance objections for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s 17 (3) (b). the accounting officer must include these objectives in the annual report on performance accordingly. Has the performance met the expectations of council and the community? Have the objectives been met? What explanations have been provided for any non-achievement? What was the impact on the service delivery and expenditure objectives in the budget?	Yes
Section 121 (3) (j) and Section 121 (4) (g) of the MFMA. Recommendations of the Audit Committee in relation to the AFS and audit reports of the municipality and its entities.	Have the recommendations of the audit committee in regards to the AFS been adequately addressed by the municipality and/or the entity? What actions need to be taken in terms of these recommendations? Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	Yes
2. Disclosures – Allocation received and made- Section 123 – 125 of the MFM	Considerations	Yes
Section 123 (1) (a) of the MFMA. Allocations received by and made to the Municipality	<p>The report need to disclose:</p> <ul style="list-style-type: none"> • Details of allocations received from another organ of state in the national or provincial sphere. • Details of allocations received from a municipal, entity or another municipality 	Yes

	<ul style="list-style-type: none"> • Details of allocations made to any other organ of state, another municipality or a municipal entity. • Any other allocation made to the municipality under Section 214 (1) (c) of the Constitution. <p>Have these allocations been received and made? Does audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</p> <p>Does the audit report or the audit committee recommend any action?</p>	
<p>Section 123 (1) (c) of the MFMA. Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and the MFMA guidance circular No 11, require that the municipality provide information per allocation received per vote and include;</p> <ul style="list-style-type: none"> - The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects. - Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214 (1) (c) of the 	<p>Yes</p>

	<p>Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</p> <ul style="list-style-type: none"> - Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this. This information is required on all allocations excluding the municipality's portion of the equitable share and where prescribed otherwise by the nature of the allocation. The Auditor General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received. Council should be satisfied that:- - The information has been properly disclosed; - Conditions of allocations have been met; and - That any explanations provided are acceptable. The comments of the Auditor General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information. 	
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Section 125 (1) of the MFMA. Information in relation to outstanding debtors and creditors of the municipality and entities	Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds. Council should be satisfied that:- <ul style="list-style-type: none"> - The information has been properly disclosed; - Conditions of allocations have been met; and - That any explanations provided are acceptable. 	Yes
3. Disclosures in notes to Annual Financial Statements (AFS)	Considerations relating to section 124	Yes
Information relating to benefits paid by the municipality and entity to councilors, directors and officials.	Information on the following items is to be included in the notes to the annual report and AFS; <ul style="list-style-type: none"> - Salaries, allowances and benefits of political office bearers, councilors and boards of directors, whether financial or in kind; - Any arrears owed by individual councilors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of those councilors. - Salaries allowances and benefits of the 	Yes

	<p>municipal manager, CEO of municipal entity, CFO and every senior manager.</p> <ul style="list-style-type: none"> - Contribution for pension and medical aid. - Travel, motor car, accommodation, subsistence and other allowances. - Housing benefits and allowances. - Overtime payments. - Loans and advances, and; - Any other type of benefit or allowance related to staff. - Council should be satisfied that information has been properly disclosed; conditions of allocations have been met; and that any explanations provided are acceptable. <p>The comments of the Auditor General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	
4. Municipal Performance	Considerations	
The annual performance reports of the municipality and entities	Section 46 of the Local Government: Municipal Systems Act requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set	The 2019/2020 Annual Performance Report was submitted to the Auditor General with the Annual Financial Statements at the end of October 2020, for auditing purposes as

	<p>for the previous year and measures take to improve performance. The report must form part of the annual report. Questions that may be considered are-:</p> <ul style="list-style-type: none"> - Has the performance report been included in the annual report? - Have all the performance targets set in the budget, SDBIP, service agreements etc., been included in the report? - Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year? <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc.?</p> <ul style="list-style-type: none"> - To what extent has performance achieved targets set by council? - Is the council satisfied with the performance levels achieved? - Is the community satisfied with performance? 	<p>per adjusted Treasury dates.</p> <p>The 2019/2020 Annual Performance Report has also been consolidated as part of the 2019/2020 Annual Report which was submitted to the Council for approval on the 27th of May 2021.</p>
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	<ul style="list-style-type: none"> - Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? - What were the outcomes of public consultation and public hearings? - What actions have been taken and planned to improve performance? - Is the council satisfied with actions to improve performance? - Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager? - Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes? - Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective? - To what extent have actions planned for the previous year been carried over to the financial year reported upon? - Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by providing municipal manager and are these satisfactory? Council should comment and draw 	
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	conclusions on information and explanations provided.	
Audit reports on performance.		
	<p>Section 45, Local Government: Municipal Systems Act requires that the Auditor General must audit the result of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the Auditor General been included in action plans to improve performance in the following years?</p>	<p>The Auditor General audited the 2019/2020 Annual Performance Report and there are seven queries raised by the Auditor General. Annual Financial Statements was also looked at and Auditor General expressed disclaimer opinion on them. There were also matters of noncompliance with laws and regulations raised by Auditor General.</p> <p>The Municipality has prepared an action plan which will assist in dealing with the issue raised by the Auditor General so that they don't re-occur at the end of the 2021/2022 financial year</p>
Performance of municipal entities and municipal service providers.	<p>The annual report of the municipality should provide assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered. Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officer?</p>	<p>The performance of the service providers which were appointed by the municipality during the year under review to provide a specific service was also included as part of the 2019/2020 Annual Report.</p>
5. General Information	The following general information is required to be disclosed in the annual report.	

Relevant information on municipal entities.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with entities.	N/A
The uses of any donor funding support	<p>What donor funding has the municipality received?</p> <ul style="list-style-type: none"> - Have the purposes and the management agreements for the funding been properly agreed upon. The funds been used in accordance with agreements? - Have the objectives been achieved? Has the use of funds been effective in improving services to the community? - What actions need to be taken to improve utilization of the funds? 	Belgian Government has donated R821 000.00 through city to city cooperation programme between Nquthu Municipality [RSA] and Bornem Municipality [Belgium] to waste management programs, youth development, library and LED programs
Agreements, contracts and projects under Private-Public-Partnerships.		N/A
Service delivery performance on key services provided.	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarized. This should cover all services	Service delivery performance summary which sets out overall performance under the strategic objectives of the municipality has also been included in the 2019/2020 Annual Report.

	<p>whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	
<p>Information on long-term contracts.</p>	<p>Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information correctly supplied.</p>	<ul style="list-style-type: none"> - Ntshidi & Associates – Provision of Internal - Ethemba Computers – Provision and delivery of 24 ports services - Harvey World Travel Shelly Beach – Travel agents - Ngcaweni Shabalala – Panel of Attorneys - Hajra Patel incorporated – Panel of Attorneys - BMM Attorneys – Panel of Attorneys - Garlicke & Bousfield INC – Panel of Attorneys - Mchunu BP INC Attorneys – Panel of Attorneys - Umhlaba Geomatics INC – Provision for General valuation, Preparation and updating valuation roll - Ocean Dawn – Provision of security services - DM ICT Services – Provision of IT Disaster Recovery - Mobile Telephone networks – Provision, installation and configure PABX system - Zamaswazi waste removal – Management and operation of buy back centre - Kunene Makopo Risk Solutions – Provision of short term of insurance

		<p>for 12 months</p> <ul style="list-style-type: none"> - Cab holdings – provision of printing and posting of statement for Nquthu Municipality for 36 months
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarized. Council should comment and draw conclusion on the information provided.	Nquthu Municipality upgraded the financial system to be M-SCOA compliant as per treasury requirements. The system is reliable and it speeds up the functioning of internal departments however Nquthu municipality is running the system parallel with FMS which is an old system up until we are definitely sure that the users fully understands it. Other projects that Nquthu municipality is undertaking include upgrading of PABX (Switchboard) to minimize telephone usage costs and also implementing of Disaster Recovery Solution and Cloud back-up which will assist us to recover data in case of disasters or data loss.
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.	Yes

6. Other considerations recommended		
Timing of Reports	Was the report tabled in the time prescribed? Has a schedule for consideration of the report been adopted?	Yes
Oversight committee or other mechanism	What mechanisms have been put in place to prepare the oversight report? Has a schedule for its completion and tabling been adopted?	Yes
Payment of performance bonuses to municipal officials.	<p>Refer to Section to Section 57 of Local Government: Municipal Systems Act as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The bases upon which performance is evaluated for payment of bonuses should be reconciled with municipal performance reported in the annual report.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p> <ul style="list-style-type: none"> - If so has a proper evaluation of performance been undertaken? - Was the evaluation approved by council? - Does the performance evaluation align and reconcile with the performance report 	Bonuses were paid to qualifying Senior Managers for 2018/2019 financial upon approval by Council. Performance evaluation for 2019/2020 financial has been done but Council has not yet decided on them.

	<p>in the annual report?</p> <ul style="list-style-type: none">- If not, what reasons have been advanced for non-reporting of the basis of evaluation in the annual report?- Are payment justified in terms of performance report in the annual report?	
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7. CONCLUSION

The oversight committee raised concerns on 2019/2020 audit regress. Management need to improve the quality of annual financial statement, APR and stick to reporting timelines to ensure compliance with laws and regulations.. The oversight committee is pleased to note that all components of the Annual Report are included as is required in terms of Section 121 (3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 as follows;

- The annual financial statements of the municipality;
- The Auditor General report;
- Report of the Audit Committee;
- The annual performance report of the municipality prepared by the municipality in terms of Section 46 of the Local Government: Municipal Systems Act;
- The Auditor General's audit report in terms of Section 45 (b) of the Local Government: Municipal Systems Act;
- An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports;
- Any explanation that maybe necessary to clarify issues that are in connection with financial statements.

It is concerning that whilst some of the aspects have been covered in terms of addressing them in the action plan for the Auditor General report; the municipality has regressed to disclaimer audit opinion.

It is pleasing that most of the issues raised in the previous audit opinion have been cleared. It is imperative, however, that in order to achieve a clean audit goals of the municipality, that the Audit Response Action Plan is monitored by all relevant governance structures including the Council on monthly basis.

The Oversight committee would like to thank the Council and Management as well as all officials for tirelessly ensuring progressive service delivery by completing many infrastructural and social development project that improved the lives of the previously disadvantaged communities and maintaining and improving on service delivery standards elsewhere, a further thanks goes to the Auditor General, the Audit Committee, COGTA, Provincial Treasury and

National Treasury for their support and cooperation in completing this annual report oversight process.

The oversight committee strongly believes that Nquthu Local Municipality and its community will realize substantial and tangible benefits if a similar process is consistently followed in the years to come. The oversight committee is grateful for the opportunity to be of service to Nquthu Local Municipality and its citizens.

8. RESOLUTION AND STATEMENT

- **That Oversight Report together with the Annual Report for 2019/2020 financial year be approved**
- **That Oversight Report be made public by the Acting Municipal Manager in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act, 2003**
- **That the Oversight Report and Annual Report 2019/2020, be submitted to the provincial legislature by the Acting Municipal Manager in accordance with section 132 (2) of the Local Government: Municipal Finance Management Act, 2003;**
- **That the classification, validation and recoverability of unauthorized, irregular and fruitless and wasteful expenditure as reflected in the Annual Financial Statements 2019/2020, be determined by the Municipal Public Accounts Committee in terms of section 32 of the Local Government: Municipal Finance Management Act, 2003 and that a report in this regard be submitted to the Municipal Council for consideration;**
- **That developed AG action plan be noted and all matters raised by Auditor General be attended to**

Signature  MPAC Chairperson

Cllr. SD Masimula

NQUTHU LOCAL MUNICIPALITY

Type of Opinion Current Year (2019/2020) : Disclaimer
 Type of Opinion Previous Year (2018/2019) : Unqualified

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
1.MATERIAL UNCERTAINTY RELATED TO GOING CONCERN/ FINANCIAL SUSTAINABILITY	The municipality did not perform a proper going concern assessment as required by the South African Standard of Generally Recognised Accounting Practice 1 (SA Standard of GRAP), Presentation of financial statements as they did not perform an assessment for the forthcoming 12 months. Consequently, the disclosure in note 41 to the financial statements is inadequate to support the use of the going concern assumption in the preparation of the financial statements	<p>Audit action</p> <p>1.To conduct going concern assessment and disclose accordingly on the corrected version of AFS for the year ended 30 June 2020</p> <p>Responsible Official CHIEF FINANCIAL OFFICER/ACCOUNTING OFFICER</p> <p>Target Date 30 June 2021</p>	<p>Report Progress on action at the end of quarter 4</p> <p>Responsible Official</p> <p>Target Date</p>	<p>Report Progress on action at the end of quarter 3</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>	<p>Report Progress on end of quarter 4</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>
2.PROPERTY, PLANT AND EQUIPMENT	<p>1. The municipality did not recognise donated land in accordance with the requirements of the SA Standard of GRAP 17, Property, plant and equipment. The municipality did not recognise donated land which met the definition of an asset. Consequently, property, plant and equipment was understated by an amount which was impracticable to determine. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.</p> <p>2. I was unable to obtain sufficient appropriate audit evidence that community asset and infrastructure assets had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I was unable to confirm the community and infrastructure assets by alternative means. Consequently,</p>	<p>Audit action</p> <p>1.To capture all journals on EMS system and revise PPE notes as per GRAP standards</p> <p>2. To recognize donated land and disclose accordingly on the corrected version of the AFS for a period ending 30 June 2020</p> <p>3. To request Auditor General to conduct state of records review to</p>	<p>Report Progress on action at the end of quarter 3</p> <p>Report Progress on action at the end of quarter 2</p> <p>Responsible Official</p> <p>CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>	<p>Report Progress on action at the end of quarter 3</p> <p>Responsible Official</p> <p>CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>	<p>Report Progress on end of quarter 4</p> <p>Confirm resolution of query [100% resolution or not]</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
	I was unable to determine whether any further adjustments were necessary to the net carrying value of property, plant and equipment stated at R417,49 million in note 4 to the financial statements.	<p>correct June 2021 opening balances on AFS - June 2021</p> <p>4.To appoint service provider to prepare fix asset register – June 2021</p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER/ACCOUNTING OFFICER</p> <p><u>Target Date</u> 30 June 2021</p>			
3.RECEIVABLES FROM EXCHANGE TRANSACTIONS	I was unable to obtain sufficient appropriate audit evidence that the receivables from exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I was unable to confirm receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transactions stated at R6, 35 million in note 9 to the financial statements.	<p><u>Audit action</u> To request Auditor General to conduct state of record review and provide audit evidence accordingly</p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u> 30 June 2021</p>	<p>Report Progress on ↩ action at the end of quarter 2</p> <p><u>Responsible Official</u></p> <p><u>Target Date</u></p>	<p><u>Report Progress on ↩ action at the end of quarter 3</u></p> <p><u>Responsible Official</u></p> <p><u>Target Date</u></p>	<p><u>Report Progress on ↩ action at the end of quarter 4</u></p> <p><u>Confirm resolution of query [100% resolution or not]</u></p> <p><u>Responsible Official</u></p> <p><u>Target Date</u></p>
4.RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	1. I was unable to obtain sufficient appropriate audit evidence that receivables from non-exchange transactions	<p><u>Audit action</u> 1.To correct errors and</p>	<p>Report Progress on ↩ action at the end of</p>	<p><u>Report Progress on ↩ action at the end of</u></p>	<p><u>Report Progress on ↩ action at the end of</u></p>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
	<p>had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I was unable to confirm receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from non-exchange transactions stated at R53,61 million in note 10 to the financial statements.</p> <p>2. The municipality did not properly account for receivables from non-exchange transactions in accordance with the SA Standard of GRAP 104, Financial instruments. Conditional grant receivables were incorrectly included in receivables from non-exchange transactions. Consequently, receivables from non-exchange transactions and revenue from non-exchange transaction were overstated by R9,07 million.</p> <p>3.The municipality inappropriately offset negative debtors' amounts against receivables from non-exchange transactions, contrary to the requirements of the SA Standard of GRAP 1, Presentation of financial statements. Consequently, receivables from non-exchange transactions and payables income received in advance were both understated by R1,98 million.</p>	<p><u>request Auditor General to conduct state of record review and provide audit evidence accordingly</u></p> <p><u>2.To correct overstated amounts and correctly classify for conditional grants</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u> 30 June 2021</p>	<p><u>quarter 2</u></p> <p><u>Responsible Official</u></p> <p><u>Target Date</u></p>	<p><u>quarter 3</u></p> <p><u>Responsible Official</u></p> <p><u>Target Date</u></p>	<p><u>end of quarter 4</u></p> <p><u>Confirm resolution of query [100% resolution or not]</u></p> <p><u>Responsible Official</u></p> <p><u>Target Date</u></p>
5.VAT RECEIVABLE	<p>I was unable to obtain sufficient appropriate audit evidence that VAT receivables had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the VAT receivables amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to VAT receivables stated at R6,64 million in note 11 to the financial statements.</p>	<p><u>Audit action</u></p> <p><u>1.To perform monthly reconciliation between VAT claimed from SARS and VAT captured on EMS system</u></p> <p><u>2.To request Auditor General to conduct state of record review</u></p>	<p><u>Report Progress on action at the end of quarter 3</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>Audit action</u></p> <p><u>Report Progress on action at the end of quarter 3</u></p> <p><u>Responsible Official</u></p>	<p><u>Audit action</u></p> <p><u>Report Progress on end of quarter 4</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
		<u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021		DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Target Date</u>
6.PAYABLES FROM EXCHANGE TRANSACTIONS	I was unable to obtain sufficient appropriate audit evidence that payables from exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transactions stated at R45,73 million in note 16 to the financial statements.	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	Report Progress on ↩ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on ↩ action at the end of quarter 3</u> <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on ↩ action at the end of quarter 4</u> <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
7.PROVISIONS	I was unable to obtain sufficient appropriate audit evidence that provisions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the provisions amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to provisions stated at R10,21 million in note 15 of to the financial statements.	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	Report Progress on ↩ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on ↩ action at the end of quarter 3</u> <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on ↩ action at the end of quarter 4</u> <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
8.EMPLOYEE BENEFIT OBLIGATIONS	I was unable to obtain sufficient appropriate audit evidence that employee benefit obligations had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the employee benefit obligations by alternative	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review	Report Progress on ↩ action at the end of quarter 2	<u>Report Progress on ↩ action at the end of quarter 3</u>	<u>Report Progress on ↩ action at the end of quarter 4</u> <u>Responsible</u>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
	means. Consequently, I was unable to determine whether any further adjustments were necessary to the employee benefit obligations stated at R5,12 million in note 7 to the financial statements.	<u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
9.REVENUE FROM EXCHANGE TRANSACTIONS	1.I was unable to obtain sufficient appropriate audit evidence that revenue from exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the revenue from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to revenue from exchange transactions stated at R38,91 million in note 18 to the financial statements. The municipality did not correctly account for service charges in terms of SA Standard of GRAP 1, Presentation of financial statements. The debt impairment expense was erroneously included in service charges revenue. Consequently, service charges revenue is overstated by R10,58 million in note 19 to the financial statements and debt impairment as stated in note 28 to the financial statements was understated by the same amount. Additionally, there was a resultant impact on the surplus for the period.	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Report Progress on</u> ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ action at the end of quarter 3 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ end of quarter 4 <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
10.REVENUE FROM NON-EXCHANGE TRANSACTIONS	I was unable to obtain sufficient appropriate audit evidence that revenue from non-exchange transactions had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm revenue from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to revenue from non-	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u>	<u>Audit action</u> <u>Report Progress on</u> ⇐ action at the end of quarter 2	<u>Audit action</u> <u>Report Progress on</u> ⇐ action at the end of quarter 3	<u>Audit action</u> <u>Report Progress on</u> ⇐ end of quarter 4 <u>Responsible</u>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
	exchange transactions stated at R229,73 million in note 18 to the financial statements.	CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
11.CONTRACTED SERVICES	I was unable to obtain sufficient appropriate audit evidence that contracted services had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the contracted services expenditure amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the contracted services expenditure amount totalling R10,77 million in note 30 the financial statements.	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Report Progress on</u> ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ action at the end of quarter 3 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ end of quarter 4 <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
12.GENERAL EXPENSES	I was unable to obtain sufficient appropriate audit evidence that general expenses had been properly accounted for, as the underlying records could not be reconciled to the financial statements. I could not confirm the general expenses amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to general expenses stated at R42,00 million in note 31 the financial statements.	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Audit action</u> <u>Report Progress on</u> ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Audit action</u> <u>Report Progress on</u> ⇐ action at the end of quarter 3 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Audit action</u> <u>Report Progress on</u> ⇐ end of quarter 4 <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
13.TRANSFERS AND SUBSIDIES	I was unable to obtain sufficient appropriate audit evidence that transfers and subsidies had been properly accounted for, due to the status of the accounting records. I was unable to confirm the transfers and subsidies expenditure amount by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to transfers and subsidies stated at R5,09 million in the statement of financial performance	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Audit action</u> Report Progress on action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Audit action</u> Report Progress on action at the end of quarter 3 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Audit action</u> Report Progress on end of quarter 4 <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
14.COMMITMENTS	The municipality did not account for commitments in terms of SA Standard of GRAP 17, Property, plant and equipment. The municipality incorrectly included retention monies in capital commitments. Consequently, commitments was overstated by R5,71 million in note 35 to the financial statements.	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Audit action</u> Report Progress on action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Audit action</u> Report Progress on action at the end of quarter 3 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Audit action</u> Report Progress on end of quarter 4 <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
15.IRREGULAR EXPENDITURE	The municipality did not include the full extent of irregular expenditure in the financial statements, as required by section 125(2)(d) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of	<u>Audit action</u> 1.To acquire a system to vet suppliers prior issuing	<u>Report Progress on action at the end of quarter 4</u>	<u>Audit action</u> <u>Report Progress on</u>	<u>Audit action</u> <u>Report Progress</u>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
	2003) (MFMA). This was due to payments made in contravention of the supply chain management requirements, which resulted in irregular expenditure. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the irregular expenditure disclosed in the notes to the financial statements as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to irregular expenditure incurred for the year, stated at R50,88 million in note 44 to the financial statements.	<p><u>purchase orders – May 2021</u></p> <p><u>2. To perform quarterly updates on the irregular expenditure register</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u> 30 June 2021</p>	<p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>action at the end of quarter 3</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>on end of quarter 4</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u></p>
16.CONTINGENCIES	I was unable to obtain sufficient appropriate audit evidence for contingencies, as the municipality did not maintain accurate and complete records. I could not confirm contingencies by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to contingencies as stated in note 36 to the financial statements.	<p><u>Audit action</u> <u>To correct errors and request Auditor General to conduct state of record review</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u> 30 June 2021</p>	<p><u>Report Progress on ↩ action at the end of quarter 2</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>Report Progress on ↩ action at the end of quarter 3</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>Report Progress on ↩ end of quarter 4</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u></p>
17.PRIOR PERIOD ERRORS	The municipality did not disclose all previous period errors in note 39 to the financial statements, as required by SA Standard of GRAP 3, Accounting policies, changes in accounting estimates and errors. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed, as identified by the auditors.	<p><u>Audit action</u> <u>To correct errors and request Auditor General to conduct state of record review</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p>	<p><u>Report Progress on ↩ action at the end of quarter 2</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>Report Progress on ↩ action at the end of quarter 3</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p>	<p><u>Report Progress on ↩ end of quarter 4</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u></p>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
		<u>Target Date</u> 30 June 2021		<u>Target Date</u>	
18.STATEMENT OF CHANGES IN NET ASSETS	The municipality did not prepare and disclose the statement of changes in net assets as required by GRAP 1, Presentation of financial statements. This was due multiple errors identified on the opening balance of the accumulated surplus as disclosed in the statement of changes in net assets. Consequently, I was not able to determine the full extent of the errors in the opening balance of the accumulated surplus, stated at R611,17 million in the statement of changes in net assets, as it was impracticable to do so.	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	Report Progress on ↩ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on action at the end of quarter 3</u> <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on action at the end of quarter 4</u> <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
19.NET CASH FLOWS FROM OPERATING ACTIVITIES	The municipality did not prepare and disclose the net cash flows from operating activities as required by SA Standard of GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, stated at R116,07 million in note 34 (Cash generated from operations) to the financial statements, as it was impracticable to do so	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	Report Progress on ↩ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on action at the end of quarter 3</u> <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on action at the end of quarter 4</u> <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
20.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	The municipality did not prepare the statement of comparison of budget and actual amounts in accordance with the SA Standards of GRAP 24, Presentation of budget information in financial statements. Material differences were identified between the budget amounts disclosed in the financial statements and the approved budget. Consequently, the statement of comparison of budget and actual amounts was materially misstated.	<u>Audit action</u> To prepare quarterly statement of comparison of budget and actuals <u>Responsible Official</u> CHIEF FINANCIAL OFFICER	<u>Report Progress on action at the end of quarter 4</u> Report Progress on ↩ action at the end of quarter 2	<u>Report Progress on action at the end of quarter 3</u> <u>Responsible Official</u>	<u>Report Progress on action at the end of quarter 4</u> <u>Responsible Official</u> CHIEF FINANCIAL OFFICER

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)								
	Additionally, an explanation of material differences between the budget and actual amounts was not disclosed as indicated in notes 46 and 53 to the financial statements.	<u>Target Date</u> 30 June 2021	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Target Date</u>								
KPA 2: Basic service delivery and infrastructure development													
21.PLANNING FOR BUCOSHI GRAVEL ROAD	<p>36. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined nature and required level of performance, method of calculation and deadline for delivery to be used when measuring the actual achievement for the indicator "Planning for Bucoshi Gravel Road". This was due to a lack of measurement definitions and processes as the target for the indicator was not set.</p> <table border="1"> <thead> <tr> <th>Indicator per SDBIP</th> <th>Planned target per SDBIP</th> </tr> </thead> <tbody> <tr> <td>Planning for Bucoshi Gravel Road</td> <td>Submission of designs</td> </tr> </tbody> </table>	Indicator per SDBIP	Planned target per SDBIP	Planning for Bucoshi Gravel Road	Submission of designs	<p><u>Audit action</u> To review all indicators to meet SMART principles prior approval of SDBIP</p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER</p> <p><u>Target Date</u> 30 June 2021</p>	<p>Report Progress on ↩ action at the end of quarter 2</p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u></p>	<p><u>Report Progress on</u> ↩ <u>action at the end of quarter 3</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u></p>	<p><u>Report Progress on</u> ↩ <u>on</u> ↩ <u>end of quarter 4</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u></p>				
Indicator per SDBIP	Planned target per SDBIP												
Planning for Bucoshi Gravel Road	Submission of designs												
22.VARIOUS INDICATORS	<p>The reported achievements of targets in the annual performance report for the following two indicators did not agree to the supporting evidence provide</p> <table border="1"> <thead> <tr> <th>Indicator per SDBIP</th> <th>Planned target per SDBIP</th> <th>Reported Actual achievement per APR</th> <th>Audited value</th> </tr> </thead> <tbody> <tr> <td>Number of electricity connections at</td> <td>1157</td> <td>1052</td> <td>1157</td> </tr> </tbody> </table>	Indicator per SDBIP	Planned target per SDBIP	Reported Actual achievement per APR	Audited value	Number of electricity connections at	1157	1052	1157	<p><u>Audit action</u> To correct errors and review submitted POE against report on quarterly basis</p> <p><u>Responsible Official</u> IDP/PMS MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER</p>	<p>Report Progress on ↩ action at the end of quarter 2</p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u></p>	<p><u>Report Progress on</u> ↩ <u>action at the end of quarter 3</u></p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p>	<p><u>Report Progress on</u> ↩ <u>on</u> ↩ <u>end of quarter 4</u></p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u></p>
Indicator per SDBIP	Planned target per SDBIP	Reported Actual achievement per APR	Audited value										
Number of electricity connections at	1157	1052	1157										

Nature Of Audit Query	Audit Query				Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)											
	Low Cost Housing Phase II (Ward 14-municipal area) by year end				<u>Target Date</u> 30 June 2021		<u>Target Date</u>												
	Number of households with access to FBE quarterly	4 172	4280	5335															
23.VARIOUS INDICATORS	The reported achievements of targets for the following five indicators did not agree with the planned targets as per the approved service delivery and budget implementation plan (SDBIP).				<u>Audit action</u> To correct errors and review submitted POE against report on quarterly basis <u>Responsible Official</u> IDP/PMS MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER <u>Target Date</u> 30 June 2021	<u>Report Progress on</u> ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ action at the end of quarter 3 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ on end of quarter 4 <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>											
	<table border="1"> <thead> <tr> <th data-bbox="483 762 748 892">Indicator per SDBIP</th> <th data-bbox="748 762 860 892">Planned target per SDBIP</th> <th data-bbox="860 762 1070 892">Reported Actual achievement per APR</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 892 748 1054">Submission of design for Mbilane gravel road by year end</td> <td data-bbox="748 892 860 1054">31-Sept-2019</td> <td data-bbox="860 892 1070 1054">Design report for Mbilane gravel road submitted before 30 June 2020</td> </tr> <tr> <td data-bbox="483 1054 748 1217">Submission of design for Mphunyuka Gravel Road by year end</td> <td data-bbox="748 1054 860 1217">31-Mar-2020</td> <td data-bbox="860 1054 1070 1217">Design Report for Mphunyuka Gravel Road submitted by 29 May 2020</td> </tr> <tr> <td data-bbox="483 1217 748 1374">Submission of design for Nkonkonyane Gravel Road by year end</td> <td data-bbox="748 1217 860 1374">30-Nov-19</td> <td data-bbox="860 1217 1070 1374">Design report submitted and construction is underway (50% construction)</td> </tr> </tbody> </table>	Indicator per SDBIP	Planned target per SDBIP	Reported Actual achievement per APR					Submission of design for Mbilane gravel road by year end	31-Sept-2019	Design report for Mbilane gravel road submitted before 30 June 2020	Submission of design for Mphunyuka Gravel Road by year end	31-Mar-2020	Design Report for Mphunyuka Gravel Road submitted by 29 May 2020	Submission of design for Nkonkonyane Gravel Road by year end	30-Nov-19	Design report submitted and construction is underway (50% construction)		
Indicator per SDBIP	Planned target per SDBIP	Reported Actual achievement per APR																	
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Submission of design for Mphunyuka Gravel Road by year end	31-Mar-2020	Design Report for Mphunyuka Gravel Road submitted by 29 May 2020																	
Submission of design for Nkonkonyane Gravel Road by year end	30-Nov-19	Design report submitted and construction is underway (50% construction)																	
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	Submission of design for Mphunyuka Gravel Road by year end	31-Mar-2020	Design Report for Mphunyuka Gravel Road submitted by 29 May 2020																
	Submission of design for Nkonkonyane Gravel Road by year end	30-Nov-19	Design report submitted and construction is underway (50% construction)																

Nature Of Audit Query	Audit Query			Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)												
		Appointment of contractor for installation gabion and pavement slab for Magogo Gravel Road by year end	30-Jun-20	Design submitted and installation of gabions is 63% complete as at 30 June 2020															
		Appointment of contractor for installation of pavement slab and guard-rails for Nomalanga gravel road by year end	30-Jun-20	Contractor appointed and on site (53% progress made)															
24.VARIOUS INDICATORS	<p>I was unable to obtain sufficient appropriate audit evidence for the achievement of targets for the below-mentioned five indicators in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.</p>			<p>Audit action To verify POE's against reported information before finalizing APR for period ending June 2021</p> <p>Responsible Official IDP/PMS MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER</p> <p>Target Date 30 June 2021</p>	<p>Report Progress on ↩ action at the end of quarter 2</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ↩ action at the end of quarter 3</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ↩ end of quarter 4</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>												
		<table border="1"> <thead> <tr> <th data-bbox="483 997 745 1114">Indicator per SDBIP</th> <th data-bbox="745 997 860 1114">Planned target per SDBIP</th> <th data-bbox="860 997 1070 1114">Reported actual achievement per APR</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 1114 745 1198">Construction of 2.5km Ntabenebomvu Gravel Rd before by year end</td> <td data-bbox="745 1114 860 1198">100%</td> <td data-bbox="860 1114 1070 1198">4378200%</td> </tr> <tr> <td data-bbox="483 1198 745 1337">Submission of design for Mphunyuka Gravel Road by year end</td> <td data-bbox="745 1198 860 1337">31-Mar-2020</td> <td data-bbox="860 1198 1070 1337">Design report for Mphunyuka Gravel Road submitted by 29 May 2020</td> </tr> <tr> <td data-bbox="483 1337 745 1388">Submission of design for Nkonkonyane</td> <td data-bbox="745 1337 860 1388">30-Nov-19</td> <td data-bbox="860 1337 1070 1388">Design report submitted and</td> </tr> </tbody> </table>	Indicator per SDBIP	Planned target per SDBIP	Reported actual achievement per APR	Construction of 2.5km Ntabenebomvu Gravel Rd before by year end	100%	4378200%	Submission of design for Mphunyuka Gravel Road by year end	31-Mar-2020	Design report for Mphunyuka Gravel Road submitted by 29 May 2020	Submission of design for Nkonkonyane	30-Nov-19	Design report submitted and					
Indicator per SDBIP	Planned target per SDBIP	Reported actual achievement per APR																	
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Submission of design for Mphunyuka Gravel Road by year end	31-Mar-2020	Design report for Mphunyuka Gravel Road submitted by 29 May 2020																	
Submission of design for Nkonkonyane	30-Nov-19	Design report submitted and																	

Nature Of Audit Query	Audit Query			Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)						
	Gravel Road by year end		construction is underway (50% construction progress)										
	Final assessment report of electricity infrastructure in the municipal area by year end	30 June 2020	Technical assessment report submitted to the municipality by 1 May 2020										
	Planning for Bucoshi Road	Submission of designs	Design Report for Bucoshi Gravel Road submitted for construction of 3.5 km access road in Ward 4										
25.VARIOUS INDICATORS	<p>The planned targets for the two below-mentioned indicators were not specific in clearly identifying the required level of performance or measure. This was due to targets being measured in percentage whilst the indicators are referring to kilometres of road constructed.</p> <table border="1" data-bbox="483 959 1021 1214"> <thead> <tr> <th data-bbox="483 959 864 1054">Indicator per SDBIP</th> <th data-bbox="864 959 1021 1054">Planned target per SDBIP</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 1054 864 1118">Construction of 6.85km Nquthu Southern Road Network Phase II</td> <td data-bbox="864 1054 1021 1118">100%</td> </tr> <tr> <td data-bbox="483 1118 864 1214">Construction of 2.5km Ntabenebomvu Gravel Rd before by year end</td> <td data-bbox="864 1118 1021 1214">100%</td> </tr> </tbody> </table>			Indicator per SDBIP	Planned target per SDBIP	Construction of 6.85km Nquthu Southern Road Network Phase II	100%	Construction of 2.5km Ntabenebomvu Gravel Rd before by year end	100%	<p>Audit action To review all indicators to meet SMART principles prior approval of SDBIP</p> <p>Responsible Official IDP/PMS MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER</p> <p>Target Date 30 June 2021</p>	<p>Report Progress on ⇐ action at the end of quarter 2</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ⇐ action at the end of quarter 3</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ⇐ action at the end of quarter 4</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>
Indicator per SDBIP	Planned target per SDBIP												
Construction of 6.85km Nquthu Southern Road Network Phase II	100%												
Construction of 2.5km Ntabenebomvu Gravel Rd before by year end	100%												

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)								
26.VARIOUS INDICATORS	<p>The following two planned and approved indicators per the service delivery and budget implementation plan were not included/reported upon in the annual performance report:</p> <table border="1" data-bbox="483 448 1055 549"> <thead> <tr> <th data-bbox="483 448 1055 480">Indicators per SDBIP</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 480 1055 512">Planning for Cishane gravel road</td> </tr> <tr> <td data-bbox="483 512 1055 549">Mangwebuthanani, section 4 electrification, phase II</td> </tr> </tbody> </table>	Indicators per SDBIP	Planning for Cishane gravel road	Mangwebuthanani, section 4 electrification, phase II	<p>Audit action To correct omission before submission of annual performance report</p> <p>Responsible Official IDP/PMS MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER</p> <p>Target Date 30 June 2021</p>	<p>Report Progress on ↩️ action at the end of quarter 2</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ↩️ action at the end of quarter 3</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ↩️ end of quarter 4</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>					
Indicators per SDBIP													
Planning for Cishane gravel road													
Mangwebuthanani, section 4 electrification, phase II													
27.VARIOUS INDICATORS	<p>I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against targets as reported in the annual performance report. This was due to limitations placed on the scope of my work as supporting evidence was not provided by management to corroborate the measures disclosed. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.</p> <table border="1" data-bbox="483 1098 1055 1383"> <thead> <tr> <th data-bbox="483 1098 651 1225">Indicator per SDBIP</th> <th data-bbox="651 1098 763 1225">Planned target per SDBIP</th> <th data-bbox="763 1098 920 1225">Reported actual achievement per APR</th> <th data-bbox="920 1098 1055 1225">Corrective measures in the APR</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 1225 651 1383">Construction of 6.85km Nquthu Southern Road</td> <td data-bbox="651 1225 763 1383">100%</td> <td data-bbox="763 1225 920 1383">85%</td> <td data-bbox="920 1225 1055 1383">Construction to resume when lockdown is lifted</td> </tr> </tbody> </table>	Indicator per SDBIP	Planned target per SDBIP	Reported actual achievement per APR	Corrective measures in the APR	Construction of 6.85km Nquthu Southern Road	100%	85%	Construction to resume when lockdown is lifted	<p>Audit action HOD to attend site meetings and to submit attendance registers and minutes as POE</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES, IDP/PMS MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER</p> <p>Target Date 30 June 2021</p>	<p>Report Progress on ↩️ action at the end of quarter 2</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ↩️ action at the end of quarter 3</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ↩️ end of quarter 4</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>
Indicator per SDBIP	Planned target per SDBIP	Reported actual achievement per APR	Corrective measures in the APR										
Construction of 6.85km Nquthu Southern Road	100%	85%	Construction to resume when lockdown is lifted										

Nature Of Audit Query	Audit Query				Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
	Network Phase II							
	Submission of design for Mphunyuka Gravel Road by year end	31 March 2020	Design Report for Mphunyuka Gravel Road submitted by 29 May 2020	N/A				
	Number of electricity connections in Eskom area by year end	400	0	Eskom has a plan for some of the areas				
<u>Report on the audit of compliance with legislation</u>								
28.ANNUAL FINANCIAL STATEMENTS	<p>1. The annual financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the annual financial statements receiving a disclaimer of audit opinion.</p> <p>2. The annual financial statements was not submitted to the Auditor-General, for auditing, within four months after the end of the financial year, as required by section 126(1)(a) of the MFMA.</p>	<p><u>Audit action</u> To correct errors and request Auditor General to conduct state of record review</p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u> 30 June 2021</p>	<p><u>Report Progress on</u> ⇐ action at the end of quarter 2</p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>Report Progress on</u> ⇐ action at the end of quarter 3</p> <p><u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES</p> <p><u>Target Date</u></p>	<p><u>Report Progress on</u> ⇐ action at the end of quarter 4</p> <p><u>Responsible Official</u> CHIEF FINANCIAL OFFICER</p> <p><u>Target Date</u></p>			
29.ASSET MANAGEMENT	<p>An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.</p> <p>An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.</p>	<p><u>Audit action</u> To appoint service provider to prepare fix asset register – June 2021</p>	<p><u>Report Progress on</u> ⇐ action at the end of quarter 2</p>	<p><u>Report Progress on</u> ⇐ action at the end of quarter 3</p>	<p><u>Report Progress on</u> ⇐ action at the end of quarter 4</p> <p><u>Responsible</u></p>			

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
		<u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
30.REVENUE MANAGEMENT	<p>1. An adequate management, accounting and information system which accounts for revenue / debtors / receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.</p> <p>2. An effective system of internal control for debtors / revenue was not in place, as required by section 64(2)(f) of the MFMA.</p> <p>3. I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.</p> <p>4. I was unable to obtain sufficient appropriate audit evidence that accounts for municipal tax and service charges were prepared that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical, as required by section 64(2)(c) of the MFMA.</p> <p>5. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, except where the municipal council has granted exemptions in accordance with its budget-related policies and within a prescribed framework as required by section 64(2)(g) of the MFMA.</p>	<u>Audit action</u> To correct errors and request Auditor General to conduct state of record review <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u> 30 June 2021	<u>Report Progress on</u> ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ action at the end of quarter 3 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Report Progress on</u> ⇐ end of quarter 4 <u>Responsible Official</u> CHIEF FINANCIAL OFFICER <u>Target Date</u>
31.EXPENDITURE MANAGEMENT	<p>1. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of</p>	<u>Audit action</u> 1.To appoint new officials to serve on bid	<u>Report Progress on</u> ⇐ action at the end of quarter 2	<u>Report Progress on</u> ⇐ action at the end of quarter 3	<u>Report Progress on</u> ⇐ end of quarter 4

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
	<p>the MFMA.</p> <p>2. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The amount of R50,88 million incurred for the year, as disclosed in note 44 to the financial statements, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance relating to the renewal of senior managers' employment contracts and composition of the bid adjudication committee not meeting the legislative requirements.</p> <p>3. I was unable to obtain sufficient appropriate audit evidence that money owed by the municipality had always been paid within 30 days, as required by section 65(2)(e) of the MFMA.</p>	<p>committees in compliance with SCM regulations</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date 30 June 2021</p>	<p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>
<p>32.PROCUREMENT AND CONTRACT MANAGEMENT</p>	<p>1. All competitive bids were adjudicated by a bid adjudication committee that was not duly composed, as required by supply chain management (SCM) regulation 29(2). Similar non-compliance was also reported in the prior year.</p> <p>2. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.</p> <p>3. Some of the bid documentation for procurement of commodities designated for local production and content, did not stipulate the minimum threshold for local production and content, as required by regulation 8(2) of the 2017 preferential procurement regulations.</p>	<p>Audit action</p> <p>1.To appoint new officials to serve on bid committees in compliance with SCM regulations</p> <p>2.To verify Service Provider Tax Compliance status on both CSD and SARS portal prior appointment</p> <p>3.To acquire training for SCM officials from Provincial Treasury on procurement of commodities designated</p>	<p>Report Progress on action at the end of quarter 4</p> <p>Report Progress on action at the end of quarter 2</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Audit action</p> <p>Report Progress on action at the end of quarter 3</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Audit action</p> <p>Report Progress on end of quarter 4</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
		<p>for local production and content</p> <p>4.To assign SCM Official to verify all items designated for local production and content from procurement and submit reports to DTI on monthly basis</p> <p>Responsible Official CHIEF FINANCIAL OFFICER/ SCM MANAGER</p> <p>Target Date 30 June 2021</p>			
33.STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT	<p>1. Performance targets were not set for a key performance indicator for the financial year, as required by section 41(1)(b) of the MSA and municipal planning and performance management regulation 12(1).</p> <p>2. The service delivery and budget implementation plan (SDBIP) for the year under review did not include monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote, and/or the service delivery targets and performance indicators for each quarter, as required by section 1 of the MFMA.</p>	<p>Audit action Set clear performance targets for all indicators in the SDBIP</p> <p>Responsible Official IDP/PMS MANAGER & MANAGER OFFICE OF THE MUNICIPAL MANAGER</p> <p>Target Date 30 June 2021</p>	<p>Report Progress on ⇐ action at the end of quarter 2</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ⇐ action at the end of quarter 3</p> <p>Responsible Official DIRECTOR TECHNICAL SERVICES</p> <p>Target Date</p>	<p>Report Progress on ⇐ action at the end of quarter 4</p> <p>Responsible Official CHIEF FINANCIAL OFFICER</p> <p>Target Date</p>
34. INTERNAL CONTROL DEFICIENCIES – EFFECTIVE CULTURE OF ACCOUNTABILITY	<p>Leadership did not drive an effective culture of accountability as well as in ensuring that the key management vacancies were filled timeously</p>	<p>Audit action To fill all vacant Senior Management positions</p>	<p>Report Progress on ⇐ action at the end of quarter 2</p>	<p>Report Progress on ⇐ action at the end of quarter 2</p>	<p>Report Progress on ⇐ action at the end of quarter 2</p>

Nature Of Audit Query	Audit Query	Audit Response (Quarter 4 20/21 FY)	Audit Response (Quarter 4 20/21 FY)	Audit Response Progress (Quarter 1 21/22 FY)	Audit Response Progress (Quarter 2 21/22 FY)
		<u>Responsible Official</u> MAYOR / ACCOUNTING OFFICER <u>Target Date</u> 30 June 2021	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	<u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>
35. INTERNAL CONTROL DEFICIENCIES – INADEQUATE APPLICATION OF FINANCIAL REPORTING FRAMEWORK	The financial statements contained numerous material misstatements, which were mainly due inadequate application of the financial reporting framework	<u>Audit action</u> 1.To correct errors on the AFS – June 2021 2.To request Auditor General to conduct state of records review in June 2020 AFS for June 2021 <u>Responsible Official</u> ACCOUNTING OFFICER <u>Target Date</u> 30 June 2021	Report Progress on ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	Report Progress on ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	Report Progress on ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>
36. INTERNAL CONTROL DEFICIENCIES – PERFORMANCE MONITORING AND QUARTERLY REVIEWS	Management did not adequately monitor and review the performance against predetermined objectives to ensure that it was consistent and agreed with documentation/portfolio of evidence to support the reported achievements and performance information	<u>Audit action</u> Accounting Officer reviews performance reports on quarterly basis <u>Responsible Official</u> ACCOUNTING OFFICER <u>Target Date</u> 30 June 2021	Report Progress on ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	Report Progress on ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>	Report Progress on ⇐ action at the end of quarter 2 <u>Responsible Official</u> DIRECTOR TECHNICAL SERVICES <u>Target Date</u>

